



SAN DIEGO  
HOUSING  
COMMISSION

# San Diego Housing Commission Comprehensive Annual Financial Report

## A Component Unit of the City of San Diego

For the fiscal year ended June 30, 2017

San Diego Housing Commission  
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San Diego, CA 92101  
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**San Diego Housing Commission**

**A Component Unit of the  
City of San Diego, California**

**Comprehensive Annual Financial Report**

**For the Year Ended  
June 30, 2017**

**Prepared by:  
Financial Services Department**

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SAN DIEGO  
HOUSING  
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# Introductory Section



## *We're About People*

Established in 1979, the San Diego Housing Commission (SDHC) is an award-winning public agency that serves the city of San Diego in a variety of roles. Those roles include as a provider of Federal rental assistance to more than 15,000 households, a partner in addressing homelessness, and an affordable housing developer.

On September 19, 2016, SDHC celebrated the grand reopening of the historic Hotel Churchill which now provides Permanent Supportive Housing for 56 homeless Veterans, 8 transitional age youth and 8 adults exiting the correctional system.





November 3, 2017

Mayor Kevin L. Faulconer,  
Council President Myrtle Cole,  
Members of the San Diego City Council,  
San Diego Housing Commission (SDHC) Chairman of the Board Frank Urtasun,  
Members of the SDHC Board of Commissioners,  
Citizens of the City of San Diego, California, and additional interested parties

California State law requires that all general purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. As a component unit of the City of San Diego, and pursuant to the above stated requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the San Diego Housing Commission (SDHC) for the fiscal year that ended on June 30, 2017.

This report consists of SDHC management's representations concerning SDHC's finances. Consequently, SDHC management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, SDHC management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of SDHC's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, SDHC's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As SDHC management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

SDHC's financial statements have been audited by CohnReznick LLP, a firm of licensed certified public accountants. The goal of this independent audit was to provide reasonable assurance that SDHC's financial statements for the fiscal year that ended on June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that SDHC's financial statements for the fiscal year that ended on June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of SDHC's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent

auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in SDHC's Single Audit Report, which is issued separately.

The CAFR includes the U.S. Department of Housing and Urban Development (HUD) - required Financial Data Schedule (FDS), created to standardize financial information reported by Public Housing Authorities (PHAs). The HUD Real Estate Assessment Center (REAC) requires that PHA accounting information be reported in accordance with GAAP, using either governmental or enterprise fund accounting. REAC analyzes the FDS to assess the financial condition, viability, and effectiveness of overall resource management of PHAs compared to industry peers. The FDS discloses Federal, State and locally funded activities reported to HUD. These activities are the basis of SDHC's enterprise fund program schedules, which are combined in the basic financial statements.

Established in 1979, SDHC has earned a national reputation as a model public housing agency, with innovative programs that preserve and create additional affordable housing in the City of San Diego. SDHC's award-winning programs and services stimulate the local economy, revitalize neighborhoods, and impact the lives of low-income and homeless San Diegans. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SDHC for its CAFR for the fiscal year that ended on June 30, 2016. This was the ninth consecutive year that SDHC has achieved this prestigious award, recognizing "transparency and full disclosure" in the CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that this CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for a Certificate of Achievement.

The GFOA has also given an award for Outstanding Achievement in Popular Annual Financial Reporting to SDHC for its Popular Annual Financial Report for Fiscal Year 2016. This was the seventh consecutive year that SDHC has received this prestigious award.

### **Governing Body and Strategic Guidance**

SDHC is governed by the San Diego City Council, sitting as the Housing Authority of the City of San Diego (Housing Authority).

SDHC President & CEO Richard C. Gentry is the Executive Director of the Housing Authority.

The Housing Authority has final authority over SDHC's budget and major policy decisions. Housing Authority approval is required for amending the annual budget for amounts in excess of \$500,000.

A seven-member Board of Commissioners oversees SDHC's operations and makes recommendations to the Housing Authority.

The Mayor appoints Commissioners, who are confirmed by the San Diego City Council.

The Board reviews proposed changes to housing policy, property acquisitions and other financial commitments. The Board offers policy guidance to SDHC staff through its communications with the agency's President & CEO.

