

CHELMSFORD HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

The Chelmsford Housing Authority (the Authority) is pleased to present its basic financial statements as of and for the year ended June 30, 2020, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. In addition, GAAP requires the inclusion of this management's discussion and analysis (MD&A) section as required supplementary information.

The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that provide additional information.

As provided for under GAAP, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation and amortization, are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Authority are included in the statement of net position.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended June 30, 2020, with comparative data for the year ended June 30, 2019. Please read this section in conjunction with the Authority's basic financial statements, which immediately follow this section.

HIGHLIGHTS

- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at June 30, 2020 by \$9,406,271 (net position), representing a decrease of \$6,525,931 from the prior year which includes a prior period adjustment of \$5,086,384.
- Total revenues increased by \$662,562 from the prior year, while total expenses decreased by \$379,593.
- The Authority's current ratio that measures liquidity decreased during the year from 2.77 to 0.89.
- The Authority's total debt increased from \$15,828,286 to \$17,497,596.

CHELMSFORD HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

OVERVIEW OF THE AUTHORITY'S OPERATIONS

The Authority was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. These services are provided through the administration of the following programs:

Federal Programs

- Section 8 Housing Choice Voucher Program
- Mainstream Voucher Program
- Family Self Sufficiency Program

State/Local and Other Programs

- Affordable Housing Program
- State Consolidated Housing
- State Chapter 689 Housing
- Massachusetts Rental Voucher Program
- State Modernization Program
- Regional Capital Assistance Program

Component Unit (Blended)

- CHOICE, Inc.

For additional information on the Authority's programs, see the notes to financial statements.

CHELMSFORD HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

FINANCIAL ANALYSIS

Summary of Net Position

Presented below is the Authority's condensed summary of net position at June 30, 2020 compared to June 30, 2019. The statement of net position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end of year data for assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (assets and deferred outflows of resources, minus liabilities and deferred inflows of resources).

SUMMARY OF NET POSITION

June 30, 2020 and 2019

	2020	2019	Change	% Change
Current Assets	\$ 1,540,033	\$ 1,365,578	\$ 174,455	12.78%
Capital Assets	27,004,626	26,529,202	475,424	1.79%
Other Noncurrent Assets	<u>4,616,236</u>	<u>4,328,053</u>	<u>288,183</u>	6.66%
Total Assets	<u>33,160,895</u>	<u>32,222,833</u>	<u>938,062</u>	2.91%
Deferred Outflows of Resources	<u>2,176,595</u>	<u>947,140</u>	<u>1,229,455</u>	129.81%
Current Liabilities	1,724,473	493,537	1,230,936	249.41%
Noncurrent Liabilities	<u>23,604,945</u>	<u>16,587,426</u>	<u>7,017,519</u>	42.31%
Total Liabilities	<u>25,329,418</u>	<u>17,080,963</u>	<u>8,248,455</u>	48.29%
Deferred Inflows of Resources	<u>601,801</u>	<u>156,808</u>	<u>444,993</u>	283.78%
Net investment in capital assets	9,507,030	16,062,805	(6,555,775)	-40.81%
Restricted	132,043	89,358	42,685	47.77%
Unrestricted (deficit)	<u>(232,802)</u>	<u>(219,961)</u>	<u>(12,841)</u>	5.84%
Total Net Position	<u>\$ 9,406,271</u>	<u>\$ 15,932,202</u>	<u>\$ (6,525,931)</u>	-40.96%

Total assets of the Authority at June 30, 2020 and 2019 were \$33,160,895 and \$32,222,833, respectively, a change of 2.91%. The significant components of current assets are cash and receivables. The significant components of noncurrent assets are capital assets and notes receivable. Capital assets include land, buildings and building improvements, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation.

CHELMSFORD HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

Total liabilities of the Authority at June 30, 2020 and 2019 were \$25,329,418 and \$17,080,963, respectively, a change of 48.29%. Current liabilities include accounts payable, accrued liabilities, unearned revenue and current portion of long term debt. Noncurrent liabilities are primarily made up of the long-term portion of debt and pension/OPEB liabilities.

Deferred inflows and outflows of resources relate to the Authority pension and OPEB liabilities. In 2020, the Authority's pension and OPEB related deferred outflows increased by \$1,229,455 and deferred inflows increased by \$444,993. These changes are the result of fluctuations in the actuarial valuations of the liabilities and the change in the value of pension assets.

