SAN DIEGO HOUSING COMMISSION

ITEM 2

REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: September 25, 2019 **REPORT NO**: HAR19-032

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of October 15, 2019

SUBJECT: Final Bond Authorization for 14C VHHP Apartments

COUNCIL DISTRICT: 3

REQUESTED ACTIONS

Authorize the issuance of Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds/note to fund the new construction of 14C VHHP Apartments, which will consist of one manager's unit and 80 affordable rental housing units located at 1 14th Street, San Diego, that will remain affordable for 55 years, of which 40 units will be for low- and very low- income tenants; 24 units will be permanent supportive housing for very low-income individuals experiencing homelessness in the City of San Diego who will receive assistance through the Project-Based Housing Voucher program, who meet income criteria, and who are identified as most appropriate for permanent supportive housing through the Coordinated Entry System; and 16 units will be permanent supportive housing for very low-income veterans experiencing chronic homelessness in the City of San Diego who will receive rental assistance through Veterans Affairs Supportive Housing Project-Based Housing Vouchers, who meet income and U.S. Department of Veterans Affairs criteria, and who are identified as most appropriate for permanent supportive housing through the Coordinated Entry System.

STAFF RECOMMENDATIONS

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority):

1) Authorize the issuance of up to $22,000,000 in tax-exempt Multifamily Housing Revenue Bonds/note to facilitate 14th and Commercial CIC VHHP L.P.'s new construction of 14C VHHP Apartments, which will consist of one manager's unit and 80 affordable rental housing units located at 1 14th Street, San Diego, that will remain affordable for 55 years, of which 40 units will be for low- and very low-income tenants; 24 units will be permanent supportive housing for very low-income individuals experiencing homelessness in the City of San Diego who will receive assistance through the Project-Based Housing Voucher program, who meet income criteria, and who are identified as most appropriate for permanent supportive housing through the Coordinated Entry System; and 16 units will be permanent supportive housing for very low-income veterans experiencing chronic homelessness in the City of San Diego who will receive assistance through Veterans Affairs Supportive Housing (VASH) Project-Based Housing Vouchers, who meet income and U.S. Department of Veterans Affairs (VA) criteria, and who are identified as most appropriate for permanent supportive housing through the Coordinated Entry System; and

2) Authorize the issuance of up to $2,000,000 in taxable Multifamily Housing Revenue Bonds/note for the 14th and Commercial CIC VHHP L.P.'s construction financing for 14C VHHP Apartments.

SUMMARY

A Development Summary is at Attachment 1.

Background

The proposed new construction development at 1 14th Street is affordable rental housing, featuring two contiguous residential high-rise towers. The developers determined that two of their necessary financing sources could not be restricted against the same units. Thus, the developers have bifurcated the development, using a condominium overlay, into two legally separate, financeable, affordable projects without crossover subsidy from either of the two incompatible funding sources.

The two projects are called 14th and Commercial Apartments (14th and Commercial), which consists of 326 units, and 14C VHHP Apartments (14C VHHP), which consists of 81 units. The two projects will each be owned by legally separate partnerships, with two separate Housing Commission loans and two separate Multifamily Housing Revenue Bond issuances that will both close simultaneously. The developers will complete a condominium plan that will detail the two projects' legal separation. The total combined development will be located within two contiguous on-site high-rise buildings: a 14-story building and a seven-story building. The two structures will be conjoined/built upon a common base level. Distributed within the two rental complexes will be 270 permanent supportive housing units with federal Project-Based Housing Vouchers and VASH Project-Based Housing Vouchers issued by the Housing Commission. Because of the separate financing structures, the proposed two bond issuances are being processed under two separate companion reports (HAR19-031 and HAR19-032).

On May 3, 2019, and on May 14, 2019, the Housing Commission (HCR19-044) and the Housing Authority (HAR19-013) respectively, approved taking certain preliminary authorization steps to issue up to $22,000,000 of tax-exempt Multifamily Housing Revenue Bonds/note (bonds), to finance the new construction of 14C VHHP. For 14C VHHP, on July 17, 2019, the California Debt Limit Allocation Committee (CDLAC) approved a $22,000,000 bonds allocation and the California Tax Credit Allocation Committee (CTCAC) approved a non-competitive 4 percent tax credits allocation.

Table 1 –Development Details

Address	1 14th Street, San Diego
Council District	3
Community Plan Area	East Village Neighborhood of the Downtown Community Plan Area
Developers	SVDP Management Inc. (SVDPM) and Chelsea Investment Corporation (Chelsea).
Development Type	New construction of two buildings.
Construction Type	High rise.
Parking Type	14th and Commercial: 65 spaces. 14C VHHP: 16 spaces. The proposed two buildings will share a podium surface level parking facility.
Housing Type (Affordable Units)	14th and Commercial: 230 units of permanent supportive housing.

	14C VHHP: 24 units of permanent supportive housing, 16 Veterans Affairs Supportive Housing units, and 40 units for low- and very low-income persons, all, residing within the City of San Diego.
Lot Size	1.07 acre, 46,500 square feet
Units (407 units total)	14th and Commercial: 326 (323 affordable units, plus three managers' units). 14C VHHP: 81 (80 affordable units, plus one manager's unit).
Density (two projects)	381 dwelling units per acre (407 units ÷ 1.07 acres)
Unit Mix	14th and Commercial: 326 (323 affordable units, plus three managers' units). 14C VHHP: 81 (80 affordable units, plus one manager's unit).
Gross Building Area	14th and Commercial: 237,174 square feet. 14C VHHP: 53,481 square feet.
Net Rentable Area	14th and Commercial: 130,760 square feet (residential units). 14C VHHP: 29,450 square feet (residential units).
Commercial/Retail Space	14th and Commercial: 12,240 square feet. 14C VHHP: 2,760 square feet.
Project Based Housing Vouchers (270 PBV total)	14th and Commercial: 230 federal Project-Based Housing Vouchers (PBV). 14C VHHP: 40 PBV.

The Development

The developments' site is a currently vacant lot at the northeast corner of 14th and Commercial Streets in the East Village neighborhood of the Downtown Community Plan (Attachment 2 - Site Maps). The 14C VHHP development is proposed to provide 80 affordable rental housing units and one manager's unit, including studios, and one-bedroom units. The apartments will range from 350 square feet for studios to 570 square feet for one-bedroom units. Site amenities will include: approximately 1,000 square feet of community rooms on each of the residential floors, eight community kitchens, laundry facilities, and bicycle parking. Level two will have recreational activities, fitness, and multipurpose rooms. There will be a second-floor courtyard, a third-floor outdoor gathering area, and a tot lot. Security features will include: 24-hour on-site security guard service, building entry access controls, entry door deadbolt locks, on-site tenant services staff, and monitored security cameras. Unit amenities will include: a kitchenette, cabinets, microwave oven, refrigerator, and a private bathroom. For 14C VHHP, approximately 2,760 square feet of commercial space is proposed, which will house on-site property management, social service staff, and resident-related amenity spaces. However, neither the Housing Commission's loan funds nor the Multifamily Housing Revenue Bond proceeds can be used for commercial space financing nor for furnishings.

Housing First

The proposed 14C VHHP development will provide 40 affordable units for low- and very low- income tenants; 24 permanent supportive housing units for very low-income individuals experiencing homelessness in the City of San Diego who will receive assistance through the Project-Based Housing Voucher program, who meet income criteria, and who are identified as most appropriate for permanent supportive housing through the Coordinated Entry System; and 16 permanent supportive housing units for very low-income veterans experiencing chronic homelessness in the City of San Diego who will receive assistance through VASH Project-Based Housing Vouchers, who meet income and VA criteria, and who are identified as most appropriate for permanent supportive housing through the Coordinated Entry System.

The development is supported by HOUSING FIRST – SAN DIEGO, the Housing Commission's homelessness action plan. This action plan is rooted in the national "Housing First" model of addressing homelessness – to provide housing as quickly as possible, with supportive services as needed. The current phase of HOUSING FIRST – SAN DIEGO, which launched on July 1, 2017, included $30,000,000 over three years to support the development of affordable rental housing with supportive services for individuals experiencing homelessness.

The Housing Commission has partnered with the Regional Task Force on the Homeless to enable homeless service providers in the City of San Diego (City) to participate in a Coordinated Entry System (CES), and utilize a single regional data management repository, the Homeless Management Information System (HMIS). Organizations serving individuals and families experiencing homelessness in the region share this single system, which enables the more efficient delivery of housing and critical services to San Diegans experiencing homelessness. The database allows homeless housing providers to screen individuals experiencing homelessness for the most appropriate housing options based upon who is most in need. The co-developers and the service provider will participate in the CES and maintain client data in the HMIS as required by the Housing Commission.

The Property

The property has been owned by SVDPM since November 30, 2007. The site is near the San Diego Central Library, Father Joe's Villages' campus, and the 12th & Imperial Trolley Station. Father Joe's Villages previously operated one of the three City of San Diego Bridge Shelters at this location.

Appraisal

On January 4, 2018, the land was appraised by Lea & Company at $24,600,000. The developer's lender is in the process of providing an updated appraisal.

Prevailing Wages

The development proposes to use U.S. Department of Housing and Urban Development (HUD) federal PBVs, administered by the Housing Commission, which will require the project to pay Davis-Bacon prevailing wages. The proposed use of State Housing and Community Development Affordable Housing and Sustainable Communities program (AHSC) funds will require payment of state prevailing wages. The higher of the federal or state prevailing wages will apply.

Relocation

The property is vacant. The co-developers' relocation consultant has determined there is no relocation requirement for persons who were residing at the City of San Diego Bridge Shelter.

Accessibility

The CTCAC requires wheelchair accessibility in 10 percent of the units, with an additional 4 percent of the units accessible to residents with visual and/or hearing impairment. The development will be 100 percent accessible for visitors. In addition, these accessible units will satisfy the federal HOME Investment Partnerships Program (HOME) and PBV accessibility requirement of wheelchair accessibility in 5 percent of the units, plus an additional 2 percent of the units accessible to residents with visual and/or hearing impairment. The same units can satisfy both the CTCAC and HOME accessibility requirements. The development will include Universal Design features.

Project Sustainability

The development will be designed to achieve a Leadership in Energy and Environmental Design (LEED) Gold certification. It will also comply with the CTCAC minimum energy efficiency construction standards for new construction. Sustainable features will include: Energy Star-rated efficient appliances, use of Low Volatile Organic Compound (VOC) paints and stains for interior surfaces, high-efficiency heating and cooling, energy-efficient windows, and light–emitting diode (LED) lighting. Water conservation will be promoted via drought-tolerant landscaping, and low-flow water fixtures in the kitchens and bathrooms.

Development Team

For 14C VHHP, the proposed borrower will be 14th and Commercial CIC VHHP L.P., a single-asset California limited partnership. The limited partnership will include SVDPM as the Managing General Partner, CIC II VHHP 14th and Commercial L.L.C. as the Administrative General Partner, and the Richman Group as the tax-credit Investor Limited Partner (Attachment 3 - Organization Chart).
The nonprofit SVDPM, dba Father Joe's Villages, will be a co-developer. SVDPM has constructed and rehabilitated five permanent affordable housing buildings, a Federally Qualified Health Center, dining facilities, resource and training centers with supportive services space, and temporary shelters. SVDPM currently owns and operates 360 affordable housing units, including permanent supportive housing units. The Housing Commission has worked with SVDPM and Chelsea on 16th and Market, a 12-story, 136-unit affordable housing community; Boulevard Apartments, a four-story, 24-unit affordable housing community; Villa Harvey Mandel, a six-story 90-unit affordable housing community; and 15th and Commercial, a 12-story, mixed-use property with affordable housing, transitional housing, a child development center, and underground parking. SVDPM is in full compliance on its previous Housing Commission-funded loans.

The other co-developer is Chelsea, an award-winning, for-profit corporation headquartered in Carlsbad, California. Chelsea will be providing development consulting services to SVDPM, offering technical expertise related to organizing, financing, and construction management. Established in 1992, it specializes in the financing and development of affordable housing. Chelsea and its affiliates have approximately 9,600 rental units under ownership in four states. Chelsea has substantial development experience in a wide range of housing developments. Along with its affiliates, Chelsea provides financial, engineering, development, asset management, construction, and property management services. Chelsea has developed multiple affordable rental housing developments in San Diego using Housing Commission loan funds. Chelsea is in full compliance on its previous Housing Commission funded loans.

Supportive Services

The developments' tenant supportive services will be provided by SVDPM. The tenants will have access to an array of services and resources offered at the nearby Father Joe's Villages' campus in downtown San Diego. Since 1950, Father Joe's Villages has delivered assistance to persons experiencing homelessness. Using evidence-based practices, Father Joe's Villages' experienced staff will provide case management, life skills, and access to mental health plus substance use services.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developers	SVDP and Chelsea
Owner/Borrower	14th and Commercial: 14th and Commercial CIC L.P. 14C VHHP: 14th and Commercial CIC VHHP L.P.
Managing General Partner	SVDPM
Administrative General Partner	14th and Commercial: CIC 14th and Commercial L.L.C. 14C VHHP: CIC 14th and Commercial L.L.C.
Tax Credit Investor Limited Partner	The Richman Group
Architect	Joseph Wong Design, San Diego, CA
General Contractor	Level 10 Construction.
Prevailing Wage Monitoring	Labor Compliance Consultants of Southern California
Property Management	Hyder & Company, San Marcos, CA
Supportive Services Provider	SVDPM
Construction and Permanent Lender	Citi Community bank

FINANCING STRUCTURE

The 14C VHHP development has an estimated total development cost of $39,954,379 ($493,264/unit). Financing will include a combination of sources as described in Table 3. The developers' current pro forma is included as Attachment 4 and is summarized below.

Table 3 – Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent loan (bonds financed)	$3,335,629	Property acquisition	$5,174,400	$63,881
Veterans Housing and Homelessness Prevention Program (VHHP)	$10,000,000	Construction costs $21,680,712 Contingency +1,700,237 Total construction $23,380,949	$23,380,949	$288,654
Seller's Land Contribution note/loan	$4,124,400	Financing costs	$3,979,776	$49,133
Housing Commission Proposed loan	$5,350,000	Other soft costs	$1,548,185	$19,115
Four percent tax credit equity	$12,876,021	Reserves	$495,921	$6,122
Deferred developer's fee Developer fee contribution	402,294 2,851,881	Developer's fee	4,251,881	$52,492
Accrued soft loan interest	738,496	Local permits and fees	1,123,267	$13,867
Income during stabilization	275,658			
Total Development Cost	**$39,954,379**	**Total Development Cost (TDC)**	**$39,954,379**	**$493,264**

Developers' Fee

$ 4,251,881 - gross developer fee
- 402,294 - deferred developer fee
-2,851,881 - developer fee contribution
$ 997,706 - net cash developer fee

The net cash developer fee shall be $997,706 provided, however, that in the event financing terms or construction costs change and result in a financing gap, the developer may defer additional developer fee. On April 25, 2017, the Housing Authority approved the "Request for Approval of Updated Developer Fees" (HAR 17-011). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. Attachment 1 to that report stated: "Developer fee for 4% tax credits: in project costs 15% of eligible basis…." For this 14C VHHP development the developers are proposing a

$4,251,881 total developer fee which complies with HAR17-011. The fee proposed is consistent with the Request for Approval of Updated Developer Fees (HAR17-011) approved by the Housing Authority on April 25, 2017.

Development Cost Key Performance Indicators

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

Table 4 - Key Performance Indicators

Development Cost Per Unit	$39,954,379 ÷ 81 units =	$493,264
Housing Commission Subsidy Per Unit	$5,350,000 ÷ 81 units =	$66,049
Acquisition Cost Per Unit	$5,174,400 ÷ 81 units =	$63,881
Gross Building Square Foot Hard Cost	$23,380,949 ÷ 53,481 sq. ft. =	$437
Net Rentable Square Foot Hard Cost	$23,380,949 ÷ 29,450 sq. ft. =	$707

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) in recent years are listed in Table 5. These developments are approximately similar in terms of high-rise new construction, plus unit mix, and are provided as a comparison to the subject combined 14th and Commercial development.

Table 5 - Comparable Development Projects

Project Name	Year	Unit Mix	Units	Prevailing Wages	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
Subject – 14C VHHP (7 stories)	**2019**	**76 studios, 4 ones, + 1 mgr.**	**81**	**Yes**	**$39,954,379**	**$493,264**	**$66,049**	**$437**
Park & Market (34 stories)	2017	101 studios, 31 ones, 26 twos, 8 threes, + 1 mgr.	426	Yes	$283,061,481	$558,638	$0 (bonds only)	$425
Atmosphere I & II (12 stories)	2014	41 studios, 42 ones,76 twos, 46 threes, + 3 mgr.	205	Yes	$83,831,588	$408,935	$14,634	$330
Celadon I & II (17 stories)	2015	143 living units, 31 studios, 74 ones + 2 mgr.	250	Yes	$82,015,087	$328,060	$0 (bonds only)	$302
Ten Fifty B (23 stories)	2010	68 studios, 57 ones,34 twos, 69 threes, + 1 mgr.	229	Yes	$88,682,000	$387,258	$0 (bonds only)	$447

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS

Proposed Housing Bonds/Note

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent tax credits available) to developers of affordable rental housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to the California Debt Limit Allocation Committee (CDLAC) for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission, Housing Authority, and City Council. A Housing Authority bond inducement resolution must be obtained prior to application submittal, and a City Council Tax Equity and Fiscal Responsibility Act (TEFRA) resolution must be secured no later than 30 days after application submittal. On May 14, 2019, these actions were completed for 14C VHHP.

On May 17, 2019, an application was submitted to CDLAC for a bond allocation of up to $22,000,000. On July 17, 2019, CTCAC and CDLAC approved an allocation of 4 percent tax credits and an up to $22,000,000 tax-exempt Multifamily Housing Revenue Bonds allocation. The developer proposes that the Bonds/note be issued through a tax-exempt private placement bond issuance. The Bonds/note 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.

The Bonds/note amount that will ultimately be set will be based upon development costs, revenues and interest rates prevailing at the time of the Bonds/note issuance. The Bonds/note proceeds will be used for both construction financing and permanent financing. A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 5.

Public Disclosure and Bond Authorization

The tax-exempt debt, in the form of the Bonds/note, will be sold through a private placement, purchased directly by Citi Community Capital (Citi). 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 it is buying the Bonds/note for its own account and not for public distribution. Because the Bonds/note is being sold through a private placement, an Official Statement will not be used. In addition, the Bonds/note will be neither subject to continuing disclosure requirements, nor credit enhanced, nor rated. Under the private placement structure for this transaction, Citi will make a 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 loan made by Citi to the Housing Authority (Funding Loan) will be evidenced by the Bonds/note, 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/note. The Housing Authority's obligation to make payments on the Bonds/note is limited to amounts the Fiscal Agent receives from the Borrower under the Borrower Loan Agreement, and no other funds of the Housing Authority are pledged to make payments on the Bonds/note. The transfer of the Bonds/note to any subsequent purchaser will comply with Housing Commission's "*Bond Issuance and Post-Issuance Compliance Policy*" (policy number PO300.301). Moreover, any subsequent Bonds/note holder will be required to represent to the Housing

Authority that it is a qualified institutional buyer or accredited investor who is buying the Bonds/note for investment purposes and not for resale, and it has made due investigation of any material information necessary in connection with the purchase of the Bonds/note. The following documents will be executed on behalf of the Housing Authority with respect to the Bonds/note: the Funding Loan Agreement, the Borrower Loan Agreement, the Assignment of Deed of Trust, the Regulatory Agreement, 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 Note will be issued pursuant to the Funding Loan Agreement. Based upon instructions contained in the Funding Loan Agreement and the Borrower Loan Agreement, Citi will disburse the Note proceeds for eligible costs and will, pursuant to an assignment from the Housing Authority, receive payments from the Borrower. The Borrower Loan Agreement sets 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. The Regulatory Agreement will be recorded against the property in order to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws. An Assignment of Deed of Trust, and other loan documents, will assign the Housing Authority's rights and responsibilities as the issuer to Citi. It will be signed by the Housing Authority for the benefit of Citi. Rights and responsibilities that are assigned to Citi 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 interests as the Note holder.

TAXABLE MULTIFAMILY HOUSING REVENUE BONDS

On May 3, 2019, and on May 14, 2019, the Housing Commission (HCR19-044) and the Housing Authority (HAR 19-013) respectively, approved certain preliminary authorization steps to issue up to $22,000,000 of tax-exempt Multifamily Housing Revenue Bonds/note (bonds), to finance the new construction of 14C VHHP. Subsequent to the public meetings the developer determined that the 14C VHHP construction phase will need to have supplemental separate short-term taxable financing due to timing of construction funding and to the hard cost allocation between the projects' components. The developer has requested that the Housing Authority issue an up to $2,000,000 taxable bonds/note for the 14C VHHP's construction phase. In an abundance of caution, the up to $2,000,000 taxable construction supplemental amount is higher than the estimated $869,135 construction amount that is being underwritten.