### **SDHC Mission Statement**

To provide affordable, safe and quality homes for low- and moderate-income families and individuals in the City of San Diego and to provide opportunities to improve the quality of life for the families that SDHC serves.

### **SDHC Strategic Plan 2016 - 2020**

SDHC developed the 2016 - 2020 Strategic Plan, an agency-wide, four-year Strategic Plan, which the Board approved on September 9, 2016.

This Strategic Plan builds upon the accomplishments of SDHC's 2014 - 16 Strategic Plan, and ensures that SDHC operates efficiently; shares its voice through advocacy at the forefront of national, state, and local decision-making; and meets the needs of as many low-income and homeless families as possible.

SDHC's 2016 - 2020 Strategic Plan identifies three major Goals, which include metrics to monitor progress:

1. Maximize resources through operational efficiencies and technological innovations;
2. Increase the number of housing opportunities that serve low-income and homeless individuals and families in the City of San Diego; and
3. Advocate for more effective affordable housing policies and resources.

### **SDHC Strategic Plan Accomplishments:**

#### **1. Maximize resources through operational efficiencies and technological innovations**

**Wait List Portal** - During Fiscal Year 2017, SDHC developed a new Rental Assistance Wait List Portal, which launched on August 28, 2017. The portal allows rental assistance applicants to submit new applications or update their information, and to check their wait list status from anywhere they have Internet access. Approximately 80,000 households in the City of San Diego are on the wait list for rental assistance. The average wait to obtain a housing voucher from SDHC is 8 to 10 years.

**Employee Development Plan** - SDHC will be implementing a robust Employee Development Plan to ensure business continuity and personal growth during Fiscal



Year 2018. One of the integral components of the plan was creating guidelines for employees and their direct supervisors to hold conversations about career development as part of the FY 2017 annual appraisal process. The plan was developed with input from employee focus groups, interviews with management, and an employee survey.

**Green Physical Needs Assessment (GPNA)** - In FY 2017, SDHC completed \$12.7 million in capital improvements at 85 of the 155 properties that SDHC owns. These renovations were identified through a GPNA previously conducted on a sample of 10 - 20% of the affordable housing units at each of SDHC's rental properties. The renovations included new roofs, windows, kitchen and bathroom cabinets, exterior paint and site lighting improvements. These renovations had a positive impact on more than 2,000 residents.

## **2. Increase the number of housing opportunities that serve low-income and homeless individuals and families in the city of San Diego**

**Creating and Preserving Affordable Housing** - As part of its 2016 - 2020 Strategic Plan, SDHC set an objective to create 2,000 units of mixed-income and affordable housing - approximately 500 units per year.

In the first year, 627 affordable units closed financing and are currently under construction or rehabilitation. In addition, in collaboration with San Diego City Councilmembers Scott Sherman and Davis Alvarez, the Chair and Vice Chair, respectively, of the City Council's Smart Growth and Land Use Committee, SDHC contracted with McKinsey & Company to establish housing production goals, which will be presented to the San Diego City Council for consideration this fall.

### **HOUSING FIRST - SAN DIEGO**

On April 7, 2017, the proposed new programs of **HOUSING FIRST - SAN DIEGO**, SDHC's Homelessness Action Plan, were presented to the SDHC Board of Commissioners at an informational workshop. These new programs, which launched on July 1, 2017, will create permanent housing opportunities for at least 3,000 homeless San Diegans over the next three fiscal years (2018 - 2020).

SDHC will direct \$79.7 million in Federal, City of San Diego and SDHC resources to these six programs:

1. **Landlord Incentives** - Assist at least 3,000 homeless households by increasing the resources for SDHC's landlord incentives and benefits program.
2. **New Permanent Supportive Housing** - Invest Federal "Moving to Work" (MTW) and City of San Diego Affordable Housing Funds to create 500 permanent supportive housing units, which will also be eligible for Federal rental housing vouchers to provide rental assistance for homeless San Diegans.