Net position represents the Authority's equity, which is accounted for in three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, buildings and building improvements, construction in progress, and equipment, net of related capital debt outstanding. The next net position category is restricted net position; this shows the amounts subject to external restriction. The last category is unrestricted net position; these funds are available to use for any lawful and prudent purpose of the Authority. Unrestricted net position decreased by \$12,841, or 5.84%, for the fiscal year.

CHELMSFORD HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

Summary of Revenues, Expenses and Changes in Net Position

Presented below is the condensed summary of revenues, expenses and changes in net position information for fiscal year ended June 30, 2020 compared to the year ended June 30, 2019. The information reflects the results of operations for the Authority and displays the sources of revenue, the nature of expenses for the year and the resulting change in net position. All revenues and expenses are accounted for on an accrual basis. See notes to financial statements.

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the years ended June 30, 2020 and 2019

	2020	2019	Change	% Change
Revenue				
Operating Revenues	\$ 11,723,637	\$ 10,728,225	\$ 995,412	9.28%
Non-operating Revenues	<u>235,747</u>	<u>568,597</u>	<u>(332,850)</u>	-58.54%
Total Revenues	<u>11,959,384</u>	<u>11,296,822</u>	<u>662,562</u>	5.87%
Expenses				
Housing assistance payments	6,389,301	5,967,921	421,380	7.06%
Administration	3,302,301	3,282,156	20,145	0.61%
Depreciation expense	1,301,486	1,265,692	35,794	2.83%
Repair and maintenance	1,281,526	1,050,769	230,757	21.96%
Utilities	429,328	442,240	(12,912)	-2.92%
Tenant services	225,995	169,416	56,579	33.40%
Insurance expense	165,376	223,949	(58,573)	-26.15%
Other general expenses	161,510	22,749	138,761	609.97%
Loss on sale of capital assets	--	1,240,508	(1,240,508)	-100.00%
Interest expense	<u>142,108</u>	<u>113,124</u>	<u>28,984</u>	25.62%
Total Expenses	<u>13,398,931</u>	<u>13,778,524</u>	<u>(379,593)</u>	-2.75%
Change in Net Position	<u>(1,439,547)</u>	<u>(2,481,702)</u>	<u>1,042,155</u>	-41.99%
Net Position - Beginning of Year	<u>15,932,202</u>	<u>17,424,624</u>	<u>(1,492,422)</u>	-8.57%
Prior Period Adjustments	<u>(5,086,384)</u>	<u>989,280</u>	<u>(6,075,664)</u>	-614.15%
Net Position - End of Year	<u>\$ 9,406,271</u>	<u>\$ 15,932,202</u>	<u>\$ (6,525,931)</u>	-40.96%

CHELMSFORD HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

Generally, operating revenues are amounts received for providing housing to the Authority's tenants as well as subsidies and grants received from the U.S. Department of Housing and Urban Development (HUD) that provide significant funding for the operations of the Authority's housing programs. Operating expenses are those incurred to operate, maintain, and repair the housing units and to provide supportive services to the tenants of the Authority. Nonoperating revenues are revenues earned for which goods and services are not provided, for example, interest income. Capital grants represent revenues earned for public housing capital repairs.

Significant changes in revenues and expenses from the fiscal year ended June 30, 2019 to June 30, 2020 include the following:

- Operating revenues increased by \$995,412, or 9.28%, due to an increase in HAP contracts and leasing activity which caused an increase in HUD operating grants.
- Nonoperating revenues decreased by \$332,850, or 58.54%, due to a decrease in State Modernization Program activity.
- Repair and maintenance expenses increased by \$230,757, or 21.96%, and administrative expenses increased by \$20,145, or 0.61%, due to fluctuations in the OPEB and pension liabilities which caused an increase in employee benefit expenses.
- Tenant service expenses increased by \$56,579, or 33.40%, due to COVID-related expenses in the current year.
- Other general expenses increased by \$138,761, or 609.97%, due to increase in RCAT administrative fee and real estate taxes for a new property acquired by CHOICE, Inc.
- Insurance expense decreased by \$58,573, or 26.15%, due to decrease in Workmen's Compensation insurance premium.