The Housing Authority will be a conduit issuer of the proposed taxable bonds/note. The project's financing documents will be designated as: a $22,000,000 tranche as the tax-exempt financing, and an up $2,000,000 separate tranche as the proposed taxable bonds/note. The proposed construction phase taxable bonds/note is not exempt from federal taxes. The taxable bonds/note will be for the construction phase with a 36-month term plus two six-month extensions. The taxable bonds/note's interest will be a variable rate. During construction the payments will be interest only. The taxable financing will be unrated, without credit enhancement, and be purchased by Citi on a private placement basis. Upon conversion to permanent financing, the tranche construction loan taxable bonds/note will be completely repaid and the tax-exempt financing tranche will continue as a permanent loan. Payment of principal and interest on the proposed taxable bonds/note will come solely from project revenues. As with tax-exempt bonds, the proposed issuance of the construction phase taxable bonds/note will present no risk to the Housing Commission nor to the Housing Authority. The taxable bonds/note must meet the

requirements of the Housing Commission's "Bond Issuance and Post-Issuance Compliance Policy" (policy number PO300.301).

Financial Advisor's Recommendation
Orrick Herrington & Sutcliffe will be the Bond Counsel and Ross Financial will be the 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 should proceed with the bond issuance. The Financial Advisor's analysis and recommendation is included as Attachment 6.

AFFORDABLE HOUSING IMPACT

The 14C VHHP development will be subject to a Housing Commission loan's Declaration of Covenants and Restrictions, in addition to applicable tax credit and bond regulatory agreements that will restrict affordability of 80 units for 55 years. The HOME program's funds will have affordability and rent restrictions for 20 years. The 14C VHHP development will have 40 units for low- and very low- income tenants; 24 permanent supportive housing units for very low-income individuals experiencing homelessness in the City of San Diego who will receive assistance through the Project-Based Housing Voucher program, who meet income criteria, and who are identified as most appropriate for permanent supportive housing through the Coordinated Entry System; and 16 permanent supportive housing units for veterans experiencing chronic homelessness in the City of San Diego who will receive assistance through VASH Project-Based Housing Vouchers, who meet income and VA criteria, and who are identified as most appropriate for permanent supportive housing through the Coordinated Entry System. The remaining one unit will be an unrestricted manager's unit. Table 6 summarizes the affordability.

On February 6, 2019, Housing Commission staff committed 270 federal PBVs and VASH PBVs for the combined two developments of 407 units, including 24 PBVs and 16 VASH PBVs for the 14C VHHP development. That vouchers commitment is contingent upon completion of a successful subsidy layering review and execution of an Agreement to Enter into Housing Assistance Payment. Under the PBV program, the tenants' rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by the Housing Commission. The Housing Assistance Payment provides a rental subsidy for the development's residents.

Table 6 – Affordability and Monthly Estimated Rent Table

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

There will be 20 total HOME restricted units, including 19 studio units, and one one-bedroom unit. The same units may satisfy the affordability requirements from the tax credits and from the HOME funds.

The more stringent of the funding sources' affordability/rent restrictions will take precedence during the term of their applicability.

FISCAL CONSIDERATIONS

Funding sources approved by this action will be as follows:
Bond Issuance Fees –

$55,000 ($22,000,000 for tax-exempt bonds X .0025 = $55,000)
+ $5,000 ($2,000,000 for taxable bonds X .0025 = $5,000)
$60,000 total bond issuance fees

Funding uses approved by this action will be as follows:
Rental Housing Finance Program Administration Costs - $60,000

There are no fiscal impacts to the Housing Commission, or to the City of San Diego, or to the Housing Authority associated with the requested bond actions. The Bonds/note will not constitute a debt of the City of San Diego. If the Bonds/note is ultimately issued for the project, the Bonds/note will not financially obligate the City, the Housing Authority, or the Housing Commission because security for the repayment of the Bonds/note will be limited to specific private revenue sources. Neither the faith and credit nor the taxing power of the City, nor the faith and credit of the Housing Authority will be pledged to the payment of the Bonds/note. The developer is responsible for the payment of all costs under the financing, including the Housing Commission Bond Counsel and Financial Advisor fees. Additionally the developer is responsible for payment of the Housing Commission's .0025 bond amount issuer fee (estimated at $60,000 with a $24,000,000 bond issue) and the Housing Commission's annual administrative fee (estimated at $10,000) with an estimated $3,402,874 outstanding bonds amount at permanent financing conversion.

Development Schedule
The estimated development timeline is as follows:

Milestones	Estimated Dates
• Housing Authority consideration of final bond authorization	• October 15, 2019
• Estimated bond issuance and escrow/loan closing	• October 25, 2019
• Estimated start of construction work	• November 2019
• Estimated completion of construction work	• November 2021

PREVIOUS COUNCIL and/or COMMITTEE ACTION

In November 2017, the 1 14th Street 407-unit combined development received discretionary design review from Civic San Diego.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On November 8, 2017, the Downtown Community Planning Committee voted 11-5 in support of Civic San Diego's granting design review approval. The developers report that those in opposition supported concerns that there is an overconcentration of permanent supportive housing units in the East Village neighborhood.

KEY STAKEHOLDERS & PROJECTED IMPACTS

Stakeholders include SVDPM and Chelsea as the co-developers, the Housing Authority as the Bonds/note issuer, the County of San Diego as a lender, the State Department of Housing and Community Development as a lender, and the East Village neighborhood. The 14C VHHP development is anticipated to have a positive impact on the community as it will contribute to the quality of the surrounding neighborhood and create new affordable rental units for low-income persons.

STATEMENT FOR PUBLIC DISCLOSURE

Developer Disclosure Statements for SVDPM and Chelsea are provided at Attachments 7A and 7B.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

Development within the Downtown Community Planning area is covered under the following documents, all referred to as the "Downtown FEIR": Final Environmental Impact Report (FEIR) for the San Diego Downtown Community Plan, Centre City Planned District Ordinance, and 10th Amendment to the Centre City Redevelopment Plan, certified by the former Redevelopment Agency ("Former Agency") and the City Council on March 14, 2006 (Resolutions R-04001 and R-301265, respectively); subsequent addenda to the FEIR certified by the Former Agency on August 3, 2007 (Former Agency Resolution R-04193), April 21, 2010 (Former Agency Resolution R-04510), and August 3, 2010 (Former Agency Resolution R-04544), and certified by the City Council on February 12, 2014 (City Council Resolution R-308724) and July 14, 2014 (City Council Resolution R-309115); and, the Final Supplemental Environmental Impact Report for the Downtown San Diego Mobility Plan certified by the City Council on June 21, 2016 (Resolution R-310561). Development within the Downtown Community Planning area is also covered under the following documents, all referred to as the "CAP FEIR": FEIR for the City of San Diego Climate Action Plan (CAP), certified by the City Council on July 12, 2016 (City Council Resolution R-310596). The Downtown FEIR and CAP FEIR are both "Program EIRs" prepared in compliance with California Environmental Quality Act (CEQA) Guidelines Section 15168. The information contained in the Downtown FEIR and the CAP FEIR reflects the independent judgement of the City of San Diego as the lead agency. The Downtown FEIR and CAP FEIR are located on the City of San Diego's website: (https://www.sandiego.gov/planning/programs/ceqa#Final CEQA Documents). Consistent with best practices suggested by Section 15168, a Downtown 15168 Consistency Evaluation ("Evaluation") will be completed to evaluate the project's consistency with the findings of the Downtown FEIR and CAP FEIR. If the evaluation concludes that the environmental impacts of the project were adequately addressed in the Downtown FEIR and CAP FEIR, the project within the scope of the development program described within both documents for the purposes of CEQA; and, that none of the conditions listed in Section 15162 exist, no further environmental documentation will be required under CEQA. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process.

National Environmental Policy Act

Federal funds will constitute a portion of the funding for the project. A final reservation of federal funds shall occur only upon satisfactory completion of the environmental review and receipt by the City of San Diego of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). The parties agree that the provision of

any federal funds to the project is conditioned on the City of San Diego's determination to proceed with, modify, or cancel the project based on the results of a subsequent environmental review under NEPA. The Housing Commission received final NRPA clearance and authorizations to use grant funds from HUD on June 30, 2018, and August 14, 2018, respectively.

Respectfully submitted,

J.P. Correia

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

Approved by,

Jeff Davis

Jeff Davis
Executive Vice President & Chief of Staff
San Diego Housing Commission

Attachments:

1. Development Summary
2. Site Map
3. Organization Chart
4. Developer's Project Pro Forma
5. Bond Program Summary
6. Financial Advisor's Analysis
7. Developer's Disclosure Statement:
   A) SVDPM *
   B) Chelsea *
   * Financial statements are available for review upon request to the San Diego Housing Commission.

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

ATTACHMENT 1 – DEVELOPMENT SUMMARY

Table 1 –Development Details

Address	1 14th Street, San Diego
Council District	3
Community Plan Area	East Village Neighborhood of the Downtown Community Plan Area
Developers	SVDP Management Inc. (SVDPM) and Chelsea Investment Corporation (Chelsea).
Development Type	New construction of two buildings.
Construction Type	High rise.
Parking Type	14th and Commercial: 65 spaces. 14C VHHP: 16 spaces. The proposed two buildings will share a podium surface level parking facility.
Housing Type (Affordable Units)	14th and Commercial: 230 units of permanent supportive housing. 14C VHHP: 24 units of permanent supportive housing, 16 Veterans Affairs Supportive Housing units, and 40 units for low- and very low-income persons, all, residing within the City of San Diego.
Lot Size	1.07 acre, 46,500 square feet
Units (407 units total)	14th and Commercial: 326 (323 affordable units, plus three managers' units). 14C VHHP: 81 (80 affordable units, plus one manager's unit).
Density (two projects)	381 dwelling units per acre (407 units ÷ 1.07 acres)
Unit Mix	14th and Commercial: 326 (323 affordable units, plus three managers' units). 14C VHHP: 81 (80 affordable units, plus one manager's unit).
Gross Building Area	14th and Commercial: 237,174 square feet. 14C VHHP: 53,481 square feet.
Net Rentable Area	14th and Commercial: 130,760 square feet (residential units). 14C VHHP: 29,450 square feet (residential units).
Commercial/Retail Space	14th and Commercial: 12,240 square feet. 14C VHHP: 2,760 square feet.
Project Based Housing Vouchers (270 PBV total)	14th and Commercial: 230 federal Project-Based Housing Vouchers (PBV). 14C VHHP: 40 PBV.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developers	SVDP and Chelsea
Owner/Borrower	14th and Commercial: 14th and Commercial CIC L.P. 14C VHHP: 14th and Commercial CIC VHHP L.P.
Managing General Partner	SVDPM
Administrative General Partner	14th and Commercial: CIC 14th and Commercial L.L.C. 14C VHHP: CIC VHHP 14th and Commercial L.L.C.
Tax Credit Investor Limited Partner	The Richman Group
Architect	Joseph Wong Design, San Diego, CA
General Contractor	Level 10 Construction.
Prevailing Wage Monitoring	Labor Compliance Consultants of Southern California
Property Management	Hyder & Company, San Marcos, CA
Supportive Services Provider	SVDPM
Construction and Permanent Lender	Citi Community bank

Table 3 – Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent loan (bonds financed)	$3,335,629	Property acquisition	$5,174,400	$63,881
Veterans Housing and Homelessness Prevention Program (VHHP)	$10,000,000	Construction costs $21,680,712 Contingency +1,700,237 Total construction $23,380,949	$23,380,949	$288,654
Seller's Land Contribution note/loan	$4,124,400	Financing costs	$3,979,776	$49,133
Housing Commission Proposed loan	$5,350,000	Other soft costs	$1,548,185	$19,115
Four percent tax credit equity	$12,876,021	Reserves	$495,921	$6,122
Deferred developer's fee Developer fee contribution	402,294 2,851,881	Developer's fee	4,251,881	$52,492
Accrued soft loan interest	738,496	Local permits and fees	1,123,267	$13,867
Income during stabilization	275,658			
Total Development Cost	**$39,954,379**	**Total Development Cost (TDC)**	**$39,954,379**	**$493,264**

Table 4 - Key Performance Indicators

Development Cost Per Unit	$39,954,379 ÷ 81 units =	$493,264
Housing Commission Subsidy Per Unit	$5,350,000 ÷ 81 units =	$66,049
Acquisition Cost Per Unit	$5,174,400 ÷ 81 units =	$63,881
Gross Building Square Foot Hard Cost	$23,380,949 ÷ 53,481 sq. ft. =	$437
Net Rentable Square Foot Hard Cost	$23,380,949 ÷ 29,450 sq. ft. =	$707

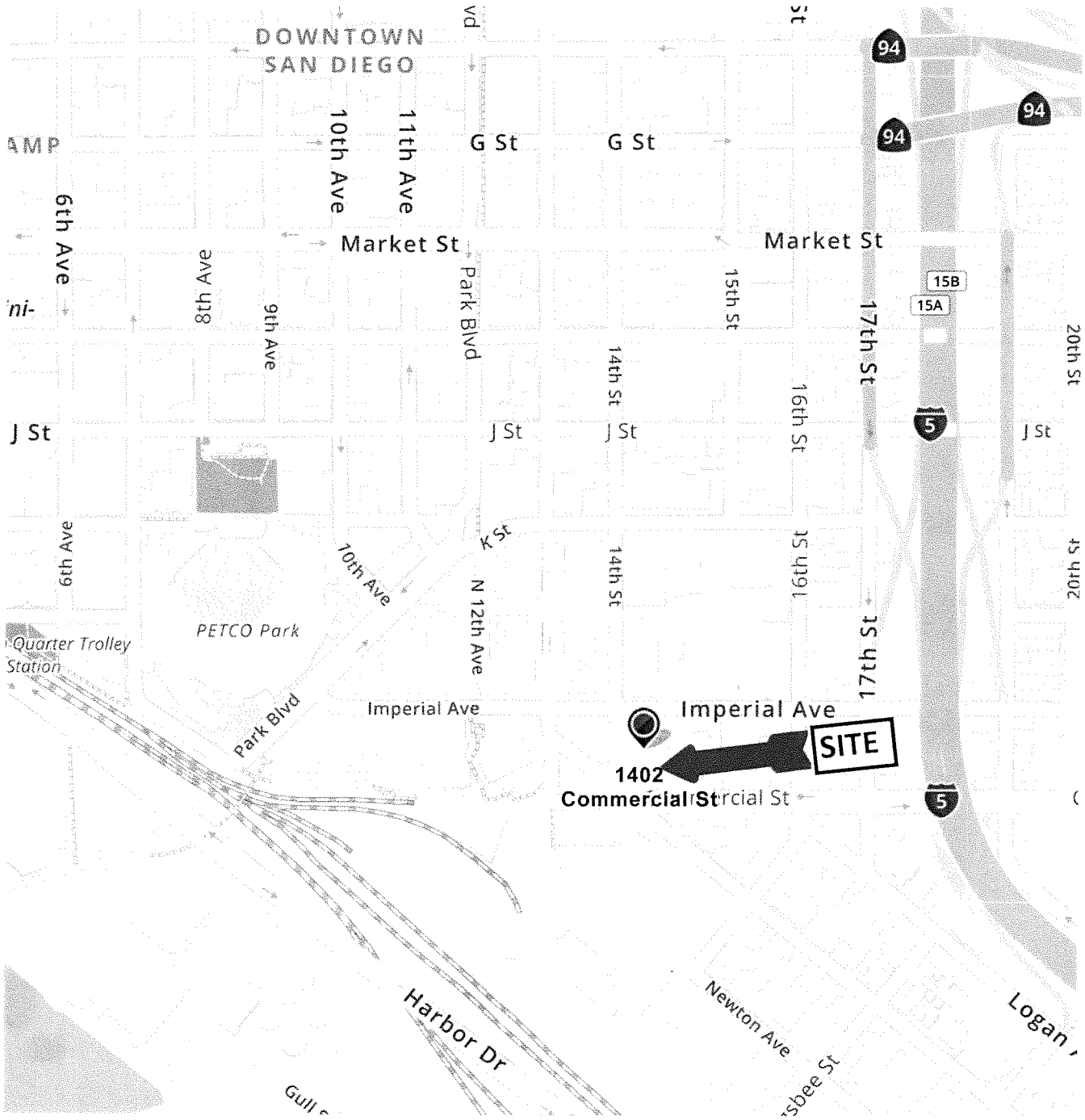
Table 5 - Comparable Development Projects

Project Name	Year	Unit Mix	Units	Prevailing Wages	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Sq. Ft.
Subject – 14C VHHP (7 stories)	**2019**	**76 studios, 4 ones, + 1 mgr.**	**81**	**Yes**	**$39,954,379**	**$493,264**	**$66,049**	**$437**
Park & Market (34 stories)	2017	101 studios, 31 ones, 26 twos, 8 threes, + 1 mgr.	426	Yes	$283,061,481	$558,638	$0 (bonds only)	$425
Atmosphere I & II (12 stories)	2014	41 studios, 42 ones,76 twos, 46 threes, + 3 mgr.	205	Yes	$83,831,588	$408,935	$14,634	$330
Celadon I & II (17 stories)	2015	143 living units, 31 studios, 74 ones + 2 mgr.	250	Yes	$82,015,087	$328,060	$0 (bonds only)	$302
Ten Fifty B (23 stories)	2010	68 studios, 57 ones,34 twos, 69 threes, + 1 mgr.	229	Yes	$88,682,000	$387,258	$0 (bonds only)	$447

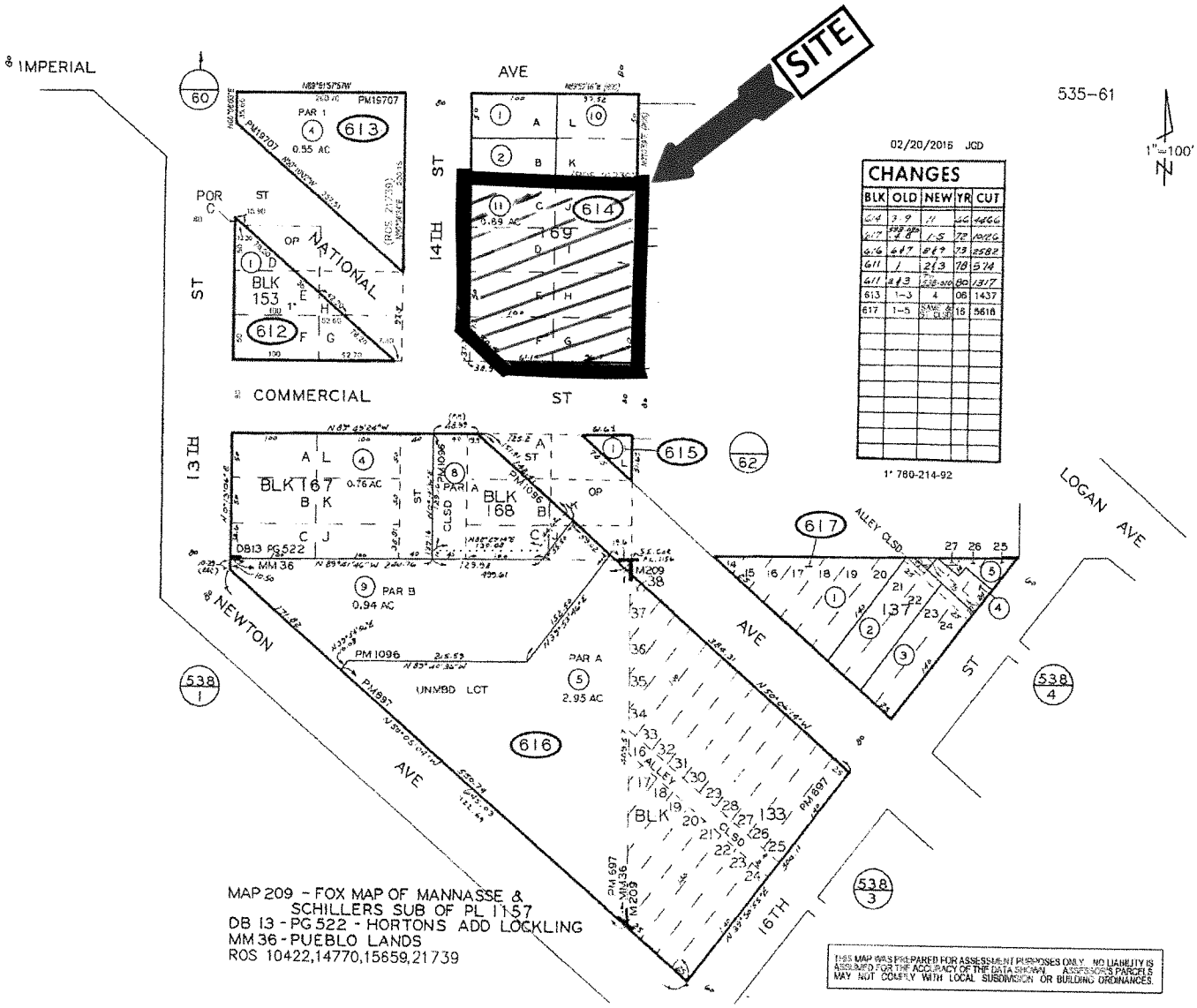
Table 6 – Affordability and Monthly Estimated Rent Table