3. **SDHC Moving Home Rapid Rehousing Assistance** - Assist approximately 600 homeless households to obtain and maintain permanent housing through light case management and short-term rental assistance.
4. **SDHC Moving On Rental Assistance Program** - Provide rental assistance to 50 formerly homeless individuals who are transitioning out of permanent supportive housing, but continue to need rental assistance.
5. **Homeless Prevention & Diversion Services** - Assist up to 1,450 households, which will reduce the inflow of newly homeless individuals and families.
6. **Coordinated Street Outreach for Coordinated Entry** - Expand support and coordination among existing street outreach efforts.

These new initiatives build on the accomplishments of the first three years of **HOUSING FIRST - SAN DIEGO**, which was launched on November 12, 2014, and is on target to impact the lives of close to 3,000 homeless San Diegans - Veterans, families and individuals in the City of San Diego - which far exceeds its initial goal of 1,500 homeless San Diegans:

- **Award Development Funds** - Up to \$30 Million (up to \$10 million per year) - Awarded \$30.0 million toward the creation of 407 permanent supportive housing units.
- **Commit up to 1,500 Federal Rental Housing Vouchers** - Committed 1,869 rental housing vouchers to nonprofit agencies and affordable housing developments to assist homeless San Diegans.
- **Renovate Hotel Churchill** - Created 72 units of permanent supportive housing: 56 for homeless Veterans; 8 for transitional age youth, ages 18 - 25; and 8 for adults exiting the corrections system. SDHC invested \$9.2 million in Federal MTW funds toward the \$20.6 million total rehabilitation cost. Grand Reopening: September 19, 2016.
- **Invest MTW Federal Funds to Acquire Property** - Invested \$15 million in MTW funds to purchase the 120 - unit Village North Senior Garden Apartments on May 1, 2015, and set aside 44 rental apartments, or 36%, for homeless seniors.
- **Dedicate SDHC - owned Housing Units** - Committed 25 SDHC-owned housing units year-round, which have assisted 36 families (139 individuals, including 89 children); 16 families have become financially self-reliant and are able to pay rent on their own.
- **The Guardian Scholars Program** - Provide rental assistance for up to 100 San Diego State University (SDSU) students who have been homeless or at risk of homelessness.
- **The Monarch School Project** - Provide rental housing vouchers for up to 25 families who have at least one child enrolled at the Monarch School, one of the few schools in the nation specifically serving homeless children.
- **Housing Our Heroes** - Provide housing opportunities for 1,000 homeless Veterans in the city of San Diego. As of June 30, 2017, 800 previously

homeless Veterans secured permanent housing, and 328 homeless Veterans were searching for housing with rental assistance. In addition, 388 individual landlords had joined Housing Our Heroes.

- **Moving On Program** - Federal rental housing vouchers will be provided to formerly homeless individuals and families who are ready to move from permanent supportive housing into a more appropriate housing solution due to achieving housing stability. Approved by HUD in Fiscal Year 2017, the program will be implemented as a pilot program in Fiscal Year 2018 and provide 25 rental assistance subsidies, eventually expanding to 50 subsidies by the third year.

### **3. Advocate for more effective affordable housing policies and resources**

SDHC maintains a constant presence and a careful watch on emerging issues or trends that could impact the families and individuals it assists through its three major program functions: providing rental assistance; creating and preserving affordable housing; and addressing homelessness.

SDHC's goal as an agency is to demonstrate that SDHC's partnership developments revitalize neighborhoods and strengthen the community fabric by providing families with safe, affordable places to live.

With 45 years of experience in affordable housing across the country, SDHC President & CEO Richard C. Gentry was invited to testify before Federal, State and local committees about legislation and policy. This includes testimony about SDHC's landmark report, "Addressing the Housing Affordability Crisis: An Action Plan for San Diego," which provided 11 recommended actions to reduce the cost and increase production of affordable housing. Actions have been taken on nine of these 11 recommendations, and SDHC is currently updating this report to include additional recommendations.

In addition, during Fiscal Year 2017, SDHC worked together with the City of San Diego to submit proposed state legislation, AB 1637, authored by Assembly member Todd Gloria.