CHELMSFORD HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, capital assets, net of accumulated depreciation was \$27,004,626 which includes land, buildings and building improvements, construction in progress, and equipment. The schedule below reflects the changes in capital assets, net of depreciation, from June 30, 2019 to June 30, 2020:

CAPITAL ASSET ANALYSIS

June 30, 2020 and 2019

	2020	2019	Change	% Change
Land	\$ 2,667,678	\$ 1,917,678	\$ 750,000	39.11%
Buildings	39,414,321	38,621,233	793,088	2.05%
Furniture and equipment	793,986	701,910	92,076	13.12%
Infrastructure	234,142	234,142	--	0.00%
Construction in progress	<u>908,957</u>	<u>642,716</u>	<u>266,241</u>	41.42%
Total capital assets	<u>44,019,084</u>	<u>42,117,679</u>	<u>1,901,405</u>	4.51%
Accumulated depreciation	<u>(17,014,458)</u>	<u>(15,588,477)</u>	<u>(1,425,981)</u>	9.15%
Capital assets, net of accumulated depreciation	<u>\$ 27,004,626</u>	<u>\$ 26,529,202</u>	<u>\$ 475,424</u>	1.79%

The majority of the additions were attributable to construction in progress. Additional information on the Authority's capital assets can be found in the notes to financial statements.

CHELMSFORD HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

Long-Term Debt

At June 30, 2020, the Authority had total long-term debt of \$17,497,596, an increase of \$1,669,310 compared to the prior year. Additional information on the Authority's long-term debt can be found in the notes to financial statements.

LONG TERM DEBT ANALYSIS

June 30, 2020 and 2019

	2020	2019	Change	% Change
Long term debt	<u>\$ 17,497,596</u>	<u>\$ 15,828,286</u>	<u>\$ 1,669,310</u>	10.55%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Significant economic factors affecting the Authority's budget in the next year are as follows:

- The Authority is primarily dependent upon HUD and DHCD for the funding of its federal and state programs, respectively; therefore, the Authority is affected more by the federal and state budget than by local economic conditions.
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and, therefore, the amount of rental income
- Inflationary pressure on utility rates, housing costs, supplies and other costs
- Current trends in the housing market
- Local and national property rental markets that determine Housing Assistance Payments
- The economic impacts of COVID-19

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information presented in this report or requests for additional information should be addressed to David Hedison, Executive Director, Chelmsford Housing Authority, 10 Wilson Street, Chelmsford, MA 01824.

CHELMSFORD HOUSING AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2020

ASSETS

Current Assets

Cash and cash equivalents	\$ 921,949
Restricted cash	231,372
Accounts receivable, net	228,011
Prepaid expenses and other current assets	158,701

Total Current Assets 1,540,033

Noncurrent Assets

Restricted cash	1,411,341
Notes receivable	3,139,439
Capital assets, non-depreciable	3,576,635
Capital assets, net of accumulated depreciation	23,427,991
Other noncurrent assets	65,456

Total Noncurrent Assets 31,620,862

TOTAL ASSETS 33,160,895

DEFERRED OUTFLOWS OF RESOURCES 2,176,595

The accompanying notes are an integral part of these financial statements.

CHELMSFORD HOUSING AUTHORITY
STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2020

LIABILITIES

Current Liabilities

Accounts payable	\$ 154,667
Accounts payable, other government	58,692
Current portion of long term debt	1,038,250
Accrued wages and current portion of compensated absences	254,979
Other accrued expenses	4,900
Unearned revenue	113,656
Tenant security deposits	99,329
Total Current Liabilities	1,724,473

Noncurrent Liabilities

Long term debt, net of current portion	16,459,346
Accrued compensated absences, net of current portion	37,168
Other noncurrent liabilities	86,451
Net pension liability	2,275,176
OPEB liability	4,746,804
Total Noncurrent Liabilities	23,604,945

TOTAL LIABILITIES 25,329,418

DEFERRED INFLOWS OF RESOURCES 601,801

NET POSITION

Net investment in capital assets	9,507,030
Restricted:	
Housing assistance payments	132,043
Unrestricted (deficit)	(232,802)

TOTAL NET POSITION **\$ 9,406,271**

The accompanying notes are an integral part of these financial statements.