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

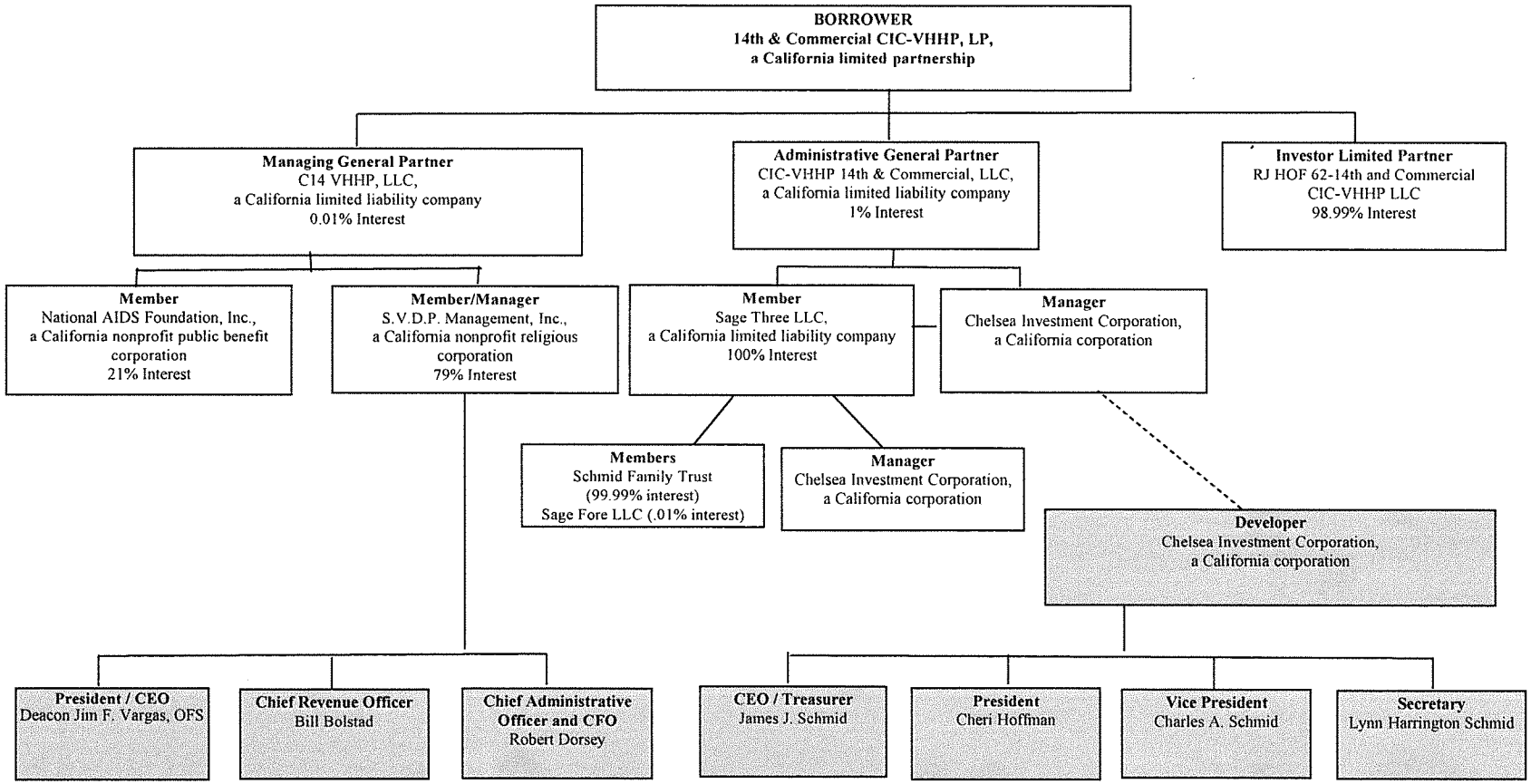
ATTACHMENT 2A - SITE MAP



ATTACHMENT 2B - SITE MAP



14th & Commercial CIC-VHHP, LP



ATTACHMENT 3
ORGANIZATION CHART

ATTACHMENT 4
DEVELOPERS' PROJECT PRO FORMA

PROJECTED SOURCES AND USES OF FUND:

14th and Commercial 4% VHHP component

Revised 8.15.19

			Pre-Dev	Close	Construction Period Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8	Construction Subtotal	Stabilization 12 mos	Conversion	8609	Total
					2%	7%	20%	28%	25%	14%	3%	1%					
	SOURCES OF FUNDS																
1	Federal LIHTC Equity			1,929,474	-	-	-	-	-	-	-	-	**1,929,474**	8,361,053	2,435,494	150,000	12,876,021
2	State LIHTC Equity			-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Solar Equity			-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Construction Loan		780,091	-	360,317	1,009,180	4,545,286	5,954,210	5,792,566	3,399,550	999,792	28,142	**22,869,135**	(7,667,285)	(15,201,849)	-	-
6	Permanent Loan (Tranche A)			-	-	-	-	-	-	-	-	-	-	-	3,335,629	-	3,335,629
7	NPLH			-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Deferred Developer Fee			-	-	-	-	-	-	-	-	-	-	-	402,294	-	402,294
9	Land Contribution / Note			4,124,400	-	-	-	-	-	-	-	-	**4,124,400**	-	-	-	4,124,400
10	AHSC			-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Developer Fee Contribution			-	-	-	-	-	-	-	-	-	-	-	$2,851,881	-	2,851,881
12	SDHC loan			2,862,500	-	1,150,000	-	535,000	-	-	-	535,000	**5,082,500**	-	267,500	-	5,350,000
13	VHHP-81 units			-	-	-	-	-	-	-	-	-	-	-	10,000,000	-	10,000,000
14	Soft Loan Interest			-	52,402	52,402	52,402	56,414	64,439	64,439	64,439	65,777	**472,714**	265,782	-	-	738,496
	SHMHP																
15	Income during stabilization			-	-	-	-	-	-	-	-	-	-	275,658	-	-	275,658
16	**Total Sources of Funds**		**780,091**	**8,916,374**	**412,719**	**2,211,582**	**4,597,688**	**6,545,624**	**5,857,006**	**3,463,989**	**1,064,231**	**628,919**	**34,478,223**	**1,235,208**	**4,090,949**	**150,000**	**39,954,379**
17																	
18																	
19	**USES OF FUNDS**																
20	ACQUISITION																
21	Land Cost			5,174,400	-	-	-	-	-			-	**5,174,400**	-	-	-	5,174,400
22	Entitlements			-	-	-	-	-	-				-	-	-	-	-
23	AHSC STI Project			-	-	-	-	-	-			-	-	-	-	-	-
24	Demolition			-	-	-	-	-	-				-	-	-	-	-
25	Verifiable Carrying Costs			-	-	-	-	-	-				-	-	-	-	-
26	Basis Eligible Acquisition Cost	0		-	-	-	-	-	-			-	-	-	-	-	-
27	Other: City parcel			-	-	-	-	-	-			-	-	-	-	-	-
28	**Total Land / Acquisition**			**5,174,400**	-	-	-	-	-			-	**5,174,400**	-	-	-	**5,174,400**
29																	
47	**NEW CONSTRUCTION**																
48	Interior Amenity/Services	$ -		-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	General Requirements	$ -		-	17,986	62,952	179,862	251,807	224,828	125,904	26,979	8,993	**899,311**	-	-	-	899,311
51	Site Work	$44.88/sq ft		-	488,763	488,763	-	-	-	-	-	-	**977,526**	-	-	-	977,526
52	ECI subcontractor			-	6,300	22,050	63,000	88,200	78,750	44,100	9,450	3,150	**315,000**	-	-	-	315,000
53	Vertical	$242.45/sq ft		-	346,621	1,213,175	3,466,213	4,852,699	4,332,767	2,426,349	519,932	173,311	**17,331,066**	-	-	-	17,331,066
54	DVBE	0.20%		-	1,719	3,574	7,418	10,365	9,273	5,193	1,113	371	**39,046**	-	-	-	39,046
55	Construction Contingency	3.00%		-	25,842	53,715	111,495	156,093	139,369	78,046	16,724	5,575	**586,858**	-	-	-	586,858
56	General Conditions	5.61%		-	21,541	75,395	215,414	301,579	269,267	150,790	32,312	10,771	**1,077,069**	-	-	-	1,077,069
57	Insurance	2.10%		-	8,915	31,201	89,145	124,803	111,431	62,402	13,372	4,457	**445,725**	-	-	-	445,725
58	Contractor Fee	2.75%		-	25,236	53,648	113,645	159,103	142,056	79,552	17,047	5,682	**595,969**	-	-	-	595,969
59	Design and Escalation Contingencies	0.00%		-	-	-	-	-	-	-	-	-	-	-	-	-	-
60	**Total New Construction**		-	-	**942,924**	**2,004,472**	**4,246,192**	**5,944,669**	**5,307,740**	**2,972,335**	**636,929**	**212,310**	**22,267,571**	-	-	-	**22,267,571**
61																	
62	**ARCHITECTURAL**																
63	Building		188,259	188,259	11,766	11,766	11,766	11,766	11,766	11,766	11,766	11,766	**470,647**	-	-	-	470,647
64	Landscape		10,411	1,388	260	260	260	260	260	260	260	260	**13,881**				13,881
65	Energy Consultant		15,023	2,146	536.55	536.55	536.55	536.55	536.55	536.55	536.55	536.55	**21,462**				21,462
66	MEPFS design and Precon - Level 10		94,009	94,008.81	-	-	-	-	-	-	-	-	**188,018**				188,018
67	Interior Design		0	-	-	-	-	-	-	-	-	-	-				-
68	Other:		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69	**Total Architectural**		**307,702**	**285,802**	**12,563**	**12,563**	**12,563**	**12,563**	**12,563**	**12,563**	**12,563**	**12,563**	**694,008**	-	-	-	**694,008**
70																	
71	**SURVEY & ENGINEERING**																
72	Civil		34,450	4,593	861	861	861	861	861	861	861	861	**45,933**	-	-	-	45,933
73	ALTA		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
74	Staking		0	-	3,938	3,938	3,938	3,938	3,938	3,938	3,938	3,938	**31,500**	-	-	-	31,500
75	Structural Testing		0	-	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,069	**32,550**	-	-	-	32,550
76	Soils		0	-	3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	**25,830**	-	-	-	25,830
77	Other : grease trap, noise, fire, shoring, external, pole, dry util		55,470	-	-	-	-	-	-	-	-	-	**55,470**	-	-	-	55,470
78	Preconstruction Services		343,770	28,770	-	-	-	-	-	-	-	-	**372,540**	-	-	-	372,540
79	Other : Misc Consultants		5,250	-	-	-	-	-	-	-	-	-	**5,250**	-	-	-	5,250
80	**Total Survey & Engineering**		**438,940**	**33,363**	**12,096**	**12,096**	**12,096**	**12,096**	**12,096**	**12,096**	**12,096**	**12,096**	**569,073**	-	-	-	**569,073**
81																	
82	**CONTINGENCY COSTS**																
83	Hard Cost Contingency	5%		-	47,146	100,224	212,310	297,233	265,387	148,617	31,846	10,615	**1,113,379**	-	-	-	1,113,379
84	Soft Cost Contingency	3%		77,709	2,872	3,113	4,054	5,934	8,268	9,991	11,518	11,825	**135,285**	-	-	-	135,285
85	**Total Contingency**		-	**77,709**	**50,019**	**103,337**	**216,364**	**303,167**	**273,655**	**158,608**	**43,365**	**22,441**	**1,248,663**	-	-	-	**1,248,663**
86																	
87	**CONSTRUCTION PERIOD EXPENSES**																
88	Construction Loan Interest		0	-	15,078	24,152	55,512	114,155	183,952	241,389	271,280	280,174	**1,185,691**	846,643	-	-	2,032,334
89	C Bond Loan Interest		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
90	Soft Loan Interest		0	-	52,401.75	52,401.75	52,401.75	56,414.25	64,439.25	64,439.25	64,439.25	65,776.75	**472,714**	265,782	-	-	738,496

PROJECTED SOURCES AND USES OF FUND:

14th and Commercial 4% VHHP component

Revised 8.15.19

			Pre-Dev	Close	Construction Period Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8	Construction Subtotal	Stabilization 12 mos	Conversion	8609	Total
					2%	7%	20%	28%	25%	14%	3%	1%					
91	Origination Fee	1.00%	0	228,691	-	-	-	-	-	-	-	-	228,691	-	-	-	228,691
94	Lender Inspection Fees		0	-	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	12,600	-	-	-	12,600
95	Taxes During Construction		0	1,575	-	-	-	-	-	-	-	-	1,575	-	-	-	1,575
97	Insurance During Construction		0	157,500	-	-	-	-	-	-	-	-	157,500	-	-	-	157,500
98	Title and Recording Fees		0	10,500	-	-	-	-	-	-	-	-	10,500	-	-	-	10,500
99	Construction Mgmt. and Monitoring	0.00%	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100	Predevelopment Loan Interest		0	247,184	-	-	-	-	-	-	-	-	247,184	-	-	-	247,184
101	Other: PW Monitoring		15,960	-	-	-	-	-	-	-	-	-	15,960	-	-	-	15,960
103	**Total Construction Period Expense**		15,960	645,450	69,054	78,129	109,488	172,144	249,966	307,403	337,294	347,525	2,332,415	1,112,425	-	-	3,444,840
104																	
105	**PERMANENT FINANCING EXPENSES**																
106	Loan Origination Fees	0.00%		-	-	-	-	-	-	-	-	-	-	-	10,000	-	10,000
108	Title and Recording Fees			-	-	-	-	-	-	-	-	-	-	-	2,100	-	2,100
111	Other: Issuer Fee plus FA	0.250%		98,005	-	-	-	-	-	-	-	-	98,005	19,002	-	-	117,007
113	**Total Permanent Financing**			98,005	-	-	-	-	-	-	-	-	98,005	19,002	12,100	-	129,107
114																	
115	**LEGAL FEES**																
116	Construction Lender Legal			60,000	-	-	-	-	-	-	-	-	60,000	-	-	-	60,000
117	Permanent Lender Legal			45,000	-	-	-	-	-	-	-	-	45,000	-	3,150	-	48,150
118	Sponsor Legal		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
119	Organizational Legal			50,000	-	-	-	-	-	-	-	-	50,000	-	-	-	50,000
120	Other Legal (Issuer Legal, Bond Counsel)			75,000	-	-	-	-	-	-	-	-	75,000	-	-	-	75,000
121	Other SDHC legal			25,000	-	-	-	-	-	-	-	-	25,000	-	-	-	25,000
122	Other: GP Legal			12,500	-	-	-	-	-	-	-	-	12,500	-	-	-	12,500
123	**Total Legal Fees**		-	267,500	-	-	-	-	-	-	-	-	267,500	-	3,150	-	270,650
124																	
125	**CAPITALIZED RESERVES**																
126	Operating Reserve	3 months		-	-	-	-	-	-	-	-	-	-	-	198,388	-	198,388
129	Rent / WC Reserve			-	-	-	-	-	-	-	-	-	-	-	297,720	-	297,720
132	**Total Reserves**		-	-	-	-	-	-	-	-	-	-	-	-	496,108	-	496,108
133																	
134	**REPORTS & STUDIES**																
135	Market Study		2,100	-	-	-	-	-	-	-	-	-	2,100	-	-	-	2,100
137	Appraisal		2,100	-	-	-	-	-	-	-	-	-	2,100	-	-	-	2,100
138	Environmental		6,989	-	-	-	-	-	-	-	-	-	6,989	-	-	-	6,989
139	Other: Lender Deposit		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Other: Investor Deposit		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
141	Other: Seismic/light/relocation/historic		6,300	-	-	-	-	-	-	-	-	-	6,300	-	-	-	6,300
142	Other: Phase I		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
143	**Total Reports & Studies**		17,489	-	-	-	-	-	-	-	-	-	17,489	-	-	-	17,489
144																	
145	**OTHER**																
146	TCAC App./Alloc/Monitoring Fees		0	112,180	-	-	-	-	-	-	-	-	112,180	-	(22,290)	-	89,890
147	CDLAC/CDIAC Fees	0.05%	0	7,601	-	-	-	-	-	-	-	-	7,601	-	-	-	7,601
148	Local Permit Fees	$223/unit	0	90,951	-	-	-	-	-	-	-	-	90,951	-	-	-	90,951
149	Local Development Impact Fees	$2,536/unit	0	1,032,316	-	-	-	-	-	-	-	-	1,032,316	-	-	-	1,032,316
152	Furnishings		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
153	Final Cost Audit Expense		0	-	-	-	-	-	-	-	-	-	-	2,100	-	-	2,100
154	Marketing		0	-	1,050	-	-	-	-	-	21,000	21,000	43,050	1,680	-	-	44,730
155	MGP Services Fee		0	25,000	-	-	-	-	-	-	-	-	25,000	-	-	-	25,000
156	SDHC u/w, AM fee, Const Review		0	87,500.00	-	-	-	-	-	-	-	-	87,500	-	-	-	87,500
157	Accounting/Finance/Admin		0	2,625	984	984	984	984	984	984	984	984	10,500	-	-	-	10,500
158	Other: Transit Passes		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
160	**Total Other Costs**		-	1,358,173	2,034	984	984	984	984	984	21,984	21,984	1,409,098	3,780	(22,290)	-	1,390,588
161																	
162	**DEVELOPER COSTS**																
163	Developer Fee payable			300,000	-	-	-	100,000	-	-	-	-	400,000	100,000	$750,000	150,000	1,400,000
164	Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-
165	Developer Fee Contributed			-	-	-	-	-	-	-	-	-	-	-	2,851,881	-	2,851,881
170	**Total Developer Costs**		-	300,000	-	-	-	100,000	-	-	-	-	400,000	100,000	3,601,881	150,000	4,251,881
171																	
173	**Total Uses of Funds**		780,091	8,240,402	1,088,691	2,211,582	4,597,688	6,545,624	5,857,006	3,463,989	1,064,231	628,919	34,478,223	1,235,208	4,090,949	150,000	39,954,379
174	Net Source & Use			675,972	(675,972)	-	-	-	-			-	-	-	-	-	-
175	Distributions			-													-
176	**Balance of Funds**			675,972	-	-	-	-	-			-		-	-	-	-