This bill would allow public housing authorities to make gap financing loans to support the creation of middle-income housing, if 40% of the units will be affordable to low-income households (up to 80% of Area Median Income) and at least 10% of the units will be affordable to middle-income households (up to 150% of Area Median Income). This is an affordability range not previously served by public housing authorities. However, this is essential to the ability to provide a continuum of housing opportunities for those moving up from low-income to market-rate housing, as well as to provide a level of housing affordability to those who do not qualify for housing assistance but still cannot afford San Diego's rent levels. This new middle-income range will also create the opportunity for public housing authorities to attract new types of revenue sources for affordable housing, and incentivize the production of mixed-income rental housing developments.

President & CEO Gentry testified in support of AB 1637 on May 10, 2017, at the hearing of the California State Assembly Committee on Housing and Community Development, which unanimously approved the legislation. The state Assembly unanimously passed AB 1637 on May 22, 2017, and the state Senate Transportation and Housing Committee unanimously approved the bill July 18, 2017.

## **SDHC Business Activities**

### **Providing Rental Assistance**

SDHC administers a variety of federally funded affordable housing programs and services, including the Section 8 Housing Choice Voucher Program, which provides rental assistance to more than 15,400 low-income families in the City of San Diego.

SDHC's Rental Assistance Division manages the program and is dedicated to assisting families with supportive services and individualized case management to encourage economic independence.

### **"Moving to Work" Agency**

SDHC is one of only 39 public housing authorities nationwide, out of 3,400, to receive the Moving to Work (MTW) designation from HUD.

MTW status provides flexibility and allows SDHC to determine the most effective housing assistance programs for low-income and homeless residents who live in the City of San Diego.

### **Committing Federal Rental Housing Vouchers to address homelessness**

SDHC's MTW status has allowed SDHC to leverage its available resources to address homelessness through HOUSING FIRST - SAN DIEGO.

This includes SDHC's commitment of 1,869 federal rental housing vouchers to nonprofit agencies and affordable housing developments in the first three years of HOUSING FIRST - SAN DIEGO to address homelessness.

In Fiscal Year 2017, SDHC committed 258 Federal Project-Based Housing Vouchers and 33 HUD Veterans Affairs Supportive Housing (VASH) Vouchers:

SDHC committed 62 Project-Based Housing Vouchers and 17 VASH Vouchers to **Twain Veteran Housing**, a new construction development with 79 permanent supportive rental housing units (studios and one-bedrooms) in the Grantville neighborhood of the City of San Diego. The estimated completion date for Twain Veteran Housing is December 2018. These units will remain affordable for 55 years.

SDHC committed 84 Project-Based Housing Vouchers to **Zephyr Grantville Veterans Apartments**, an acquisition and rehabilitation with 84 permanent supportive rental housing units (studios and one-bedrooms) for homeless Veterans in the Grantville neighborhood of the City of San Diego. Zephyr

Grantville Veterans Apartments has an estimated completion date of December 2018. These units will remain affordable for 55 years.

SDHC committed 8 VASH Vouchers to **Fairmount Family Housing**, a new construction development with 79 affordable rental apartments (one-, two- and three-bedroom units) for homeless Veterans and low-income families in the Grantville neighborhood of the City of San Diego. Fairmount Family Housing has an estimated completion date of February 2019. These units will remain affordable for 55 years.

SDHC committed 52 Project-Based Housing Vouchers to **The Lofts at Normal Heights**, a new construction development with 52 permanent supportive housing units (studios and one-bedrooms) in the Normal Heights neighborhood of the City of San Diego. The estimated completion date for The Lofts at Normal Heights is January 2019. These units will remain affordable for 55 years.

SDHC committed 43 Project-Based Housing Vouchers to **Beacon Apartments**, an acquisition and rehabilitation with 43 permanent supportive housing units (studios) in the East Village neighborhood of the City of San Diego. Beacon Apartments has an estimated completion date of summer 2019. These units will remain affordable for 55 years.

SDHC committed 17 Project-Based Housing Vouchers and 8 VASH Vouchers to **The Post 310 Apartments**, a new construction development with 42 permanent supportive housing units (one bedroom) for homeless Veterans in the Encanto neighborhood of the City of San Diego. The Post 310 Apartments has an estimated completion date of January 2019. These units will remain affordable for 55 years.