CHELMSFORD HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2020

OPERATING REVENUES	
HUD grants	\$ 7,599,483
Tenant rental income	2,141,007
Other government grants	1,353,710
Other revenue	629,437
Total Operating Revenues	<u>11,723,637</u>
OPERATING EXPENSES	
Housing assistance payments	6,389,301
Administration	3,302,301
Depreciation expense	1,301,486
Repair and maintenance	1,281,526
Utilities	429,328
Tenant services	225,995
Insurance expense	165,376
Other general expenses	161,510
Total Operating Expenses	<u>13,256,823</u>
Operating Loss	<u>(1,533,186)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	80,090
Interest expense	(142,108)
Total Nonoperating Revenues (Expenses)	<u>(62,018)</u>
Loss before Capital Grants	<u>(1,595,204)</u>
CAPITAL GRANTS	
Government capital grants	155,657
Total Capital Grants	<u>155,657</u>
Change in Net Position	(1,439,547)
Net Position, Beginning of Year - As Restated	<u>10,845,818</u>
Net Position, End of Year	<u>\$ 9,406,271</u>

The accompanying notes are an integral part of these financial statements.

CHELMSFORD HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

HUD grants	\$ 7,693,984
Other government grants	1,279,483
Receipts from tenants	2,164,560
Other operating receipts	596,744
Payments to employees	(3,307,257)
Payments to suppliers	(1,440,344)
Payments to landlords	(6,389,301)
Net cash provided by operating activities	<u>597,869</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Other government capital grants	229,225
Interest expense	(142,108)
Payments on long term debt	(442,374)
Proceeds from long term debt	1,561,684
Acquisitions of capital assets	(1,351,405)
Net cash used in capital and related financing activities	<u>(144,978)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	80,090
Issuance of notes receivable	(256,008)
Net cash used in investing activities	<u>(175,918)</u>

Net increase in cash, cash equivalents and restricted cash 276,973

Cash, cash equivalents and restricted cash, beginning of year 2,287,689

Cash, cash equivalents and restricted cash, end of year \$ 2,564,662

The accompanying notes are an integral part of these financial statements.

CHELMSFORD HOUSING AUTHORITY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

Reconciliation of operating loss to net cash provided by operating activities:	
Operating Loss	\$ (1,533,186)
Adjustments:	
Depreciation	1,301,486
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	(2,330)
(Increase) decrease in accounts receivable, other	1,395
(Increase) decrease in accounts receivable, HUD	(3,760)
(Increase) decrease in accounts receivable, other government	(90,736)
(Increase) decrease in prepaid expenses and other current assets	92,206
(Decrease) increase in accounts payable	45,638
(Decrease) increase in accounts payable, other government	19,549
(Decrease) increase in compensated absences and accrued wages	82,107
deferred inflow/outflows of resources	564,321
(Decrease) increase in accrued expenses and other current liabilities	15,781
(Decrease) increase in tenant security deposits	9,564
(Decrease) increase in unearned operating revenue	95,834
Net cash provided by operating activities	<u>\$ 597,869</u>
Cash, cash equivalents and restricted cash per Statement of Net Position:	
Cash and cash equivalents	\$ 921,949
Restricted cash - current	231,372
Restricted cash - noncurrent	<u>1,411,341</u>
Total cash, cash equivalents and restricted cash per Statement of Net Position	<u>\$ 2,564,662</u>

The accompanying notes are an integral part of these financial statements.

CHELMSFORD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – ORGANIZATION

The Chelmsford Housing Authority (the Authority) was incorporated under the laws of the Commonwealth of Massachusetts. The Authority operates under a board of commissioner form of government to provide safe and decent housing to low and moderate-income families and elderly individuals.

The Authority maintains its accounting records by program and operates the following programs:

Federal Programs

Section 8 Housing Choice Voucher, Mainstream Vouchers and the Family Self Sufficiency Program (FSS) – HUD provides grants to the Authority to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Under this program, qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority will subsidize the landlord for the difference between the rent requested and the tenant’s share of the rent not to exceed a predetermined payment standard.

FSS helps eligible individuals acquire the skills and experience needed to obtain work that pays a living wage, and also offers them an opportunity to save towards home-ownership. The Authority works with welfare agencies, schools, businesses, and other local partners to help FSS participants access services including but not limited to; child care, transportation, education and training, and home-ownership counseling.