OPERATING BUDGET & INCOME ANALYSIS

14th and Commercial 4% VHHP component

SDHC
All Electric

Rent:	Restriction	%AMI	Units	Square Feet/Unit	Total Sq. Ft.	Gross Rents	Rent Adjustment	Utility Allowance	Monthly Net Rent	Annual Rent	2019 Pmt Standard RA Contract Rent	Annual Overhang	Units with Subsidy
0BR/1BA	LIHTC	25%	0	350	0	$ 1,498	$ -	$ 47	$ 1,451	$ -	$ 1,135	$ -	
0BR/1BA	LIHTC	70%	0	350	0	$ -	$ -	$ 47	$ -	$ -	$ 1,135	$ -	
0BR/1BA	LIHTC	60%	36	350	12,600	$ 1,124	$ -	$ 47	$ 1,077	$ 465,048	$ 1,135	$ -	
0BR/1BA	LIHTC	50%	0	350	0	$ 936	$ -	$ 47	$ 889	$ -	$ 1,135	$ -	
0BR/1BA	LIHTC	40%	0	350	0	$ 749	$ -	$ 47	$ 702	$ -	$ 1,135	$ -	0
0BR/1BA	PSH Voucher	30%	24	350	8,400	$ 562	$ -	$ 47	$ 515	$ 148,248	$ 1,135	$ 178,632	24
0BR/1BA	VASH Voucher	30%	16	350	5,600	$ 562	$ -	$ 47	$ 515	$ 98,832	$ 1,135	$ 119,088	16
1BR/1BA	LIHTC	25%	0	570	0	$ 1,605	$ -	$ 57	$ 1,548	$ 0	$ -	$ -	
1BR/1BA	LIHTC	70%	0	570	0	$ -	$ -	$ 57	$ -	$ -	$ -	$ -	
1BR/1BA	LIHTC	60%	4	570	2,280	$ 1,204	$ -	$ 57	$ 1,147	$ 55,044	$ -	$ -	
1BR/1BA	LIHTC	50%	0	570	0	$ 1,003	$ -	$ 57	$ 946	$ -	$ -	$ -	0
1BR/1BA	LIHTC	40%	0	570	0	$ 803	$ -	$ 57	$ 746	$ -	$ -	$ -	
1BR/1BA	LIHTC	35%	0	570	0	$ 702	$ -	$ 57	$ 645	$ -	$ -	$ -	
1BR/1BA	LIHTC	30%	0	570	0	$ 602	$ -	$ 57	$ 545	$ -	$ -	$ -	
2BR/1BA	LIHTC	25%	0	830	0	$ 1,926	$ -	$ 75	$ 1,851	$ -	$ -	$ -	
2BR/1BA	LIHTC	70%	0	830	0	$ -	$ -	$ 75	$ -	$ -	$ -	$ -	
2BR/1BA	LIHTC	60%	0	830	0	$ 1,445	$ -	$ 75	$ 1,370	$ -	$ -	$ -	
2BR/1BA	LIHTC	50%	0	830	0	$ 1,204	$ -	$ 75	$ 1,129	$ -	$ -	$ -	0
2BR/1BA	LIHTC	40%	0	830	0	$ 963	$ -	$ 75	$ 888	$ -	$ -	$ -	
2BR/1BA	LIHTC	35%	0	830	0	$ 843	$ -	$ 75	$ 768	$ -	$ -	$ -	
2BR/1BA	LIHTC	30%	0	830	0	$ 722	$ -	$ 75	$ 647	$ -	$ -	$ -	
2BR/1BA	LIHTC	MGR	1	570	570	$ -	$ -	$ 75	$ -	$ -	$ -	$ -	
					0	$ -							
Total Rents / Residential			81		29,950					767,172		297,720	40
Construction Square Feet					29,450								
RA Overhang										297,720			

Income from Operations	PUPM		
Laundry	$ 10.00		9,720
Other Income (App. Fees, Late, etc.)	$ 15.00		14,580
Garage	$ -		0
Cable & Highspeed Data Income	$ -		0
Telephone Income	$ -		0
Sub-Total	$ 25.00		1,089,192
Less: Vacancies @	5%		54,460
Commercial Income			0
Less: Vacancies @	0%		0
Total Income			1,034,733
Operating Expenses			
Admin	$ 448.81		36,354
Management Fee	$ 612.73		49,631
Utilities	$ 1,142.47		92,540
Payroll	$ 1,636.62		132,566
Repair & Maintenance	$ 1,105.92		89,580
Insruance	$ 516.05		41,800
Taxes	$ 119.01		9,640
Other: Security	$ 381.83		30,928
Total Expenses	$ 5,963		483,039
Addt'l Operating Expenses	0	$5.50/sq ft	0
Net Operating Income			551,694
Reserves	$500.00/unit		40,500
Services	$2,025/unit		162,000
Issuer's and Admin Fee	0.125%	0.125%xPermLoanPrincipal	22,150
Mandatory Debt Service (AHSC & NPLH)	0.420%		42,000
Net Income Available for Debt Service			285,044
		DSC TEST	1.15

Loan Sizing	Tranche A
Loan Amount	3,335,629
Interest	4.25%
Term	20
Amortization	20
Debt Service Coverage	1.15
Monthly Payment	20,655
Annual Payment	247,864
Cash Flow After D/S	37,180

OPERATIONAL CASH FLOW

14th and Commercial 4% VHHP component

				1	2	3	4	5	6	7	8	9	10	11	12	13
Gross Revenue		Inflation @	2.00%	1,089,192	1,110,976	1,133,196	1,155,860	1,178,977	1,202,556	1,226,607	1,251,140	1,276,162	1,301,686	1,327,719	1,354,274	1,381,359
Vacancy			5.00%	(54,460)	(55,549)	(56,660)	(57,793)	(58,949)	(60,128)	(61,330)	(62,557)	(63,808)	(65,084)	(66,386)	(67,714)	(69,068)
Net Revenue				1,034,733	1,055,427	1,076,536	1,098,067	1,120,028	1,142,428	1,165,277	1,188,583	1,212,354	1,236,601	1,261,333	1,286,560	1,312,291
Operating Expenses (including non residential)		Inflation @	3.00%	483,039	497,530	512,456	527,829	543,664	559,974	576,773	594,077	611,899	630,256	649,164	668,638	688,698
Net Operating Income				551,694	557,897	564,080	570,237	576,364	582,454	588,504	594,506	600,455	606,345	612,170	617,922	623,594
Replacement Reserves			0.00%	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500
Resident Services		Inflation @	2.00%	162,000	165,240	168,545	171,916	175,354	178,861	182,438	186,087	189,809	193,605	197,477	201,427	205,455
Cash Available to Debt Service				349,194	352,157	355,035	357,821	360,510	363,093	365,565	367,919	370,146	372,240	374,193	375,995	377,638
Principal and Interest			4.25%	247,864	247,864	247,864	247,864	247,864	247,864	247,864	247,864	247,864	247,864	247,864	247,864	247,864
Issuer's and Admin Fee			0.00%	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150
Mandatory Soft Loan Payments			0.42%	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Managing GP Fee	12,500		3.00%	12,500	12,875	13,261	13,659	14,069	14,491	14,926	15,373	15,835	16,310	16,799	17,303	17,822
Administrative GP Fee	0		3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Project Cash Flow				24,680	27,268	29,760	32,148	34,426	36,588	38,625	40,531	42,298	43,916	45,379	46,678	47,802
			DSCR	1.15	1.16	1.17	1.18	1.20	1.21	1.22	1.23	1.23	1.24	1.25	1.26	1.26
TCAC Gross Revenue Test	no more than 2% in year 15 if DSCR > 12		8%	3.41%	3.61%	3.80%	3.96%	4.11%	4.25%	4.37%	4.47%	4.56%	4.63%	4.68%	4.72%	4.75%
TCAC Debt Service Test			125%													
UMR Operating Expense Test	<= 1.20 DSCR or 12% cash flow to exper		12%	3.83%	4.11%	4.37%	4.59%	4.79%	4.95%	5.09%	5.20%	5.28%	5.33%	5.36%	5.36%	5.35%
Distributions																
Refinance Proceeds																
Incentive Leasing Fee				0	0	0										
Resident Services	0		3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
LP Fee	5,000		3.00%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129
Deferred Developer fee	100%of Avail Cashflow		1.00%	19,680	22,118	24,455	26,684	28,799	30,792	32,655	34,382	35,964	37,393	38,660	39,756	40,673
Cash Available After Deferred Fee Payment				0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsor Distribution																
Cash reserve per SDHC	35.0%			0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Available After Deferred Fee Pmt	50.00%			0	0	0	0	0	0	0	0	0	0	0	0	0
VHHP	65.15%		3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
SDHC loan	34.85%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0
NPLH	0.00%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0
IIG	0.00%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0
AHP	0.00%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow Available After Soft Loan Loans				0	0	0	0	0	0	0	0	0	0	0	0	0
MGP Loan - Developer Fee "contribution"			25.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
MGP Loan - Land Value			25.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Admin Fee (90% of Cash Flow)			40.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow Available after Partnership Admin Fee				0	0	0	0	0	0	0	0	0	0	0	0	0
LP Distribution			98.99%	0	0	0	0	0	0	0	0	0	0	0	0	0
GP Distribution			1.01%	0	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Cash Flow After Partnership Distribution				0	0	0	0	0	0	0	0	0	0	0	0	0

OPERATIONAL CASH FLOW

14th and Commercial 4% VHHP component

				14	15	16	17	18	19	20	21	22	23	24	25	26	27
Gross Revenue		Inflation @	2.00%	1,408,986	1,437,166	1,465,909	1,495,228	1,525,132	1,555,635	1,586,747	1,618,482	1,650,852	1,683,869	1,717,546	1,751,897	1,786,935	1,822,674
Vacancy			5.00%	(70,449)	(71,858)	(73,295)	(74,761)	(76,257)	(77,782)	(79,337)	(80,924)	(82,543)	(84,193)	(85,877)	(87,595)	(89,347)	(91,134)
Net Revenue				1,338,537	1,365,308	1,392,614	1,420,466	1,448,875	1,477,853	1,507,410	1,537,558	1,568,309	1,599,676	1,631,669	1,664,303	1,697,589	1,731,540
Operating Expenses (including non residential)		Inflation @	3.00%	709,359	730,639	752,558	775,135	798,389	822,341	847,011	872,422	898,594	925,552	953,319	981,918	1,011,376	1,041,717
Net Operating Income				629,178	634,668	640,055	645,331	650,486	655,512	660,399	665,137	669,715	674,124	678,351	682,384	686,213	689,823
Replacement Reserves			0.00%	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500
Resident Services		Inflation @	2.00%	209,564	213,756	218,031	222,391	226,839	231,376	236,003	240,723	245,538	250,449	255,458	260,567	265,778	271,094
Cash Available to Debt Service				379,114	380,413	381,525	382,440	383,147	383,636	383,895	383,913	383,677	383,175	382,393	381,318	379,935	378,230
Principal and Interest			4.25%	247,864	247,864	247,864	247,864	247,864	247,864	247,864	96,893	0	0	0	0	0	0
Issuer's and Admin Fee			0.00%	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150	22,150
Mandatory Soft Loan Payments			0.42%	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Managing GP Fee	12,500		3.00%	18,357	18,907	19,475	20,059	20,661	21,280	21,919	22,576	23,254	23,951	24,670	25,410	26,172	26,957
Administrative GP Fee	0		3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Project Cash Flow				48,743	49,491	50,036	50,366	50,472	50,341	49,962	200,294	296,274	295,074	293,573	291,758	289,613	287,122
			DSCR	1.27	1.28	1.28	1.28	1.29	1.29	1.29	3.30						
TCAC Gross Revenue Test	no more than 2% in year 15 if DSCR > 12		8%	4.76%	4.76%	4.74%	4.71%	4.66%	4.60%	4.53%	13.77%	19.36%	18.95%	18.53%	18.10%	17.67%	17.23%
TCAC Debt Service Test			125%														
UMR Operating Expense Test	<= 1.20 DSCR or 12% cash flow to exper		12%	5.30%	5.24%	5.16%	5.05%	4.92%	4.78%	4.61%	17.99%	25.90%	25.09%	24.29%	23.48%	22.68%	21.87%
Distributions																	
Refinance Proceeds						0											
Incentive Leasing Fee																	
Resident Services	0		3.00%	0	0	0											
LP Fee	5,000		3.00%	7,343	7,563	0											
Deferred Developer fee	100%of Avail Cashflow		1.00%	23,823	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Available After Deferred Fee Payment				17,577	41,928	50,036	50,366	50,472	50,341	49,962	200,294	296,274	295,074	293,573	291,758	289,613	287,122
Sponsor Distribution																	
Cash reserve per SDHC	35.0%			3,076	7,337	8,756	8,814	8,833	8,810	8,743	35,051	51,848	51,638	51,375	51,058	50,682	50,246
Cash Available After Deferred Fee Pmt	50.00%			8,789	20,964	25,018	25,183	25,236	25,171	24,981	100,147	148,137	147,537	146,787	145,879	144,806	143,561
VHHP	65.15%		3.00%	5,725	13,657	16,298	16,406	16,440	16,398	16,274	65,242	96,506	96,115	95,626	95,035	94,336	93,525
SDHC loan	34.85%		3%	3,063	7,307	8,720	8,777	8,796	8,773	8,707	34,905	51,631	51,422	51,160	50,844	50,470	50,036
NPLH	0.00%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IIG	0.00%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AHP	0.00%		3%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow Available After Soft Loan Loans				5,713	13,627	16,262	16,369	16,403	16,361	16,238	65,095	96,289	95,899	95,411	94,821	94,124	93,315
MGP Loan - Developer Fee "contribution"			25.00%	1,428	3,407	4,065	4,092	4,101	4,090	4,059	16,274	24,072	23,975	23,853	23,705	23,531	23,329
MGP Loan - Land Value			25.00%	1,428	3,407	4,065	4,092	4,101	4,090	4,059	16,274	24,072	23,975	23,853	23,705	23,531	23,329
Partnership Admin Fee (90% of Cash Flow)			40.00%	2,285	5,451	6,505	6,548	6,561	6,544	6,495	26,038	38,516	38,360	38,165	37,928	37,650	37,326
Cash Flow Available after Partnership Admin Fee				571	1,363	1,626	1,637	1,640	1,636	1,624	6,510	9,629	9,590	9,541	9,482	9,412	9,331
LP Distribution			98.99%	565	1,349	1,610	1,620	1,624	1,620	1,607	6,444	9,532	9,493	9,445	9,386	9,317	9,237
GP Distribution			1.01%	6	14	16	17	17	17	16	66	97	97	96	96	95	94
Remaining Cash Flow After Partnership Distribution				0	0	0	0	0	0	0	0	0	0	0	0	0	0

OPERATIONAL CASH FLOW

14th and Commercial 4% VHHP component

				28	29	30
Gross Revenue		Inflation @	2.00%	1,859,128	1,896,310	1,934,236
Vacancy			5.00%	(92,956)	(94,816)	(96,712)
Net Revenue				1,766,171	1,801,495	1,837,524
Operating Expenses (including non residential)		Inflation @	3.00%	1,072,968	1,105,157	1,138,312
Net Operating Income				693,203	696,337	699,212
Replacement Reserves			0.00%	40,500	40,500	40,500
Resident Services		Inflation @	2.00%	276,516	282,046	287,687
Cash Available to Debt Service				376,187	373,791	371,025
Principal and Interest			4.25%	0	0	0
Issuer's and Admin Fee			0.00%	22,150	22,150	22,150
Mandatory Soft Loan Payments			0.42%	42,000	42,000	42,000
Managing GP Fee	12,500		3.00%	27,766	28,599	29,457
Administrative GP Fee	0		3.00%	0	0	0
Net Project Cash Flow				284,271	281,042	277,418
			DSCR			
TCAC Gross Revenue Test	no more than 2% in year 15 if DSCR > 12		8%	16.78%	16.33%	15.87%
TCAC Debt Service Test			125%			
UMR Operating Expense Test	<= 1.20 DSCR or 12% cash flow to exper		12%	21.07%	20.26%	19.45%
Distributions						
Refinance Proceeds						
Incentive Leasing Fee						
Resident Services		0	3.00%			
LP Fee		5,000	3.00%			
Deferred Developer fee		100%of Avail Cashflow	1.00%	0	0	0
Cash Available After Deferred Fee Payment				284,271	281,042	277,418
Sponsor Distribution						
Cash reserve per SDHC		35.0%		49,747	49,182	48,548
Cash Available After Deferred Fee Pmt		50.00%		142,136	140,521	138,709
VHHP		65.15%	3.00%	92,596	91,545	90,364
SDHC loan		34.85%	3%	49,539	48,976	48,345
NPLH		0.00%	3%	0	0	0
IIG		0.00%	3%	0	0	0
AHP		0.00%	3%	0	0	0
Cash Flow Available After Soft Loan Loans				92,388	91,339	90,161
MGP Loan - Developer Fee "contribution"			25.00%	23,097	22,835	22,540
MGP Loan - Land Value			25.00%	23,097	22,835	22,540
Partnership Admin Fee (90% of Cash Flow)			40.00%	36,955	36,535	36,064
Cash Flow Available after Partnership Admin Fee				9,239	9,134	9,016
LP Distribution			98.99%	9,145	9,042	8,925
GP Distribution			1.01%	93	92	91
Remaining Cash Flow After Partnership Distribution				0	0	0

ATTACHMENT 5
HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY

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

Bond Issuer: Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds. There is no pledge of the City's faith, credit or taxing power nor of the Housing Authority's faith 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% AML The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

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

Approval Process:

- Inducement Resolution: The bond process is initiated when the issuer (Housing Authority) adopts an "Inducement Resolution" to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.

- TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982): To assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

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

- Application for Bond Allocation: The issuance of these "private activity bonds" (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.

- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.

- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders. If rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.

Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or

summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.

ATTACHMENT 6
FINANCIAL ADVISOR'S ANALYSIS

ROSS FINANCIAL

1736 Stockton Street, Suite One • San Francisco, CA 94133 • (415) 912-5612 • FAX (415) 912-5611

September 10, 2019

Mr. Joe Correia
Sr. Real Estate Project Manager
Housing Finance Real Estate Division
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Re: 14th & Commercial Apartments/14C VHHP Apartments

Dear Mr. Correia:

The San Diego Housing Commission (the "Commission") has retained Ross Financial as its municipal advisor to analyze the feasibility of issuing tax-exempt and taxable obligations, as the case may be (the "Notes"), for the 14th & Commercial Apartments ("14th & Commercial") and for the 14C VHHP Apartments ("VHHP" and collectively with 14th & Commercial, the "Developments).

This feasibility analysis reviews the following items:

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

Ross Financial has based its analysis of the Developments' financial feasibility on materials provided by Chelsea Investment Corporation ("Chelsea"), which, along with SVDP Management, has created the developer and borrower entities for the Developments. The materials include: (1) the joint applications 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") for each of the Developments, (3) the market study performed by Kinetic Valuation Group in support of the applications to CDLAC and CTCAC, and (4) Chelsea's pro forma financial schedules for the Developments. Ross Financial has not visited the site of the proposed Developments and had no role in the selection of the Lender.

OVERVIEW OF DEVELOPMENTS

Development Summary. The Developments are new construction multifamily rental housing developments located in two contiguous and conjoined high rise residential towers of 14 and 7 stories. 14th & Commercial will contain an aggregate of 326 studio, 1-bedroom and 2-bedroom apartments. 14C VVHP will contain an aggregate of 81 studio and 1-bedroom apartments. 14th & Commercial and 14C VHHP will be delineated by two legally separated condominium parcels.

The Developments will share a podium surface level parking facility that will provide 65 spaces for 14th & Commercial and 16 spaces for 14C VHHP. Each of the Developments will contain commercial space that will house on-site property management, social services staff and certain resident-related amenities. Site amenities include approximately 1,000 square feet of community rooms on each of the residential floors, 8 community kitchens, laundry facilities, bicycle parking, recreational activities, fitness and multipurpose rooms, an exterior smoking area, a dog run area, a community garden, assembly space and a tot lot. Unit amenities will include a kitchenette, cabinets, microwave oven, refrigerator, and a private bathroom.

Unit and Affordability Mix. The unit mix and affordability restrictions for each of the Developments are expected to be as follows:

14th & Commercial	**Unit Mix**	**25-35% AMI****	**50% AMI****
Studio/1 Bath	281	281	--
1 Bedroom/1 Bath	17	--	17
2 Bedroom/1 Bath	28*	--	25
Total Units	**326**	**281**	**42**

*Includes 3 manager's units
** AMI = Area median income; Manager's unit is not subject to affordability restrictions

14C VHHP	**Unit Mix**	**30% AMI****	**60% AMI****
Studio/1 Bath	76	40	36
1 Bedroom/1 Bath	5*		4
Total Units	**81**	**40**	**40**

*Includes 1 manager's unit
** AMI = Area median income; Manager's unit is not subject to affordability restrictions

For 14th & Commercial, of the 281 units restricted to households earning between 25% to 35% of AMI, 230 units will be rented to homeless individuals who reside in San Diego, meet income criteria under the project based voucher program and are identified as most appropriate for permanent supportive housing through the Coordinated Entry System. Project based vouchers will provide rental subsidies for these units.

For 14C VHHP, of the 40 units restricted to households earning no more than 30% of AMI, (a) 24 units will be rented to homeless individuals who reside in San Diego, meet the income criteria for the project based voucher program and are identified as most

appropriate for permanent supportive housing through the Coordinated Entry System and (b) 16 units will be rented to chronically homeless veterans, who reside in San Diego and who meet the criteria for the Veterans Affairs Supportive Housing (VASH) project based vouchers.

Description of Project Site. The Developments are to be constructed on a 1.06 acre site located at 1 14th Street.