## 1. Renovation of the historical Hotel Churchill

SDHC, working with its nonprofit affiliate, Housing Development Partners (HDP), renovated the historic Hotel Churchill to create 72 affordable rental studios for homeless individuals – 56 for homeless Veterans, 8 for transitional age youth ages 18 - 25 who are homeless or at risk of homelessness, and 8 for adults exiting the corrections system.

SDHC invested \$15.3 million in Federal and local funds, including \$9.2 million in Federal MTW funds, toward the total rehabilitation cost of \$20.6 million.

In addition, SDHC provided 72 Federal Sponsor-Based Housing Vouchers directly to the sponsor, HDP, for rental assistance for Hotel Churchill residents.

The Hotel Churchill received its certificate occupancy on August 1, 2016, marking completion of the renovation. The grand reopening was celebrated on September 19, 2016.

## 2. Additional MTW programs:

SDHC's MTW operating budget in Fiscal Year 2017 was \$161,538,565. Examples of MTW initiatives that SDHC has implemented are:

**Choice Communities** - Since SDHC's Choice Communities program began on January 1, 2010, approximately 338 low-income families in the City of San Diego have been able to move to areas with more options for transportation, school and employment opportunities. This MTW program helps rental assistance participants move from high-and medium-poverty areas to low-poverty neighborhoods in the City of San Diego, and allows participating families to increase the percentage of monthly adjusted income they pay toward rent so they can move to these communities of enhanced opportunities.

**Sponsor-Based Housing Voucher Program** - SDHC on July 1, 2010, became one of the first housing agencies in the nation to receive approval from HUD to use its Federal rental housing voucher funding to provide long-term housing for chronically homeless individuals. SDHC awards Sponsor-Based Housing Vouchers to nonprofit or for-profit organizations, or "sponsors" that provide supportive services to homeless San Diegans. Sponsor-Based Housing Vouchers provide rental assistance that pays the majority of the tenant's rent, depending on their income level. To date, SDHC has awarded or committed 860 Sponsor-Based Housing Vouchers, with an annual value of \$9,721,440, based on the monthly cost of the voucher, \$942.

**Project-Based Housing Voucher Program** - SDHC also awards Federal Project-Based Housing Vouchers to help address homelessness in the City of San Diego and support housing for low-income San Diegans. Federal Project-Based Housing Vouchers are awarded to specific affordable housing developments to provide rental assistance linked to their units. When a tenant moves on, the rental housing voucher remains with the affordable housing unit so that another homeless San Diegan is able to move off the street. SDHC has committed 882 Project-Based Housing Vouchers to serve the homeless with an estimated annual value of \$8,678,880, based on the monthly cost of the voucher, \$820.

**HUD - Veterans Affairs Supportive Housing (VASH) Vouchers** - In addition to the Federal Sponsor-Based and Project-Based Housing Voucher Programs that are part of MTW, SDHC administers HUD - Veterans Affairs Supportive Housing (VASH) Vouchers, which help chronically homeless veterans rebuild their lives. HUD has allocated 1,000 VASH vouchers, 41 of which are utilized as Project Based Housing Vouchers with an estimated annual value of \$9,516,000.

**SDHC Achievement Academy** - Located at SDHC's downtown San Diego headquarters, the 9,600 - square-foot SDHC Achievement Academy is a learning and resource center and computer lab with programs that emphasize career development, job skills and personal financial education. The SDHC Achievement Academy is available at no charge to families receiving Federal Section 8 Housing Choice Voucher rental assistance and public housing residents.

In Fiscal Year 2017, nearly 2,000 SDHC Achievement Academy participants attended 113 workshops addressing various topics, such as Financial Education, Life Skills, Workforce Readiness, Computer Literacy and Job Recruitments. In addition to attending workshops, 1,346 participants received core services, including benefits screening and meeting with a certified financial counselor; 218 participants were placed in jobs; and 287 increased their earnings. In Fiscal Year 2017, the average hourly wage earned by SDHC Achievement Academy participants was \$12.57. From recruitment fairs and employer presentations to small business classes and industry-specific trainings, the SDHC Achievement Academy offers an array of services to meet the varying need levels of its participants.