State/Local and Other Programs

Affordable Housing Program – The Authority uses this program to account for various activities related to the creation of affordable housing. These activities include the providing of monitoring services to the Town of Chelmsford for its Massachusetts General Laws Chapter 40B affordable housing projects as well management activities of properties that are not owned by the Authority.

State Consolidated Housing – Under these programs, the Authority owns, operates and maintains rental housing acquired with grants from Massachusetts Department of Housing & Community Development (DHCD). Dwelling units are leased to low income tenants at rates based on their ability to pay. Operations are supported by DHCD via operating grants.

State Chapter 689 Housing – Under this program, the Authority owns operates and maintains rental housing acquired with grants from DHCD. The building is generally rented to a non-profit corporation who provides health and human resource needs to mentally disabled individuals.

CHELMSFORD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – ORGANIZATION (CONTINUED)

Massachusetts Rental Voucher Program (MRVP) – DHCD provides grants to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority subsidizes the landlord for the difference between the rent requested and the tenant’s share of the rent not to exceed a contract amount.

State Modernization Program – DHCD provides grant funds to authorities with State Consolidated units based on the Authority’s application and determination of need. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the State Consolidated Housing Program.

Regional Capital Assistance Team Program (RCAT) – DHCD has contracted with the Authority to administer the RCAT program for certain Local Housing Authorities on their behalf. The Authority provides technical assistance to assigned Local Housing Authorities with executing capital and maintenance plans and projects. DHCD provides funds to the Authority for providing the RCAT services in accordance with the terms of the RCAT services contract.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

The Authority’s financial statements include the accounts of all of the Authority’s operations. The criteria for including organizations as component units within the Authority’s reporting entity, as set forth in Section 2100 of GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization’s board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

CHELMSFORD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL REPORTING ENTITY (CONTINUED)

Based on the aforementioned criteria, the Authority has one component unit:

CHOICE, Inc. – a private nonprofit organization founded in 2002 to assist the Authority in creating and providing programs that further the Authority’s mission of providing safe and decent housing to low and moderate-income families and elderly individuals. CHOICE, Inc. is the sole member of CHOICE Center, LLC (the Company), that was formed to develop, construct and operate a building consisting affordable housing units.

CHOICE, Inc. is the sole member of CHOICE Center, LLC, and thus, the financial activity of CHOICE Center, LLC has been consolidated with that of CHOICE, Inc.

On May 1, 2017, CHOICE, Inc. obtained controlling interest in Chelmsford Housing Elder Partnership, Inc. (CHEP) and Westford Initiative for Senior Housing, Inc. (WISH) through control of CHEP and WISH’s Board of Directors. The financial activity of CHEP and WISH has been consolidated with that of CHOICE, Inc.

CHOICE, Inc.’s year end is June 30th and accordingly, its financial statements for the year ended June 30, 2020 have been included in the Authority’s financial statements. Footnotes regarding policies of the Authority apply to CHOICE, Inc. unless otherwise noted. Condensed financial information of CHOICE, Inc. is presented in Note 19.

CHOICE, Inc. has a 49% interest in SCG Chelmsford GP, LLC, which acts as the general partner in Chelmsford Woods Residences Limited Partnership. The general partner has a 0.01% ownership interest in the limited partnership. Neither SCG Chelmsford GP, LLC nor Chelmsford Woods Residences Limited Partnership are considered component units.

CHOICE, Inc. has a 49% interest in SCG Chelmsford GP II, LLC, which acts as the general partner in Chelmsford Woods Residences II Limited Partnership. The general partner has a 0.01% ownership interest in the limited partnership. Neither SCG Chelmsford GP II, LLC nor Chelmsford Woods Residences II Limited Partnership are considered component units.

CHOICE, Inc. has a 49% interest in CHOICE CW Lessor, LLC, which has entered into separate ground lease agreements with Chelmsford Woods Residences Limited Partnership and Chelmsford Woods Residences II Limited Partnership, to lease a certain parcel land to the limited partnerships. None of these entities are considered component units.

Selected financial data from the financial statements of Chelmsford Woods Residences Limited Partnership and CHOICE CW Lessor, LLC is presented in Note 22.