Located in the East Village neighborhood of San Diego, the Project Site is 0.1 mile from the Imperial Avenue Transit Center serving all San Diego trolley lines and four bus lines; 0.3 mile from the San Diego Central Library, 0.3 mile from Fault Line Park and 0.4 mile from Walmart. The following resources will be accessible by residents within the area:

- Employment/Career Centers (PATH Connections San Diego, SDHC Achievement Academy and Father Joe's Village Main Campus)
- Healthcare (Logan Heights Family Health Center)
- Homeless Service Providers (Neil Good Day Center, Transitional Storage Center, Father Joe's Village Main Campus, YWCA)
- Schools: Students that reside at the Developments will be zoned to attend Perkins Elementary, Memorial Prep Middle School and E3 Civic High School
- Parks (Crosby, Chicano, Martin Luther King Jr. Promenade)

Ownership of the Developments/Borrowers. The ownership entities for the Developments will be the following single asset California limited partnerships:

14th & Commercial: 14th & Commercial CIC, L.P., consisting of: (1) S.V.D.P Management, Inc., a 501(c)(3) nonprofit public benefit corporation ("SVDP"), which will act as the managing general partner; (2) CIC 14th & Commercial LLC, an entity created by Chelsea, which will act as the administrative general partner; and (3) an investor limited partner that will be formed by Raymond James Tax Credit Funds.

VHHP: 14th & Commercial CIC-VHHP, L.P., consisting of: (1) SVDP, which will act as the managing general partner; (2) CIC-VHHP 14th & Commercial LLC, an entity created by Chelsea, which will act as the administrative general partner; and (3) an investor limited partner that will be formed by Raymond James Tax Credit Funds.

Chelsea Experience. According to Chelsea, the firm has 33 years of experience in financing, developing and/or rehabilitating multifamily rental housing. This experience encompasses 10,000 units in the Western United States, including more than 2,100 affordable housing units in San Diego, Chula Vista and Carlsbad. Chelsea's most recent activity with the Housing Commission includes:

- 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 commenced construction in August 2018;
- Civita II Apartments, a 203-unit new construction project within the Creekside District of the Quarry Falls Specific Plan, which commenced construction in April 2018;
- 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;
- Mesa Verde Apartments, a 90-unit new construction project in the eastern central portion of San Diego which was completed in April 2018;
- Torrey Vale Apartments, a 28-unit new construction project in the Pacific Highlands Ranch, construction of which was completed in September 2016;
- Westminster Manor, a 158-unit acquisition-rehabilitation project in Centre City, completed in December 2015; and
- Fairbanks Square a 100-unit construction project in Black Mountain Ranch, completed in December 2014.

CDLAC/CTCAC. On May 17, 2019, the Housing Authority filed joint applications to CDLAC and CTCAC requesting private activity bond allocations of $101,000,000 for 14th & Commercial and $22,000,000 for 14C VHHP, along with a reservation of 4% tax credits. On July 17, 2019, CDLAC awarded private activity bond allocations in the requested amounts and CTCAC reserved the requested 4% tax credits. The CDLAC allocations will expire in 180 days – on January 13, 2020.

In connection with the CDLAC/CTCAC application process, on May 14, 2019, the Housing Authority adopted resolutions of intent to issue tax-exempt obligations for the Developments and authorized the submission of applications to CDLAC. On the same date, TEFRA hearings, duly noticed, were held before the City Council at which time each of the Developments were approved for purposes of Section 147 of the Internal Revenue Code. The TEFRA approvals were signed May 17, 2019.

PROPOSED FINANCING

Project Costs and Funding. According to most recent projections provided by Chelsea, the total costs of the Developments, including construction and all soft costs, are estimated at $150,997,242 for 14th & Commercial and $39,954,379 for VHHP. The estimated sources and uses of funds will differ during the construction period and following construction and lease-up ("at permanent"), as shown in the following tables based on the most recent projections:

14th & Commercial

Sources of Funds	Construction	Permanent
Tax-Exempt Note Proceeds	$94,164,571	$8,217,898
Low Income Housing Tax Credit Equity	7,215,797	48,092,449
SDHC Loan	5,842,500	6,150,000
HCD -- IIG	3,250,000	3,250,000
HCD – SHMHP	--	20,000,000
HCD -- AHSC	--	17,950,000
HCD via County NPLH	--	15,722,792
AHP	2,000,000	2,000,000
Soft Loan Interest	1,401,811	2,131,298
Land Value Soft Loan	13,223,724	13,223,724
Income During Stabilization	--	218,136
Deferred Developer Fee	--	1,665,110
Developer Fee Contribution	--	12,375,836
Total	**$127,098,402**	**$150,997,242**
Uses of Funds		
Acquisition	$19,465,600	$19,465,600
Construction (including Site Work)	83,768,482	83,768,482
Architectural & Engineering	4,751,590	4,751,590
Contingency Costs (Hard and Soft)	4,647,589	4,647,589
Construction Period Interest and Expenses	8,479,159	12,393,482
Capitalized Reserves	--	4,250,846
Misc. Soft Costs, Legal and Contingency	5,234,733	5,843,817
Developer Fee*	751,250	15,875,836
Total	**$127,098,402**	**$150,997,242**

*Cash developer fee is $1,864,890, $1,665,110 is deferred and $12,375,836 is contributed back as a funding source

VHHP

Sources of Funds	Construction	Permanent
Tax-Exempt Note Proceeds	$22,000,000	3,335,629
Taxable Note Proceeds	869,121	--
Low Income Housing Tax Credit Equity	1,929,474	12,876,021
SDHC Loan	5,082,500	5,350,000
HCD – VHHP		10,000,000
Soft Loan Interest	472,714	738,496
Income during Stabilization	--	275,658
Land Value Soft Loan	4,124,400	4,124,400
Deferred Developer Fee	--	402,294
Developer Fee Contribution	--	2,851,881
Total	**$34,478,209**	**$39,954,379**

Uses of Funds		
Acquisition	$5,174,400	$5,174,400
Construction (including site work)	22,267,571	22,267,571
Architectural & Engineering	1,263,081	1,263,081
Contingency Costs (Hard and Soft)	1,248,663	1,248,663
Construction Period Interest and Fees	2,332,415	3,444,840
Capitalized Reserves	--	496,108
Misc. Soft Costs, Legal and Contingency	1,792,079	1,807,835
Developer Fee*	400,000	4,251,881
Total	**$34,478,209**	**$39,954,379**

*Cash developer fee is $997,706, $402,294 is deferred and $2,851,881 is contributed back as a funding source

The Notes and Bank Funding Approach. The expectation (based on the most recent pro formas) is that the Housing Authority will issue:

- For 14th & Commercial –The Notes for 14th & Commercial Notes will be issued as a single tax-exempt series in the estimated amount of $94,164,571 (but in no case to exceed $101,000,000).
- For VHHP – The Notes for VHHP will be issued in two series:
  - A tax-exempt series in the amount of $22,000,000 (maximum tax-exempt amount) and
  - A taxable series in the amount of $869,135 (but in no case to exceed $2,000,000).

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;
- During construction and lease up (approximately 36 months), each tax-exempt Note will bear a variable interest rate estimated at approximately 4.00% and the taxable Note for VHHP will bear a variable interest rate estimated at approximately 4.25%;
- Following construction and lease up (at "conversion"),
  - The Note for 14th & Commercial will be repaid in an amount that will leave outstanding an estimated principal amount of $8,217,898 (subject to final underwriting);
  - The tax-exempt Note for VHHP will be repaid in an amount that will leave outstanding an estimate principal amount of $3,335,629 (subject to final underwriting).
  - The taxable Note for VHHP will be repaid in full.
  - The sources of repayment for the Notes at conversion are expected to be a combination of low income tax credit proceeds and loans from the

California Department of Housing and Community Development ("HCD").
  - The remaining Notes at permanent will bear a fixed rate currently estimated at 4.12%.
- The remaining Notes will amortize on a 20-year basis and are anticipated to have a stated final maturity of 20 years after conversion.
- The Notes are expected to close on or about late October/early November.

The Lender will execute a document with certain required representations to the effect that it has sufficient knowledge and experience to evaluate the risks and merits associated with making the loans evidenced by the Notes and has indicated 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.

Housing Commission Financial Involvement. The Housing Commission will be providing residual receipts loans in the amount of up to $6,150,000 for 14th & Commercial and in the amount of up to $5,350,000 for VHHP (collectively, the "Housing Commission Loans") to fund a portion of each Development's construction costs. For 14th & Commercial, the sources of funding are: $2,000,000 from HOME funds and $4,150,000 from the City of San Diego's Affordable Housing Fund; for VHHP, the sources of funding are: $2,000,000 from HOME funds and $3,350,000 from the City of San Diego's Affordable Housing Fund.

The Housing Commission Loans will be payable from each of the Developments' residual receipts with the following basic terms:

- Interest Rate: 3% simple interest
- Payments: 50% of residual cash flow after repayment of the non-subordinated portion of the deferred Developer Fee, subject to sharing with other subordinate lenders (i.e., HCD)
- Term: 55 years
- Affordability: *14th & Commercial*: 60 studio units @ 25% AMI; 59 studio units @ 30% AMI; 49 studio units @ 35% AMI; 22 studio units @ 40% AMI; 42 units (17 1-bedroom and 25 2-bedroom) @ 50% AMI
  VHHP: 40 Studio units @ 30% AMI; 40 units (36 studio and 4 1-bedroom) @ 60% AMI

Affordability Restrictions. The Developments 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;

- 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 Loan Agreement and Declaration of Covenants, Conditions and Restrictions for each of the Developments under which the units will be restricted for 55 years.

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

	14th & Commercial	VHHP
Assumptions		
Vacancy	5%	5%
Revenue Escalation	2%	2%
Operating Expense Escalation	3%	3%
Cash Flow and Coverage		
Stabilized Net Income – First Full Year	$3,925,507	$1,034,732
Expenses	(1,932,154)	(483,039)
Resident Services	(839,500	(162,000)
Replacement Reserve	(163,000)	(40,500)
Mandatory Soft Loan Payments[1]	(225,426)	(42,000)
Commission Bond Monitoring and Admin Fee[2]	(63,172)	(22,150)
Estimated Net Operating Income	$702,255	$285,043
Note Debt Service[3]	(610,657)	(247,864)
Debt Service Coverage[4]	1.15x	1.15x
Managing GP and LP Fees	(22,500)	(17,500)
Available Cash Flow	69,098	19,679
Deferred Developer Fee (100% of excess flow)	(69,098)	(19,679)
Available Cash Flow after Deferred Developer Fee	0	0
Available to Repay SDHC and HCD Loans	0	0
Net Cash Flow for LP	0	0

[1] 0.42% for State HCD SHMHP/AHSC loans and County HCD NPLH loan for 14th & Commercial; 0.42% for State HCD loan for VHHP
[2] Commission's fee at permanent is 0.125% x permanent loan amount plus monitoring fee of $150/unit
[3] Assumes an initial permanent loan par of $8,217,898 at 4.25% for 14th & Commercial and $3,335,629 at 4.25% for VHHP; 14th & Commercial includes $4,000 annual fee for Health & Human Services Agency
[4] Net operating income divided by sum of Note Debt Service

The pro formas indicate that cash flow available to repay the Housing Commission Loans begins in the 22nd year after stabilized occupancy for 14th & Commercial and in the 14th year after stabilized occupancy for VHHP.

The tables on the following page show the Borrower's most recent projected cash flow for each of the Developments during first full five years following stabilized occupancy:

14th & Commercial

Escalation	Revenues	Year 1	2	3	4	5
2.00%	Gross Scheduled Rent	4,132,113	4,214,755	4,299,050	4,385,031	4,472,732
	less 5% vacancy	(206,606)	(210,738)	(214,953)	(219,252)	(223,637)
	Total Net Income	3,925,507	4,004,017	4,084,098	4,165,780	4,249,095
	Expenses					
3.00%	Operating Expenses	(1,932,154)	(1,990,119)	(2,049,822)	(2,111,317)	(2,174,656)
2.00%	Resident Services	(839,500)	(856,290)	(873,416)	(890,884)	(908,702)
	Replacement Reserve	(163,000)	(163,000)	(163,000)	(163,000)	(163,000)
	Mandatory Soft Loan Payments	(225,426)	(225,426)	(225,426)	(225,426)	(225,426)
	Issuer Bond Monitoring and Admin Fee	(63,172)	(63,172)	(63,172)	(63,172)	(63,172)
	Total Expenses + Reserves	(3,223,252)	(3,298,007)	(3,374,836)	(3,453,799)	(3,534,956)
	Net Operating Income	702,255	706,011	709,262	711,981	714,139
	Permanent Loan Service	(610,657)	(610,657)	(610,657)	(610,657)	(610,657)
	Debt Service Coverage	1.15x	1.16x	1.16x	1.17x	1.17x
	Available Cash Flow after Permanent Loan Debt Service	91,598	95,354	98,605	101,324	103,482
3.00%	Managing and Admin GP Fee	(12,500)	(12,875)	(13,261)	(13,659)	(14,069)
3.00%	LP Fee	(10,000)	(10,300)	(10,609)	(10,927)	(11,255)
	Project Cash Flow after GP and LP Fees	69,098	72,179	74,735	76,737	78,158
	Deferred Developer Fee (100% of excess cash flow)	(69,098)	(72,179)	(74,735)	(76,737)	(78,158)
	Project Cash Flow after Deferred Developer Fee	0	0	0	0	0
	HCD - AHSC (28.46% of excess Project Cash Flow)	0	0	0	0	0
	SDHC (9.75% of excess Project Cash Flow)	0	0	0	0	0
	HCD - NPLH (24.93% of excess Project Cash Flow)	0	0	0	0	0
	HCD - IIG (5.15% of excess Project Cash Flow)	0	0	0	0	0
	HCD - MHP (31.71% of excess Project Cash Flow	0	0	0	0	0

VHHP

Escalation	Revenues	Year 1	2	3	4	5
2.00%	Gross Scheduled Rent	1,089,192	1,110,976	1,133,195	1,155,859	1,178,976
	less 5% vacancy	(54,460)	(55,549)	(56,660)	(57,793)	(58,949)
	Total Net Income	1,034,732	1,055,427	1,076,536	1,098,066	1,120,028
	Expenses					
3.00%	Operating Expenses	(483,039)	(497,530)	(512,456)	(527,830)	(543,665)
2.00%	Resident Services	(162,000)	(165,240)	(168,545)	(171,916)	(175,354)
	Replacement Reserve	(40,500)	(40,500)	(40,500)	(40,500)	(40,500)
	Mandatory Soft Loan Payments	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)
	Issuer Bond Monitoring and Admin Fee	(22,150)	(22,150)	(22,150)	(22,150)	(22,150)
	Total Expenses + Reserves	(749,689)	(767,420)	(785,651)	(804,395)	(823,669)
	Net Operating Income	285,043	288,007	290,885	293,671	296,359
	Permanent Loan Service	(247,864)	(247,864)	(247,864)	(247,864)	(247,864)
	Debt Service Coverage	1.15x	1.16x	1.17x	1.18x	1.20x
	Available Cash Flow after Permanent Loan Debt Service	37,179	40,143	43,021	45,807	48,495
3.00%	Managing and Admin GP Fee	(12,500)	(12,875)	(13,261)	(13,659)	(14,069)
3.00%	LP Fee	(5,000)	(5,150)	(5,305)	(5,464)	(5,628)
	Project Cash Flow after GP and LP Fees	19,679	22,118	24,455	26,684	28,799
	Deferred Developer Fee (100% of excess cash flow)	(19,679)	(22,118)	(24,455)	(26,684)	(28,799)
	Project Cash Flow after Deferred Developer Fee	0	0	0	0	0
	HCD - VHHP (65.15% of excess Project Cash Flow)	0	0	0	0	0
	SDHC (34.85% of excess Project Cash Flow)	0	0	0	0	0

PUBLIC PURPOSE

The Notes are expected to result in the long-term affordability of an aggregate of 403 studio, one and two-bedroom units in the City of San Diego: 321 units will be restricted and affordable to households earning 25% to 35% AMI; 42 units will be restricted and affordable to households earning 50% AMI; and 40 units will be restricted and affordable to households earning 60% AMI. 4 units will be occupied by resident managers. The 321 units that are restricted to 25% to 35% AMI will be rented to individuals experiencing homelessness with an identified disability, residing in San Diego, and identified as most appropriate for permanent supportive housing through the Coordinated Entry System.

The Notes, Tax Credit Regulatory Agreements and Housing Commission's Loan Agreement will require that these affordability levels be maintained for a period of 55 years.

BENEFITS AND RISKS TO THE COMMISSION

The Notes provides a vehicle for financing a portion of the construction costs of the Developments. As proposed, the Notes will result in the long-term affordability of 403 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 repaid down to $8,217,898 with respect to 14th & Commercial and $3,335,629 with respect to VHHP after their construction and lease-up – a reduction of approximately 93% in the case of 14th & Commercial and 85% in the case of VHHP.

The primary risk is construction and lease-up risk – that the Developments are not completed and/or leased up. Given the development experience of Chelsea and SVDP, the target tenant population, the amount of subsidy committed to the Developments and the demand for deeply affordable units, this risk seems remote.

If the Housing Authority issues the Notes, the Commission would receive an issuer fee at Note closing of $235,419 with respect to 14th & Commercial and $57,173 with respect to VHHP: equal to 0.25% times the initial aggregate par amount of the Notes ($94,167,571 for 14th & Commercial and $22,869,121 for VHHP, based on current projections). The Commission also would receive estimated aggregate annual fees of $146,296 to monitor the Notes during the construction period and an estimated $81,322 following conversion (based on an annual fee equal to: (a) the permanent loan amount (estimated at $8,217,898 for 14th & Commercial and $3,335,629 for VHHP) times 0.125% (subject to a $10,000 minimum for VHHP) plus (b) a per unit monitor fee of $150/unit).

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

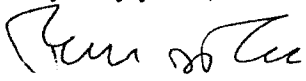
RECOMMENDATIONS

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 403 affordable units, with all units restricted to income levels at 25% to 35%, 50% and 60% 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.
- Each Borrower has agreed to indemnify the Housing Authority and the Commission regarding matters relating to the financing. Each Borrower will pay issuance costs from sources other than Note proceeds.
- Based on estimates provided by Chelsea on behalf of each Borrower, there should be sufficient funds to complete the Developments and the Developments provide adequate cash flow to cover permanent loan debt service on the Notes.

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

Very truly yours,



Peter J. Ross
Principal

SAN DIEGO HOUSING COMMISSION

SDHC

ATTACHMENT 7A
DISCLOSURE STATEMENT - SVDP

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

1. Name of CONTRACTOR: S.V.D.P. Management, Inc. (dba Father Joe's Villages)
2. Address and ZIP Code: 3350 E Street, San Diego, CA 92102-3332
3. Telephone Number: 619-446-2100
4. Name of Principal Contact for CONTRACTOR: Mr. Bill Bolstad, Chief Development Officer
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0492304
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

☐ A corporation (Attach Articles of Incorporation)

☒ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status)

☐ A partnership known as: _____

(Name)

Check one:

☐ General Partnership (Attach Statement of General Partnership)

☐ Limited Partnership (Attach Certificate of Limited Partnership)

☐ A business association or a joint venture known as: _____

(Attach joint venture or business association agreement)

☐ A Federal, State or local government or instrumentality thereof.

☒ Other (explain)

Nonprofit 501c3

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization: 1992

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:

   a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10 percent of any class of stock.
   b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.

d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.

e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10 percent.(Attach extra sheet if necessary)

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: Al Aguirre	Director
Address: P.O. Box 9620 Rancho Santa Fe, CA 92607	
Name: Ernesto Arredonda	Director
Address: 10539 Stonyridge Ct. San Diego, CA 92131	
Name: Adriana Cabré	Director
Address: 5601 Shasta Daisy Trail San Diego, CA 92130	
Name: Eric Casazza	Secretary
Address: 2049 Freda Lane Cardiff, CA 92007	
Name: Jim DeLapa	Director
Address: 4453 Ocean Valley Lane San Diego, CA 92130	
Name: Steven Francis	Director
Address: 3350 E Street San Diego, CA 92102	
Name: Bob Leone	Director
Address: 700 W. Harbor Drive, Suite 2902 San Diego, CA 92101	
Name: Richard Norling	Director
Address: 6351 Lago Lindo Rancho Santa Fe, CA 92067	
Name: Jim O'Hara	Director
Address: 635 Camino de Orchidia Encinitas, CA 92024	
Name: Mike Schleyhahn	Vice Chair
Address: 155 27th Street Del Mar, CA 92014	
Name: Kathleen Sellick	Director
Address: 3350 E Street	

San Diego, CA 92102	
Name: Jamie Settineri	Director
Address: 933 Bay Circle Coronado, CA 92118	
Name: Bart Schubert	Director
Address: 3350 E Street San Diego, CA 92102	
Name: Joost H. van Adelsberg, Jr.	Treasurer
Address: 610 Cypress Hills Dr. Encinitas, CA 92024	
Name: Line Ward	Director
Address: 10437 Sierra Vista Lane La Mesa, CA 91941	
Name: Steve Wehn	Director
Address: 11642 Wills Creek Road San Diego, CA 92131	
Name: Ed Witt	Chair
Address: 1265 Park Row La Jolla, CA 92037	

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.
Within the last 12 months, the Board of Directors has experienced the following changes: former Board member Jim Navarra concluded his term and no longer serves on the Board; Kathleen Sellick and Bart Schubert have joined the Board, and currently serve as voting members.

10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.
Board members serve for 3-year terms. We do not foresee or anticipate any specific changes at this time.

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

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

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

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

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

Name and Address	Relationship to CONTRACTOR
Name: St. Vincent de Paul Village, Inc.	Partner agency; together with S.V.D.P. Management, comprises Father Joe's Villages
Address: 3350 E Street San Diego, CA 92102	
Name: Deacon Jim F. Vargas, OFS	President and CEO of St. Vincent de Paul Village, Inc. and S.V.D.P. Management, Inc.
Address: 2561 Via Viesta La Jolla, CA 92037	
Name: Diane Stumph	Chief Administrative Officer of St. Vincent de Paul Village, Inc. and S.V.D.P. Management, Inc.
Address: 5545 Toyon Rd. San Diego, CA 92115	

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

Please see the attached Profit & Loss statement for the most recent 24 months, as well as our most recently completed audited financial statement.

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

As detailed in the project pro forma, the funds to be obtained for the development include:

- Federal LIHTC Equity: $46,544,747
- State LIHTC Equity: $10,741,095
- Affordable Housing Program (AHP): $2,000,000
- Permanent Loan (Tranche A): $5,895,747
- Developer/MGP Land Note/Contribution: $15,790,000
- Developer Fee Contribution: $8,835,970

- Father Joe's Villages Capital Campaign: $8,900,000
- San Diego Housing Commission: $22,990,000
- Veterans Housing and Homelessness Prevention (VHHP): $7,650,000
- No Place Like Home (NPLH): $6,750,000
- Soft Loan Interest: $2,642,600

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

    a. In banks/savings and loans:
    Name: Union Bank
    Address: 1101 Market Street, San Diego, CA 92101
    Amount: $ 622,469

    b. By loans from affiliated or associated corporations or firms:
    Name: N/A
    Address: N/A
    Amount: $ N/A

    c. By sale of readily salable assets/including marketable securities:

Description	Market Value ($)	Mortgages or Liens ($)
Merrill Lynch	687,342	N/A

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

Name and Address	Contact Name
Name: Union Bank	Anel Califano
Address: 1101 Market Street San Diego 92101	619-230-3023

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

☐ Yes ☒ No

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

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

☐ Yes ☒ No

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

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

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
N/A	N/A	N/A	N/A	N/A

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

a. Name and addresses of such contractor or builder:

Name and Address	Affiliation
Name: N/A	N/A
Address: N/A	N/A

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

☐ Yes ☐ No

If yes, please explain, in detail, each such instance:
N/A

c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: $ N/A

General description of such work:
N/A

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

Project Name	N/A	
Project Owner Contact Information		
	Name	Address

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

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

Identification of Contract or Development	Location	Amount	Date to be Completed
N/A			

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

Awarding Agency	Amount	Date Opened
N/A		

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

N/A

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

☐ Yes ☒ No

If yes, explain:

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

N/A

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

☐ Yes ☒ No

If yes, explain:

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

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

Check coverage(s) carried:

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

☒ Personal Injury

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

Check coverage(s) carried:
☒ Comprehensive Form
☒ Owned
☒ Hired
☒ Non-Owned

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

Please see attached certificate.

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

Please see attached certificate.

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

Please see attached certificate.

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

N/A

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

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

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

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

Government Entity Making Complaint	Date	Resolution
N/A	N/A	N/A

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

☐ Yes ☒ No

If yes, please explain, in detail,

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

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)
N/A	N/A	N/A	N/A	N/A	N/A

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

N/A

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

N/A

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

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount

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

☐ Yes ☒ No

If yes, explain:

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

☐ Yes ☒ No

If yes, explain:

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

1. Name: Joseph Wong Design Associates; Joseph Wong
   Address: 2359 Fourth Avenue, Suite 300 San Diego, CA 92101
   Phone: (619) 233-6777
   Project Name and Description: Architect on two former affordable and permanent supportive housing projects for Father Joe's Villages.

2. Name: Veterans Village of San Diego; Dave Siegler
   Address: 4141 Pacific Hwy, SD, 92110
   Phone: 619-393-2077
   Project Name and Description: Numerous collaborative projects in support of homeless veterans over the course of two decades. Current relationships include partnership on the City's Interim Shelter and a Supportive Services for Veteran Families (SSVF) rapid re-housing program.

Name: Dr. David Folsom, Director, Division of Clinical Psychiatry, UCSD School of Medicine
Address: 9500 Gilman Drive, La Jolla, CA 92093
Phone: 619-846-1283
Project Name and Description: From 2008-2015, Dr. Folsom served as the Director of the UC San Diego Family Medicine Psychiatry Residency and the Medical Director of Father Joe's Villages' federally qualified health center. He is currently the Director, Division of Clinical Psychiatry and the Vice Chair for Clinical Affairs in the Department of Psychiatry at UCSD's School of Medicine.

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

N/A

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

Name	Experience
N/A	N/A

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

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

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

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

Executed this 10th day of May, 2017, at San Diego, California.

CONTRACTOR

By: _____
Signature

Bill Bolstad, Chief Development Officer
Title

CERTIFICATION

The CONTRACTOR, S.V.D.P. Management, Inc. , hereby certifies that this CONTRACTOR's Statement for Public Disclosure and the attached information/evidence of the CONTRACTOR's qualifications and financial responsibility, including financial statements, are true and correct to the best of CONTRACTOR's knowledge and belief.

By: Bill Bolstad

Title: Chief Development Officer

Dated: May 10, 2017

By: [signature]

Title: Chief Development Officer

Dated: 5/10/17

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

JURAT

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

State of California

County of SAN DIEGO

Subscribed and sworn to (or affirmed) before me on this 10th day of MAY, 20 17

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

Kathleen Cusick

Signature of Notary

SEAL

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

Client#: 25022 FATHJOES

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 4/19/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Marsh & McLennan Agency LLC
Marsh & McLennan Ins Agncy LLC
PO Box 85638; CA Lic #0H18131
San Diego, CA 92186

CONTACT NAME: Joyce Flores
PHONE (A/C, No, Ext): 858-587-7546 FAX (A/C, No): 858-210-3932
E-MAIL ADDRESS: Joyce.Flores@BarneyandBarney.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Philadelphia Indemnity Insuranc	18058
INSURER B : Tokio Marine Specialty Insuranc	23850
INSURER C : Cypress Insurance Company (CA)	10855
INSURER D :	
INSURER E :	
INSURER F :	

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

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

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

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

Evidence of Coverage

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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1818787

State of California

OFFICE OF THE SECRETARY OF STATE

CORPORATION DIVISION

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the corporate record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

APR - 6 1992

March Fong Eu

Secretary of State

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

MAR 30 1992

MARCH FONG EU, Secretary of State

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

I

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

II

This corporation is a religious corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Religious Corporation Law exclusively for religious purposes.

III

The specific purpose of this corporation is to provide services to the homeless and needy.

IV

The name and address in the State of California of this corporation's initial agent for service of process is: Barry M. Crane, 110 West "C" Street, Suite 2300, San Diego, California 92101.

V

A. This corporation is organized and operated exclusively for religious purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

VI

The property of this corporation is irrevocably dedicated to religious purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for religious purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code. That organization shall be the Roman Catholic Bishop of San Diego, a corporation sole, if it qualifies as a distributee under the provisions of this Article.

Dated: 12-27-91

Incorporator

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

diocese\SVPDMGMT.Art

State of California

March Fong Eu
Secretary of State

P O Box 944230
Sacramento, CA 94244-0230
Phone (916) 445-2020

STATEMENT BY DOMESTIC NONPROFIT CORPORATION

THIS STATEMENT MUST BE FILED WITH
CALIFORNIA SECRETARY OF STATE (SECTIONS 6210, 8210, 9660 CORPORATIONS CODE)

THE $5 FILING FEE MUST ACCOMPANY THIS STATEMENT.

1. DUE DATE: JUNE 30, 1992

1818787

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

DO NOT ALTER PREPRINTED NAME. IF ITEM 1 IS BLANK, PLEASE ENTER CORPORATE NAME

DO NOT WRITE IN THIS SPACE

PLEASE READ INSTRUCTIONS ON BACK OF FORM.
PLEASE TYPE OR USE BLACK INK WHICH WOULD BE SUITABLE FOR MICROFILMING.

THE CALIFORNIA CORPORATION NAMED HEREIN, MAKES THE FOLLOWING STATEMENT

2. STREET ADDRESS OF PRINCIPAL OFFICE (IF NONE, COMPLETE 3-3B)	SUITE OR ROOM	2A.	2B.
1550 Market Street (DO NOT USE P.O. BOX NO.)		San Diego, CA CITY AND STATE	92101 ZIP CODE
3. MAILING ADDRESS	**SUITE OR ROOM**	**3A.**	**3B.**
1550 Market Street		San Diego, CA CITY AND STATE	92101 ZIP CODE

THE NAMES OF THE FOLLOWING OFFICERS ARE:

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

DESIGNATED AGENT FOR SERVICE OF PROCESS (ONE AGENT IS REQUIRED BY CALIFORNIA STATUTORY PROVISION. PLEASE READ ITEMS 7 AND 8 ON REVERSE SIDE OF FORM.)

7. NAME
James J. Holmberg, III

8. CALIFORNIA STREET ADDRESS IF AGENT IS AN INDIVIDUAL (DO NOT USE P.O. BOX) DO NOT INCLUDE ADDRESS IF AGENT IS A CORPORATION
St. Vincent de Paul Village, 1550 Market Street

San Diego, CA 92101

9. I DECLARE THAT I HAVE EXAMINED THIS STATEMENT AND TO THE BEST OF MY KNOWLEDGE AND BELIEF, IT IS TRUE, CORRECT AND COMPLETE.

DATE	TITLE	TYPE OR PRINT NAME OF SIGNING OFFICER OR AGENT	SIGNATURE
6/17/92	President	Rev. Joseph Carroll	Rev Joseph Carroll

FORM S.O 100 Rev. 9/89

IRS Department of the Treasury
Internal Revenue Service
P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248164838
Aug. 24, 2010 LTR 4168C E0
33-0492304 000000 00
00015783
BODC: TE

S V D P MANAGEMENT INC
% JOE CARROLL
3350 E ST
SAN DIEGO CA 92102-3332

033854

Employer Identification Number: 33-0492304
Person to Contact: Mr. Brown
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Aug. 13, 2010, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in August 1995.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Michele M. Sullivan

Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations I

S.V.D.P. Management, Inc.

Statement of Activities

For The Year Ending December 31, 2016 and December 31, 2015

Unaudited

	Current YTD	Budget YTD	Variance Bud. & Act.	% Variance	Last YTD	Variance Cur. vs Last	% Variance	Annual Budget	Remaining Budget	% Remaining
Revenue:										
Capital Grant Revenue	242,056	100,000	142,055	1	560,794	(318,739)	(1)	100,000	(142,055)	(1)
Donation Income	181,219	115,509	65,710	1	118,739	62,481	1	115,509	(65,710)	(1)
Bequest Donation Income	12,549	-	12,549	N/A	-	12,549	N/A	-	(12,549)	N/A
Temp Restricted donation	47,528	-	47,528	N/A	-	47,528	N/A	-	(47,528)	N/A
Car Sales	2,628,993	2,280,000	348,993	0	2,127,365	501,628	0	2,280,000	(348,993)	(0)
Rental Income	3,288,185	3,277,440	10,745	0	3,183,775	104,410	0	3,277,440	(10,745)	(0)
Contract Income - Related NP's	1,686,145	1,682,206	3,939	0	1,719,219	(33,074)	(0)	1,682,206	(3,939)	(0)
Income - Limited Partners	108,189	105,307	2,882	0	302,424	(194,235)	(1)	105,307	(2,882)	(0)
Interest/Gains/Losses/Misc	1,090,147	192,695	897,452	5	41,879	1,048,268	25	192,695	(897,452)	(5)
Total Revenue	9,285,010	7,753,157	1,531,853	0	8,054,195	1,230,815	0	7,753,157	(1,531,853)	(0)
Operating Expenses										
Employee Expense	2,470,114	2,700,193	(230,080)	(0)	2,772,671	(302,557)	(0)	2,700,193	230,080	0
Fringe Benefit	215,583	216,480	(897)	(0)	235,700	(20,117)	(0)	216,480	897	0
Workers Compensation	32,839	75,547	(42,708)	(1)	70,934	(38,095)	(1)	75,547	42,708	1
Unemployment Expense	11,700	(2,035)	13,735	(7)	11,394	306	0	(2,035)	(13,735)	7
Contract Services	156,168	249,111	(92,943)	(0)	229,584	(73,416)	(0)	249,111	92,943	0
Advertising	375,950	350,907	25,043	0	354,546	21,404	0	350,907	(25,043)	(0)
Bldg & Equip Maint & Repair	63,459	138,824	(75,365)	(1)	103,827	(40,367)	(0)	138,824	75,365	1
Car Prep Expenses	245,092	30,000	215,092	7	49,172	195,921	4	30,000	(215,092)	(7)
Food	-	7	(7)	(1)	4	(4)	(1)	7	7	1
Insurance	78,707	58,791	19,916	0	64,931	13,776	0	58,791	(19,916)	(0)
Donations to others	165	1,950	(1,785)	(1)	1,950	(1,785)	(1)	1,950	1,785	1
Medical Supplies	661	382	279	1	311	350	1	382	(279)	(1)
Professional Services	679,378	536,696	142,682	0	482,073	197,305	0	536,696	(142,682)	(0)
Rent to LP'S	201,667	220,000	(18,333)	(0)	220,000	(18,333)	(0)	220,000	18,333	0
Supplies	34,392	103,437	(69,046)	(1)	128,352	(93,960)	(1)	103,437	69,046	1
Vehicle Expense	3,255	6,175	(2,920)	(0)	5,633	(2,377)	(0)	6,175	2,920	0
Expenses Other	584,739	387,478	197,261	1	1,070,054	(485,315)	(0)	387,478	(197,261)	(1)
Timeshare & Property expense	19,439	16,658	2,781	0	16,347	3,092	0	16,658	(2,781)	(0)
Utilities	261,320	366,074	(104,754)	(0)	371,974	(110,654)	(0)	366,074	104,754	0
Expenses Before Depreciation	5,434,628	5,456,675	(22,047)	(0)	6,189,456	(754,828)	(0)	5,456,675	22,047	0
Net Operating Excess/(Deficit)	3,850,382	2,296,482	1,553,900	1	1,864,739	1,985,643	1	2,296,482	(1,553,900)	(1)
Bond Amortization	15,318	15,318	0	0	15,318	0	0	15,318	(0)	(0)
Depreciation	1,036,353	1,009,612	26,741	0	985,043	51,310	0	1,009,612	(26,741)	(0)
Interest Expense	445,883	365,798	80,085	0	390,076	55,806	0	365,798	(80,085)	(0)

S.V.D.P. Management, Inc.

Statement of Activities

For The Year Ending December 31, 2016 and December 31, 2015

Unaudited

	Current YTD	Budget YTD	Variance Bud. & Act.	% Variance	Last YTD	Variance Cur. vs Last	% Variance	Annual Budget	Remaining Budget	% Remaining
Total Depreciation and Interest	1,497,554	1,390,728	106,826	0	1,390,437	107,116	0	1,390,728	(106,826)	(0)
Revenue Over Expense Before Partner Agency Transactions	2,352,828	905,754	1,447,074	2	474,302	1,878,527	4	905,754	(1,447,074)	(2)
Partner Agency Transactions										
Net Auto Sales to MVK for Indio	-	-	-	N/A	14,505	(14,505)	(1)	-	-	N/A
Contribution to Martha's Village & Kitchen	-	-	-	N/A	200,000	(200,000)	(1)	-	-	N/A
Contribution to Village	800,000	800,000	(0)	(0)	-	800,000	N/A	800,000	0	0
Total Other (Income)/Expense Before LP Contribution	800,000	800,000	(0)	(0)	214,505	585,495	3	800,000	0	0
Net Excess Before LP Contributions	1,552,828	105,754	1,447,074	14	259,797	1,293,032	5	105,754	(1,447,074)	(14)
Net excess (deficit)	1,552,828	105,754	1,447,074	14	259,797	1,293,032	5	105,754	(1,447,074)	(14)

ATTACHMENT 7B
DISCLOSURE STATEMENT - CHELSEA

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

1. Name of CONTRACTOR: **Chelsea Investment Corporation**
2. Address and Zip Code: **6339 Paseo Del Lago**
   Carlsbad, CA 92011
3. Telephone Number: **(760) 456-6000**
4. Name of Principal Contact for CONTRACTOR: **Cheri Hoffman, President**
5. Federal Identification Number or Social Security Number of CONTRACTOR: **EIN No. 90-0151442**
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

   ☒ A corporation (Attach Articles of Incorporation)

   ☐ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status)

   ☐ A partnership known as: _____
   (Name)

   Check one:

   ☐ General Partnership (Attach statement of General Partnership)

   ☐ Limited Partnership (Attach Certificate of Limited Partnership)

   ☐ A business association or a joint venture known as: _____
   (Attach joint venture or business association agreement)

   ☐ A Federal, State or local government or instrumentality thereof.

   ☐ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
   Original formation date: July 28, 1986
   Restructured: February 23, 2004

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:

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

Name, Address & Zip Code	**Phone Number**	**Title and Percentage of Interest**
The Schmid Family Trust dated as of July 22, 1996	N/A	100% interest
James J. Schmid 6339 Paseo Del Lago Carlsbad, CA 92011	(760) 456-6000 x104	Co-Trustee
Lynn Harrington Schmid 6339 Paseo Del Lago Carlsbad, CA 92011	(760) 456-6000 x133	Co-Trustee

b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest. **N/A**

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

d. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.(Attach extra sheet if necessary) **N/A**

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail. **No.**

10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail. **No.**

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

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

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

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

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

Name and Address	Relationship to CONTRACTOR
Name: **CIC Management, Inc. ("CICM")**	Property Management Company for Chelsea-affiliated properties
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	
Name: James J. Schmid	Sole Director and Treasurer of CICM
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	
Name: William R. Peavey	President of CICM
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	
Name Lynn Harrington Schmid	Secretary of CICM
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	
Name: **Emmerson Construction, Inc. ("Emmerson")**	General Contractor/Construction Manager for Chelsea-affiliated properties
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	
Name: Charles A. Schmid	Director and President of Emmerson
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	

Name: James J. Schmid	Director and Secretary of Emmerson
Address: 6339 Paseo Del Lago	
Carlsbad, CA 92011	

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

15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project: **The project will be developed with funds from a Housing Commission loan, 4% LIHTCs tax credits and tax exempt bonds.**

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

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

    b. By loans from affiliated or associated corporations or firms: **N/A**

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

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

Name and Address	Contact Name
Name: **Wells Fargo**	Mr. Paul Shipstead, Vice President
Address: 401 B Street, Suite 304	Phone: 619-699-3135
San Diego, CA 92101	E-Mail: paul.shipstead@wellsfargo.com
Name: **AmericanWest Bank** (f/k/a Security Business Bank	Ms. Maria Kraus, Treasury Management Sales Analyst
Address: 5901 Priestly Drive, Suite 160	Phone: (760) 929-9863
Carlsbad, CA 92008	E-Mail: maria.kraus@awbank.net

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

☐ Yes ☒ No

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

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

☐ Yes ☒ No

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

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

Please refer to Project Sponsor Experience report.

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

a. Name and addresses of such contractor or builder:

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

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

☐ Yes ☒ No

If yes, please explain, in detail, each such instance: **N/A**

c. Total amount of construction or development work performed by such contractor or builder during the last three (3) years: **$85,372,441**

General description of such work:
Construction of affordable multifamily rental housing communities.

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

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

Identification of Contract or Development	Location	Amount	Date to be Completed
Please see attached resume.			

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

22. Provide a detailed and complete statement regarding equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying

particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor: **(Please see attached resume)**

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

☐ Yes ☒ No

If yes, explain: **N/A**

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

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

☐ Yes ☒ No

If yes, explain:
N/A

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

The project will have adequate insurance coverage at commencement of construction.

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

Check coverage(s) carried:

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

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

Check coverage(s) carried:

- ☐ Comprehensive Form
- ☐ Owned
- ☐ Hired
- ☐ Non-Owned

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

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

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

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

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

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

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

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

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

☐ Yes ☒ No

If yes, please explain, in detail,
N/A

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

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

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

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

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

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
2016	SDHC - Normal Heights	Current	$5,200,000
2016	SDHC – Mesa Verde	Current	$9,600,000
2015	SDHC – Trolley Park Terrace	Current	$3,120,000
2015	SDHC – Independence Point	Current	$2,500,000

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

☐ Yes ☒ No

If yes, explain:
N/A

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

☐ Yes ☒ No

If yes, explain:
N/A

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

Bob McElroy, The Alpha Project, 619-542-1877
Kevin McCook, Shea Properties, 858-526-6655
Bill Ostrem, Black Mountain Ranch, 619-421-0127

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

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

Name	**Experience**
Zion Patton	Zion has more than 25 years of building experience in the affordable and market rate multi-family housing sectors. He has been responsible for the construction of multiple affordable housing and student housing projects throughout central and southern California, with project values ranging from $10 to $120 million, and with units in excess of 600. In his career, Zion has been responsible for the completion of more than 3,200 units. He leads Emmerson's construction operations and also has overall responsibility for estimating and preconstruction services.

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

☐ Yes ☒ No

If yes, explain:
N/A

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

☐ Yes ☒ No

If yes, explain:
N/A

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

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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.
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CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

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

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

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

Executed this 15th day of May, 2017 at Carlsbad, California.

CONTRACTOR

By: Cheri Hoffman

Cheri Hoffman
President of Chelsea Investment Corporation

CERTIFICATION

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

By: Cheri Hoffman
Cheri Hoffman, President

Dated: May 15, 2017

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

JURAT

State of California

County of California

Subscribed and sworn to (or affirmed) before me on this 15th day of May, 2017.

by Cheri Hoffman, proved to me on the basis of satisfactory evidence to be the person who appeared before me.

Signature of Notary

SEAL

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

California Jurat

State of California
County of _____

Subscribed and sworn to (or affirmed) before me on this 15th day of May, 2017, by Cheri Hoffman,

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

Signature _____ (seal)

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

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

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& COMPANY LLP®
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Review Report

To the Stockholder of
Chelsea Investment Corporation and Subsidiaries
Carlsbad, California

Report on the Financial Statements
We have reviewed the accompanying consolidated financial statements of Chelsea Investment Corporation, an S Corporation (the "Company") and Subsidiaries, which comprise the balance as of December 31, 2015, and the related consolidated statement of operations, stockholder's equity, and cash flows for the year then ended, and related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility
Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion
Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Novogradac & Company LLP

San Francisco, California
March 28, 2016

PO BOX 7833 SAN FRANCISCO CA 94120-7833 TELEPHONE (415) 356-8000 FACSIMILE (415) 356-8001 http://www.novoco.com

Chelsea Investment Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 2015

ASSETS

Current assets:	
Cash and cash equivalents	$ 872,372
Marketable securities	2,013,012
Accounts receivable	21,079
Prepaid expenses	51,876
Current portion of developer fees receivable - related parties	1,670,663
Current portion of project cost advances - related parties	798,042
Current portion of notes receivable - related party	92,004
Current portion of note receivable - third party	67,399
Total current assets	5,586,447
Fixed assets:	
Property and equipment	373,516
Leasehold improvements	76,288
Accumulated depreciation	(275,637)
Fixed assets, net	174,167
Other assets:	
Developer fees receivable - related parties, less current portion	121,984
Management fees receivable	707,158
Project cost advances - related parties, less current portion	592,905
Notes receivable - related parties, less current portion	69,040
Deposit and other assets	23,900
Deferred income tax benefit	21,000
Total other assets	1,535,987
Total assets	$ 7,296,601

See accompanying notes and independent accountants' review report.

Chelsea Investment Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEET (Continued)

December 31, 2015

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:	
Accounts payable	$ 16,196
Accrued expenses	98,248
Accrued loss contingency	50,000
Unearned developer fees	2,874
Total current liabilities	167,318
Long-term liabilities:	
Security deposits	14,310
Other long-term liabilities	93,252
Total long-term liabilities	107,562
Total liabilities	274,880
Stockholder's equity:	
Controlling interest	
Common stock, no par value	
1,000 shares authorized	
100 shares issued and outstanding	100
Additional paid in capital	2,967,000
Retained earnings	4,054,522
Total controlling interest	7,021,622
Non-controlling interest	99
Total stockholder's equity	7,021,721
Total liabilities and stockholder's equity	$ 7,296,601

See accompanying notes and independent accountants' review report.

Chelsea Investment Corporation and Subsidiaries

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2015

Revenue:	
Developer fees	$ 4,536,388
Management fees	160,825
Other revenue	7,745
Total revenue	4,704,958
Operating expenses:	
Compensation and benefits	2,703,348
Consulting and professional fees	465,374
Insurance	336,534
Rent	212,688
Payroll taxes	190,324
General and administrative	147,846
Depreciation expense	53,019
Other expenses	52,873
Travel	51,066
Meals and entertainment	38,709
Utilities	30,648
Office expenses	23,993
Repairs and maintenance	17,055
Recovery of bad debt expense	(3,203)
Total operating expenses	4,320,274
Operating income	384,684
Other income (expenses):	
Investment and interest income	78,768
Loss contingency	(50,000)
Interest expense	(52,067)
Total other income (expenses)	(23,299)
Income before provision for income taxes	361,385
Provision for income taxes	(15,160)
Net income	$ 346,225

See accompanying notes and independent accountants' review report.

Chelsea Investment Corporation and Subsidiaries

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY

For the year ended December 31, 2015

	Controlling Interest						
	Common Stock		Additional Paid-in Capital	Retained Earnings	Total Controlling Interest	Total Non-controlling Interest	Total Stockholder's Equity
	Shares	Amount					
BALANCE, JANUARY 1, 2015	100	$ 100	$ 2,967,000	$ 3,793,710	$ 6,760,810	$ 99	$ 6,760,909
Stockholder distributions	-	-	-	(75,149)	(75,149)	(10,264)	(85,413)
Net income	-	-	-	335,961	335,961	10,264	346,225
BALANCE, DECEMBER 31, 2015	100	$ 100	$ 2,967,000	$ 4,054,522	$ 7,021,622	$ 99	$ 7,021,721

See accompanying notes and independent accountants' review report.

Chelsea Investment Corporation and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

Cash flows from operating activities:		
Net income	$	346,225
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense		53,019
Recovery of bad debt expense		(3,203)
Loss on contingency		50,000
(Increase) decrease in operating assets		
Marketable securities		(15,998)
Accounts receivable		(837)
Project cost advances - related parties		(500,679)
Developer fees receivable - related parties		753,926
Management fees receivable		(103,985)
Incentive management fees receivable		43,946
Interest receivable		(1,002)
Prepaid expense		(42,655)
Increase (decrease) in operating liabilities		
Accounts payable		15,882
Accrued expenses		(11,601)
Unearned revenue - related parties		(312,886)
Net cash provided by operating activities		270,152
Cash flows from investing activities:		
Funding of notes receivable - related parties		(69,044)
Repayment of notes receivable - related parties		146,639
Repayment of notes receivable - third party		9,060
Purchase of property and equipment		(17,060)
Net cash provided by investing activities		69,595

See accompanying notes and independent accountants' review report.

Chelsea Investment Corporation and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended December 31, 2015

Cash flows from financing activities:	
Distributions to sole stockholder	(75,149)
Distributions to non-controlling interest	(10,264)
Net cash used in financing activities	(85,413)
Net increase in cash and cash equivalents	254,334
Cash and cash equivalents, beginning of year	618,038
Cash and cash equivalents, end of year	$ 872,372
Supplemental disclosure cash flow information:	
Cash paid for interest during the year	$ 52,067

See accompanying notes and independent accountants' review report.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Chelsea Investment Corporation (the "Company") was established in February 2004, as a real estate company focusing on the financing and development of affordable housing in Arizona, California and New Mexico. The Company provides financial engineering, development, asset management, and property management services, as well as legal and labor services to its development and investment partners and clients.

Basis of Accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities, and financial activities of the Company and its wholly-owned subsidiaries CIC Calipatria, LLC, CIC Heber, LLC, CIC Beachwind, LLC, and Ajax-Natomas, LLC. In addition, the Company is required to consolidate the financial statements of 15th Investment CIC, LLC, as the Company is deemed to have control. All inter-company accounts and transactions have been eliminated in the consolidation.

Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Economic Concentrations

The Company develops property for the affordable rental housing market. Future operations could be affected by changes in the economic or other conditions in that geographical area or by changes in the demand for housing.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which at times may exceed the federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Revenue Recognition

The Company recognizes revenue when it is realized or realizable and earned. Revenue consists of the income from various partnerships, including developer fees, incentive management fees, partnership administration fees, and consulting fees. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the services have been provided and collectability is reasonably assured.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Deferred income tax assets and liabilities result from temporary differences. Temporary differences are differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years.

By consent of the stockholder, the Company elected to be taxed as an S corporation beginning with the year ended December 31, 2004. Federal and state income taxes on the earnings of an S corporation are payable by the sole stockholder. However, California assesses an additional tax of 1.50% on the taxable income, net of certain credits.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Company to report information regarding its exposure to various tax positions taken by the Company. Management has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax positions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Company are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Partnership Investments

The consolidated wholly-owned subsidiaries of the Company hold general partner interests in affiliated affordable housing limited partnerships. These general partner interests are recorded using the cost method, under which the original contributions are only adjusted for any distributions in excess of prior gains. The investments cannot be reduced below zero. Any distributions in excess of gains are recorded as investment income. As of December 31, 2015, the investment of the subsidiaries in the affiliated affordable housing limited partnerships was $0.

Non-Controlling Interest in Subsidiary

The non-controlling interest represents the aggregate positive balance of the other members' interest in 15th Investment CIC, LLC, and is reported in the aggregate on the consolidated balance sheet within equity and on the consolidated statement of stockholder's equity, separately from the Company's equity.

Fixed Assets

The Company records all depreciable assets at cost. Property and equipment are depreciated on a straight-line method over their estimated useful lives of five to seven years. Leasehold improvements are depreciated on a straight-line method over their estimated useful lives of fifteen years.

Subsequent Events

Subsequent events have been evaluated through March 28, 2016, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

NOTE 2 – FIXED ASSETS

Fixed assets consist of the following as of December 31, 2015:

Property and equipment, at cost	$	373,516
Leasehold improvements, at cost		76,288
Accumulated depreciation		(275,637)
Total fixed assets, net	$	174,167

Depreciation expense for the year ended December 31, 2015 was $53,019.

NOTE 3 – NOTE RECEIVABLE

The Company has a note receivable in amount of $100,000, due from a third party bearing 5.00% interest per annum; with monthly installments of $1,061, together with interest on the unpaid principal starting February 1, 2012. The entire unpaid principal and interest shall be due and payable on December 31, 2016. The note is secured by all rights, title and interest in properties of borrower. The outstanding balance of the note receivable as of December 31, 2015 was $67,399 and accrued interest receivable was $0.

NOTE 4 – RELATED PARTY TRANSACTIONS

Notes Receivable

Notes receivable with related parties consist of the following as December 31, 2015:

		Amount
The Company has a promissory note with a related party for $100,000. This note bears interest at 1.00% per annum. The entire unpaid principal and interest accrued are due on December 31, 2016. As of December 31, 2015, the balance on this promissory note was $72,044 and accrued interest receivable was $402.	$	72,044
The Company has a promissory note with a related party for $60,000. This note bears interest at 1.00% per annum. Payments of $20,000, plus interest accrued, are due on December 31 of each year with the final payment on December 31, 2018. As of December 31, 2015, the balance on this promissory note was $60,000 and accrued interest receivable was $727.		60,000

NOTE 4 – RELATED PARTY TRANSACTIONS (continued)

Notes Receivable (continued)

	Amount
The Company has a promissory note with a related entity for $72,774. This note bears no interest and is payable in whole or in part any time with no penalty and matures on October 31, 2017. As of December 31, 2015, the balance on this promissory note was $29,000.	29,000
Total notes receivable – related parties	161,044
Less: current portion of notes receivable - related party	(92,004)
Notes receivable – related parties, less current portion	$ 69,040

Project Cost Advances

The Company and its affiliates have expended certain amounts for projects that it expects will be funded and completed in the future. These amounts are capitalized as the Company expects they will be reimbursed in the future. Any costs associated with projects that cease being feasible for future development are expensed, when the determination is made that feasibility is no longer assured.

Project costs advances consist of the following as of December 31, 2015:

Total project cost advances – related parties	$ 1,390,947
Less: current portion of project costs advances – related parties	(798,042)
Project cost advances – related parties, less current portion	$ 592,905

Developer Fees

Developer fees are fees the Company receives for providing development and construction services to associated projects, which are based on fee sharing agreements with various project developer entities associated with the Company. Balances are recorded at amounts expected to be realized and any amounts received and deemed unearned by the Company are classified as unearned revenue. For the year ended December 31, 2015, developer fees earned were $4,536,388.

The developer fees receivable balance is recorded at amounts expected to be realized. As of December 31, 2015, management estimated no allowance for uncollectible developer fees receivable.

NOTE 4 – RELATED PARTY TRANSACTIONS (continued)

Developer Fees (continued)

Developer fees receivable consist of the following as of December 31, 2015:

Total developer fees receivable – related parties	$ 1,792,647
Less: current portion of developer fees receivable – related parties	(1,670,663)
Developer fees receivable- related parties, less current portion	$ 121,984

Partnership Management Fees

The Company receives partnership management fees from associated properties after they have been completed. The management fees are accrued on the Company's books as services are rendered and are paid out of the available cash flow, if any, of the partnerships. For the year ended December 31, 2015, partnership management fees of $114,353 were earned and are included in management fees revenue on the consolidated statement of operations. As of December 31, 2015, partnership management fees receivable were $707,158.

Incentive Management Fee

Pursuant to an incentive management fee agreement between the Company and CIC PHR, LP ("PHR") dated September 1, 2002, an incentive management fee equal to 5.4% of gross revenues or 76.5% of remaining cash flow from PHR, shall be earned by the Company for consultative services. For the year ended December 31, 2015, a management fee of $43,972 was earned and paid, and is included in management fees revenue on the consolidated statement of operations.

Management Fee

Pursuant to a services agreement between the Company and Chelsea Asset Corporation ("CAC") dated January 1, 2015, a management fee of $2,500 shall be earned by the Company for services provided. For the year ended December 31, 2015, a management fee of $2,500 was earned and paid, and is included in management fees revenue on the consolidated statement of operations.

NOTE 5 – LINE OF CREDIT

The Company has a line of credit agreement with the American West Bank, with an available credit line of $2,500,000, which is scheduled to mature on June 25, 2017. The line of credit bears interest at a variable interest rate with a floor of 3.5%, which was the interest rate as of December 31, 2015. The outstanding balance on the line of credit as of December 31, 2015 was $0.

The line of credit agreement contains certain financial covenants, which if not met, could make the debt callable. The Company is in compliance with all covenants at December 31, 2015.

NOTE 6 – OPERATING LEASE

The Company leases certain building space under a non-cancelable operating lease that will expire October 31, 2016. This agreement requires aggregate monthly payments of $17,496 plus the proportionate share of common area maintenance expenses, with monthly payments increasing 3% annually every September. On March 12, 2013, the agreement was amended to include 5,000 feet of warehouse space to the existing premises in an adjacent building. After an initial 6 month grace period, the amendment requires aggregate monthly payments of $3,900 plus electricity used in the warehouse space, with monthly payments increasing 3% every September. Rent expense, which includes common area expenses, for the year ended December 31, 2015 was $212,688 (net of sublease income).

Future minimum lease payments, by year end and in the aggregate, under the non-cancelable lease, consist of the following as of December 31:

2016	$ 239,730
Total	$ 239,730

NOTE 7 – COMMITMENT AND CONTINGENCIES

The Company is a party to certain payment and completion guarantees in connection with bank construction loans made for twelve projects as of December 31, 2015 in the aggregate amount of $92,855,632. Nine of the twelve projects with construction loans in the aggregate amount of $56,820,023 as of December 31, 2015 are nearing completion and are expected to be paid off in 2016. The other projects are currently on schedule and are expected to be completed in 2016. As of December 31, 2015, the Company expects that it will not be liable for any amount under the guarantees for these twelve projects.

The Company is liable for guarantees of funding at various operating projects in the event that operating deficits occur. These guarantees, if required, are satisfied by making loans to such projects. The obligations to fund the operating deficits expire between 3 and 5 years after the projects convert to permanent financing. As of December 31, 2015, the Company has made an operating deficit loan in the amount of $29,000, as shown in Note 4.

The Company has committed to third party Investor Limited Partners, in connection with their investment made in various projects, to maintain a net worth and liquid assets of not less than $3,750,000 during the project construction period and a net worth of not less than $3,750,000 and liquid assets of not less than $1,875,000 thereafter until the end of the 15 year compliance period. As of December 31, 2015, the Company was in compliance with these covenants.

NOTE 8 – PROVISION FOR INCOME TAXES

The Company is a California S Corporation and pays California a tax of 1.5%, a minimum of $800 each year, on its apportioned taxable income, net of credits. The consolidated subsidiaries are primarily California limited liability companies (LLC's) that pay a California annual minimum tax of $800.

The provision for income taxes consisted of the following at December 31, 2015:

Current income tax provision – state	$ 15,160

At December 31, 2015, the Company had a net long term deferred tax asset of $21,000. No valuation allowance has been recorded as of December 31, 2015.

NOTE 9 – EMPLOYEE RETIREMENT PLAN

On August 16, 2006, the Company adopted a 401(k) plan and profit sharing plan covering substantially all employees of the Company. Annual discretionary employer matching contributions, if any, are equal to a safe harbor matching contribution provided by the Company to employees who elects the salary deferral. For the year ended December 31, 2015, the matching contributions paid by the Company were $40,655.

NOTE 10 – MARKETABLE SECURITIES – SHORT-TERM

Marketable securities held by the Company consist of accounts at Vanguard Inc. in the aggregate amount of $2,013,012. As of December 31, 2015, the total amount of marketable securities held by the Company was $2,013,012.

NOTE 11 – LOSS CONTINGENCY

In 2014, a class action lawsuit was brought against the Company and its affiliates under the Fair Housing Act by tenants of an apartment complex in San Diego, the Windwood Village Apartments, for which the Company was the developer. On November 24, 2015, the Company and its affiliates reached a settlement with the plaintiffs. The settlement amount will be covered completely by the Company's insurance provider except the portion of self-insured retention in the amount of $50,000, which the Company reasonably expects to incur in relation to the litigation. As a result, the Company has accrued a loss contingency equal to the expected liability of $50,000. As of December 31, 2015, the accrued loss contingency was $50,000.

Chelsea Investment Corporation (fka CSC)
BALANCE SHEET
December 31, 2016

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 1,813,141
Marketable Securities - Short Term	2,066,022
Consulting Fee Receivable	515,753
Project Costs Receivable (Net)	1,826,338
Notes Receivable - Short Term	20,000
Accounts Receivable	4,189
Interest Receivable	1,592
Total Current Assets	6,247,036
LAND, BUILDING, AND EQUIPMENT	
Office Furniture and Equipment (Net)	244,304
Total Land, Building, and Equipment	244,304
LONG TERM AND OTHER ASSETS	
Partnership Fees Receivable	814,262
Consulting Fee Receivable - Long Term	739,735
Notes Receivable - Long Term	165,799
Prepaid Expenses	67,472
Deferred Tax Asset	21,000
Total Other Assets	1,808,268
	$ 8,299,607

LIABILITIES AND OWNER'S EQUITY

LIABILITIES

CURRENT LIABILITIES	
Accounts Payable	$ 24,403
Unearned Revenue	201,657
Accrued Expenses	576,935
Total Current Liabilities	802,995
LONG TERM LIABILITIES	
Security Deposits	14,310
Total Long Term Liabilities	14,310
Total Liabilities	817,305

OWNERS' EQUITY

CONTROLLING INTEREST	
Common Stock	100
Additional Paid in Capital	2,967,000
Distributions	(101,616)
Retained Earnings	4,054,520
Current Year Income	562,199
Total Controlling Interest	7,482,203
NONCONTROLLING INTEREST	99
Total Owners' Equity	7,482,302
Total Liabilities and Owner's Equity	$ 8,299,607

Chelsea Investment Corporation (fka CSC)
STATEMENT OF INCOME AND EXPENSE
For the Year Ending December 31, 2016

INCOME	
Consulting Fees	$ 6,286,154
Administration Fee	117,640
Property Management Fees	51,271
Reimbursed Expenses	5,671
Total Income	6,460,737
OPERATING EXPENSES	
Salaries & Wages	4,144,103
Consulting & Professional Fees	535,473
Insurance	394,564
Payroll Tax Expense	250,853
Rent	175,356
Miscellaneous Expense	142,313
Bad Debt Expense	126,266
General & Administrative	110,961
Utilities	59,952
Travel	47,317
Contributions	43,439
Meals & Entertainment	24,573
Repairs & Maintenance	6,131
Total Operating Expenses	6,061,302
INCOME BEFORE DEPRECIATION	399,434
Depreciation	114,030
OPERATING INCOME	285,404
OTHER INCOME (EXPENSES)	
Interest Income	306,442
Interest Expense	(18,448)
State Income Tax	(11,200)
TOTAL OTHER INCOME (EXPENSE)	276,795
NET INCOME	$ 562,199

Emmerson Construction Inc.

6339 PASEO DEL LAGO
CARLSBAD, CA 92011
PHONE: (760) 456-6020
WWW.CHELSEAINVESTCO.COM/EMMERSON/

HISTORY

Emmerson Construction, Inc. (ECI) was formed in 2000 to construct affordable multifamily housing for Chelsea Investment Corporation, its affiliates, and select clients. ECI's team of experienced professionals work together to achieve the common goal of providing enhanced value, consistent quality, efficient scheduling, and risk mitigation.

EXPERIENCE

- 51 general contractor contracts completed:
  4,224 units
  $483M
- 7 general contractor ongoing projects:
  555 units
  $95M
- 6 construction management ongoing and completed contracts:
  585 units
  $77M
- Total company production:
  5,364 units
  $656M

AREAS OF EXPERTISE

General Contractor

Emmerson is committed to delivering products and services of exceptional quality while always focusing on schedule, safety, and budget. The building structures normally consist of reinforced or post-tensioned concrete slabs with wood frame construction and stucco exteriors. A number of projects feature podium decks. The buildings typically exceed Title 24 standard energy efficiency standards with features such as dual pane windows with low E glass, 2x6 framing, and energy efficient appliances. Completed jobs include multiple LEED certified projects up to the prestigious LEED Platinum level.

Construction Management

Emmerson also offers construction management services to third-party general contractors. Under this arrangement, Emmerson provides owners with project oversight, budget and schedule review, quality assurance, and related services.

TEAM MEMBERS

PRESIDENT – Charles Schmid

Charles started with Chelsea in 1986, and applies experience with real estate finance, development and management in his role as President of Emmerson. With a background in development of multifamily projects and as a licensed general contractor, he has supervised the construction of more than 4,000 units in California and Arizona. Charles has a degree from the University of California, San Diego, and a thorough understanding of the life cycle of apartment development, from feasibility analysis through lease-up. Recent projects range from rural development of 80 units to urban and suburban San Diego projects of more than 200 units.

CHIEF FINANCIAL OFFICER – Tim Gray

Tim has over 25 years of professional accounting experience with a primary focus on the construction industry. He obtained his CPA while working with Ernst & Young and PricewaterhouseCoopers and holds an accredited CCIFP designation. Formerly with Viewpoint Construction Software, Tim's experience includes managing accounting teams of up to 50 in various leadership roles. Companies also include Holiday Retirement, Matrix Development, Zephyr Communities, Legend Homes and DR Horton. Tim has been involved in over 300 communities during all stages of development, construction and property

(CONTINUED)

management. He currently serves on several construction associations including CFMA-Treasurer, ABC-Director, and ICCIFP-Secretary.

DIRECTOR OF CONSTRUCTION – Zion Patton
Zion has more than 25 years of experience constructing affordable and market rate multi-family housing. Contract values have ranged from $10 to $120 million and include projects in excess of 300 units. Zion has completed more than 2,500 new construction units. Additionally, Zion has completed the rehabilitation of over 900 units and was also hired to establish rehabilitation programs for other general contractors. He created schedules allowing the complete rehabilitation on a highly expedited basis while maintaining quality and efficiency without displacing tenants.

SENIOR PROJECT MANAGER – Janice Patterson
Previously with Barratt American as Project Manager Janice's project experience included subdivisions from 8 to 175 homes built in multiple phases and multifamily projects. During her time at Emmerson, Janice has completed 10 family and senior apartment projects from two to five stories. Her completed projects at Emmerson have a combined contract value of approximately $100 million.

PROJECT MANAGER – Theresa DeMarco
Theresa has been in the construction industry for over 20 years. In addition to multifamily construction, she has extensive renovation and tenant improvement experience. She was previously with Crown Acquisitions as a Project Manager, where she managed multifamily construction projects and was responsible for implementing project management software and establishing in-house protocols for construction operations. Theresa's prior experience also includes time at Centex Homes as a Senior Superintendent. As a general contractor, Theresa has designed and completed extensive multifamily remodeling projects on complexes with 280-320 units.

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

PROJECT COORDINATORS – Haley Schmid, James Mavis, Jane Thayer, Cecilia Kiehl, Nicole Finn.

CONTROLLER – Jackie Barrett

ACCOUNTING STAFF – Manizha Nejati, Tim McConnaughay, Hiral Sompura, Joann Marlette

SUPERINTENDENTS – Caesar Oliver, Rich Welby, Tony White, Eddie Yepez, Dave Stanley, Terry Christensen, Tim Hines

ASSISTANT SUPERINTENDENTS – Steve Stewart, Ralph Cox, Tyler Blair, Fernando Morales, Jesse Mora

Emmerson Construction, Inc.
Project List

As of: January 6, 2017

Total # of Projects to date	Total # of Units to Date	Total Contract Value
68	5,401	662,324,999

	Project #	Projects Names	City	State	Project Type	Status	Dates	# of Units	Contract Value
1	2-0991	Villa Lara Apartments	Imperial	California	Family	Completed	2003	80	6,525,658
2	2-0992	Brawley Family Apartments	Brawley	California	Family	Completed	2003	81	6,452,208
3	2-0989	Calexico Family Apartments	Calexico	California	Family	Completed	2003	80	5,561,540
4	3-1000	Holtville Senior Apartments	Holtville	California	Senior	Completed	2004	80	6,215,752
5	3-1001	Imperial Garden Senior Apartments	Imperial	California	Senior	Completed	2004	80	6,443,020
6	3-1003	Westmorland Family Apartments	Westmorland	California	Family	Completed	2004	64	6,900,000
7	4-1006	Brawley Elks Senior Apartments	Brawley	California	Senior	Completed	2005	80	6,994,322
8	3-1002	Countryside Family Apartments	El Centro	California	Family	Completed	2005	80	7,155,000
9	3-1004	Rancho Buena Vista	Chula Vista	California	Family	Completed	2005	150	16,200,000
10	3-1005	Rancho Del Norte	San Diego	California	Family	Completed	2005	120	13,706,694
11	4-1006	Brawley Garden	Brawley	California	Family	Completed	2005	81	9,191,326
12	4-1007	Heber Wood	Heber	California	Family	Completed	2005	81	9,417,954
13	5-1012	Medow Village Road-Commerical			Commercial- Remoda	Completed	2005	-	724,153
14	4-1009	Fairbanks Ridge	San Diego	California	Single Family	Completed	2006	204	29,254,314
15	5-1011	Calexico II Family Apartments	Calexico	California	Single Family	Completed	2007	80	10,080,426
16	4-1010	Hunter's Pointe	Carlsbad	California	Family	Completed	2007	166	30,389,918
17	4-1007	Heber Wood II	Heber	California	Family	Completed	2007	72	9,864,435
18		DDE HQ- Office Building -El Centro	El Centro	California	Commercial	Completed	2007	-	1,130,219
19	5-1020	Calipatria Family Apartments	Calipatria	California	Family	Completed	2008	74	10,318,586
20	5-1013	Tierra del Cielo - Arizona	Somerton	Arizona	Multi-Family	Completed	2009	34	3,913,810
21	8-1038	Beachwind Court	Imperial Beach	California	Rehab- Renovation	Completed	2009	16	891,747
22	6-1021	)awson Avenue Senior/Courtyard Terrace	San Diego	California	Seniors	Completed	2010	88	17,700,000
23	9-1040	Lakeside Silver Sage	Lakeside	California	Family	Completed	2010	80	12,794,227
24	9-1041	St. Regis Park- Remodel	Chula Vista	California	Remodal	Completed	2010	119	400,000
25	9-1042	Glen Ridge- Solar and Landscape				Completed	2010	78	473,937
26	9-1043	Cedar Creek	Santee	California	Family	Completed	2010	48	7,332,286
27	9-1045	Oakridge-Rehab-Oakdale, CA	Oakdale	California	Rehab- Renovation	Completed	2011	41	1,336,266
28	9-1044	Verbena	San Ysidro	California	Family	Completed	2011	80	13,296,599
29	10-1051	DeAnza Hotel Earthquake Repairs/Rehab			Rehab- Renovation	Completed	2011	94	688,402
30	6-1035	South Mill Creek Apts	Bakersfield	California	Family	Completed	2011	72	11,463,750
31		Villa Fortuna	Brawley	California	Family	Completed	2011	76	9,569,612
32		Villa Del Sol	San Diego	California		Completed	2011	52	6,094,330
33		Estrella De Mercado	San Diego	California		Completed	2012	95	14,485,997
34		Las Brisas	Colton	California		Completed	2012	71	10,375,713
35		St. Regis Energy Upgrades & renov			Rehab- Renovation	Completed	2012	119	412,471
36		El Quinteros	Calexico	California	Senior	Completed	2012	54	5,051,346
37		Emperor Estates	Dinuba	California	Senior	Completed	2012	62	10,559,939
38	12-1056	Terramar	San Diego	California	Family	Completed	2012	21	460,377
39		Iris - Site Upgrades			Renovations	Completed	2013	20	265,560

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

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the "Borrower") identified below has provided the following required information to the Housing Authority of the City of San Diego (the "Authority") prior to the Authority's regular meeting (the "Meeting") of its Board of Commissioners (the "Board") at which Meeting the Board will consider the authorization of conduit revenue obligations as identified below.

1. Name of Borrower: **14C VHHP CIC, L.P., a California limited partnership**.

2. Board of Commissioners Meeting Date: **October 15, 2019**.

3. Name of Bond Issue / Conduit Revenue Obligations: **Housing Authority of the City of San Diego Multifamily Housing Revenue Note (14C VHHP Apartments) Series 2019E-1 (the "2019E-1 Note")** and **Housing Authority of the City of San Diego Taxable Multifamily Housing Revenue Note (14C VHHP Apartments) Series 2019E-2 (the "2019E-2 Note" and with the Series 2019E-1 Note, the "Notes")**

4. _X Private Placement Lender or Note Purchaser, __Underwriter or __Financial Advisor (mark one) engaged by the Borrower from which the Borrower obtained the following required good faith estimates relating to the Note:

   (A) The true interest cost of the Series 2019E-1 and Series 2019E-2 Notes, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of such Notes (to the nearest ten-thousandth of one percent): **3.83% for the Series 2019E-1 Note and 4.04%% for the Series 2019E-2 Note (estimated as of 9/27/19; final interest rate to be set prior to Note closing, estimated on 11/15/19).**

   (B) The finance charges of the Notes, which mean the sum of all fees and charges paid to third parties: collectively, **$1,013,875.80 ($506,527 paid upfront, $197,348.80 paid during the term of the Notes and $310,000 paid from maturity of the Notes through the end of the 55 year compliance period in the Regulatory Agreement)**.

   (C) The amount of proceeds received by the public body for sale of the Notes less the finance charges of such Notes described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of such Notes: **$23,300,000 (all finance charges and capitalized interest anticipated to be funded from a source other than the proceeds of the Notes).**

   (D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Notes plus the finance charges of the Notes described in subparagraph (B) not paid with the proceeds of the Notes (which total payment amount shall be calculated to the final maturity of the Notes): **$28,626,971.85 (consisting of estimated principal and interest payments of $27,613,051.05 and estimated finance charges identified in (B))**.

This document has been made available to the public at the Meeting of the Board.

Dated: September __, 2019

HOUSING AUTHORITY OF

THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE ISSUANCE OF ONE OR MORE MULTIFAMILY NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $24,000,000 TO FINANCE THE ACQUISITION AND CONSTRUCTION OF A MULTIFAMILY RENTAL HOUSING FACILITY TO BE KNOWN AS 14C VHHP, AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS.

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as amended (Act), the Housing Authority of the City of San Diego (Authority) is authorized to incur indebtedness to finance the acquisition, construction, and equipping of multifamily rental housing; and

WHEREAS, 14th & Commercial CIC-VHHP, LP, a California limited partnership (Borrower), has requested that the Authority borrow funds and loan the funds to the Borrower to finance Borrower's acquisition and construction of a multifamily residential rental housing facility to be known as "14C VHHP" (Project), consisting of 81 apartment units to be located at One 14th Street (formerly referred to as 1402 Commercial Street), San Diego, California; and

WHEREAS, the Board of Commissioners of the Authority (Board) desires that a portion of the units in the Project be available for low and very low income persons or families, and to accomplish such purpose it is desirable for the Authority to issue one or more revenue notes to finance costs of the acquisition, construction and equipping of the Project; and

WHEREAS, the Authority intends to issue its Housing Authority of the City of San Diego Multifamily Housing Revenue Note (14C VHHP) 2019 Series E (Note) in an aggregate principal amount not to exceed $24,000,000, which Note may be designated in one or more subseries, which may be taxable or tax-exempt, evidencing a loan by Citibank, N.A. (Funding Lender) to the Authority to fund a loan to the Borrower; and

WHEREAS, the Authority will loan the proceeds of the Note to the Borrower (Mortgage Loan) and the Borrower will use the proceeds of the Note to finance costs of the acquisition and construction of the Project and the costs of issuing the Note; and

WHEREAS, the City Council of the City of San Diego, by its Resolution R-312461, effective May 17, 2019, approved the Authority's issuance of the Note after publication of a "TEFRA" notice and the holding on May 14, 2019 of a "TEFRA" hearing, as required by the Internal Revenue Code of 1986, as amended (Code), and applicable United States Treasury Regulations; and

WHEREAS, California Government Code Section 8869.85 requires that a local agency file an application with the California Debt Limit Allocation Committee (CDLAC) and obtain CDLAC's authorization to issue tax-exempt multifamily housing revenue obligations; and

WHEREAS, on July 17, 2019, CDLAC allocated to the Project $22,000,000 of available State of California ceiling for private activity bonds under Section 146 of the Code (Allocation Amount); and

WHEREAS, the following documents are presented for consideration:

(1) The form of Funding Loan Agreement (Funding Loan Agreement), by and among the Authority, U.S. Bank National Association, as fiscal agent (Fiscal Agent), and the Funding

Lender, including the form of the Note attached to the Funding Loan Agreement as Exhibit A; and

(2) The form of Borrower Loan Agreement (Borrower Loan Agreement), by and between the Authority and the Borrower; and

(3) The form of Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement), by and among the Authority, the Fiscal Agent and the Borrower; and

WHEREAS, each of the above-referenced documents is in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended; and

WHEREAS, the Project is covered under the Downtown Final Environmental Impact Report (Downtown FEIR) and the Final Environmental Impact Report for the City of San Diego Climate Action Plan (CAP FEIR), both "Program EIRs" for the San Diego Downtown Community Planning area prepared in accordance with the California Environmental Quality Act (CEQA) Guidelines section 15168; and

WHEREAS, a consistency evaluation will be completed in accordance with CEQA Guidelines section 15168 to evaluate the Project's consistency with the findings of the Downtown FEIR and CAP FEIR and approval will occur once the environmental review has been completed in accordance with CEQA Guidelines section 15004; and

WHEREAS, federal funds constitute a portion of the funding for the Project, a final reservation for which shall occur only upon satisfactory completion of the environmental review and receipt by the City of San Diego of a release of funds from the U.S. Department of Housing and Urban Development under 24 C.F.R. Part 58 of the National Environmental Policy Act;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the City of San Diego, as follows:

Section 1. Finding and Determination. It is found and determined that it is necessary and desirable for the Authority to provide for the financing of the acquisition and construction of the Project through the execution and delivery of the Note in order to assist persons of low and very low income within the City of San Diego in obtaining decent, safe, and sanitary housing and to achieve certain other public purposes.

Section 2. Authorization of Note. For the purpose of financing the acquisition and construction of the Project, the Authority approves the issuance of the Note in one or more series, in an aggregate principal amount not to exceed $24,000,000; provided, however, that any tax-exempt portion of the Note shall not exceed the Allocation Amount. The Note shall be issued in the principal amount, and shall bear interest (which shall not exceed 12% per annum) and mature (not later than 45 years from the date of execution and delivery thereof) as provided in the Funding Loan Agreement. The Note shall be in substantially the form attached as Exhibit A to the Funding Loan Agreement, with such appropriate variations, omissions, insertions, and provisions as are required or permitted by the Funding Loan Agreement. The Note shall be a special, limited obligation of the Authority and shall be payable as to principal and interest, and the obligations of the Authority under the Funding Loan Agreement shall be paid and satisfied, solely from the revenues, receipts and other moneys and assets pledged under the Funding Loan Agreement.

Section 3. Execution and Delivery of the Note. The Note shall be executed on behalf of the Authority by the manual or facsimile signature of the Chairman of the Authority (Chairman), the Vice Chairman of the Authority (Vice Chairman), the Executive Director of the Authority (Executive Director), the Executive Vice President and Chief Operating Officer (Executive Vice President & Chief Operating Officer) of the San Diego Housing Commission (Housing

Commission), or the Vice President of Housing Finance and Portfolio Management Real Estate Division of the Housing Commission (Vice President Housing Finance), and the official seal of the Authority, or a facsimile, shall be impressed or imprinted on the Note and attested with the manual or facsimile signature of the Secretary or a Deputy Secretary of the Authority.

Section 4. Approval of the Funding Loan Agreement. The Funding Loan Agreement, in the form on file in the Housing Commission offices, is approved. The Chairman, the Vice Chairman, the Executive Director, the Executive Vice President & Chief Operating Officer , the Vice President Housing Finance, and the Secretary or a Deputy Secretary of the Authority, or the designee of any such officer (collectively, Designated Officers) are each authorized to execute and deliver the Funding Loan Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, upon consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Funding Loan Agreement approved in this Resolution.

Section 5. Approval of Borrower Loan Agreement. The Borrower Loan Agreement, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Borrower Loan Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, in consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Borrower Loan Agreement approved in this Resolution.

Section 6. Approval of Regulatory Agreement. The Regulatory Agreement, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Regulatory Agreement in such form, together with such

changes as may be approved by the Designated Officer executing the same, in consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Regulatory Agreement approved in this Resolution.

Section 7. Actions Ratified and Authorized. All prior actions taken by the officers, employees, and agents of the Authority with respect to the issuance and sale of the Note are approved, confirmed, and ratified, and the Designated Officers are each authorized, for and in the name and on behalf of the Authority, to take any and all actions and execute and deliver any and all certificates, agreements (including a tax certificate and agreement), any assignments of security documents or deed of trust, and other documents, including but not limited to those described in any of the documents approved by this Resolution, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Note and the making of the Mortgage Loan in accordance with the Act and this Resolution.

Section 8. Further Consents, Approvals and Other Actions. All consents, approvals, notices, orders, requests, and other actions permitted or required by any of the documents authorized by this Resolution or otherwise appropriate in the administration of the Note and the lending program financed by the Note, including without limitation any of the foregoing which may be necessary or desirable in connection with any amendment of such documents, any transfer of the Project, any appointment or substitution of fiscal agent or lender, any substitution of security for the Note, or any prepayment or redemption of the Note may be taken or given by any of the Designated Officers, in consultation with the Authority's General Counsel, without further authorization by the Board, and the Designated Officers are authorized and directed to give any such consent, approval, notice, order or request and to take any such action which such officer may deem necessary or desirable to further the purposes of this Resolution.

Section 9. Severability. If any section, paragraph, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, or provision shall not affect any remaining provisions of this Resolution.

Section 10. Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Marguerite E. Middaugh
Deputy General Counsel

MEM:[__]
9/__/2019
_____, 2019
Or.Dept: Housing Authority
Doc. No. _____

The City of San Diego
Item Approvals

Item Subject: Final Bond Authorization for 14C VHHP Apartments.

Contributing Department	Approval Date
DOCKET OFFICE	09/20/2019

Approving Authority	Approver	Approval Date
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	09/18/2019
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	09/26/2019
CITY ATTORNEY	MIDDAUGH, MARGUERITE	10/01/2019