In addition, the SDHC Achievement Academy launched the following programs in FY 2017:

- **2Gen San Diego** - In Fiscal Year 2017, through a grant from the W.K. Kellogg Foundation, the SDHC Achievement Academy instituted its pilot multigenerational program, 2Gen San Diego. Through this program, children up to age 8 and their families who receive Section 8 Housing Choice Voucher rental assistance and reside in the City Heights neighborhood have the opportunity to participate in programs about financial stability; health and wellness; education and employment; and social capital. Sixty families are enrolled in the three-year program. SDHC Achievement Academy staff, along with local partners, provide support services in any of the four program pillars.
- **Power of One** - In July 2016, the SDHC Achievement Academy implemented its first single-parent program, "The Power of One." Using a whole family approach, Power of One was created to assist single-parent families and their children up to 17 years of age. The program goal is to assist the families to become more financially self-reliant. Parents receive coaching for job readiness activities and assistance with resume writing and job leads. They receive financial education and have the opportunity to attend numerous workshops, including parenting classes to enhance the parent/child relationship. The children are involved in workshops, as appropriate, and receive back-to-school supplies. As the program evolves, there will be more learning opportunities for the children. The pilot 12 - month program enrolled 55 adults and their 141 children. 48 adults completed and "graduated" the program. Of these, 46 adults were employed (21 had maintained existing employment and 25 found employment during the course of the program); 33 individuals completed education goals; and 36 had seen financial gains by either increased wages and/or improved credit scores. Due to the success of the first year of the program, the SDHC Achievement Academy will continue with a second year of this single-parent program beginning in July 2017.
- **Literacy Program/Grade Level Reading** - SDHC implemented a Literacy Program and Grade Level Reading program. To date, approximately 1,500 children's books have been donated to the "SDHC Achievement Academy Children's Book Library." The SDHC Achievement Academy houses a lending library for children living in households that receive Federal Section 8 Housing Choice Voucher rental assistance and public housing. In addition, SDHC established a partnership with the San Diego Downtown Library and created a

summer reading program with incentives, provided by the library, for rental assistance and public housing families.

**Path to Success** - This SDHC program modified the method used to determine the monthly rent payment amounts for families that receive rental assistance from SDHC and public housing residents. The new rent methodology was designed to motivate families to increase earnings. Path to Success also set minimum monthly rent payment amounts for rental assistance and public housing participants who are identified as able to work (Work - Able). Work - Able Families are Households with at least one adult who is under 55, not disabled, and not a full-time student ages 18 - 23. Full-time students ages 18 - 23 are considered Work - Able if they are the spouse, head or co-head of the household. Minimum rents were implemented in two phases. The initial minimum monthly rent payment amounts were based on California's minimum wage standards - \$8 per hour at the time the program was implemented. SDHC determined what a Work - Able household could earn working 20 hours a week at minimum wage, and then calculated minimum rent payment amounts that would be approximately 30% of that monthly figure. New minimum monthly rent payment amounts took effect on July 1, 2015 - \$300 for households with one Work - Able adult, \$500 for households with two or more Work - Able adults. SDHC guides Work - Able families to become more financially self-reliant through enrollment at the SDHC Achievement Academy. Work - Able families pay either the minimum monthly rent payment amount or the rent payment amount based on the family's annual income, whichever is greater. Adjusted annual income is separated into income ranges. The lower edge of the range is used to calculate the family's rent payment. This allows Work - Able families to increase their income without being penalized.

Work - Able households may apply for a temporary hardship exemption from the minimum rent standards under Path to Success. During the hardship period, however, the household must participate in the SDHC Achievement Academy work readiness programs. The minimum rent is not applicable for Elderly/Disabled households.

In addition, efficiencies achieved through Path to Success have enabled SDHC to reinvest \$24.4 million in MTW funds to support the creation or preservation of 271 affordable rental housing units. SDHC has also invested \$12 million in MTW funds toward the rehabilitation of 721 SDHC-owned affordable rental housing units.

### **Addressing Homelessness**

SDHC supports programs that address homelessness in the City of San Diego. These programs serve single adults, families, youth, Veterans and seniors.

The homeless population in the San Diego region, as measured by the annual Point-in-Time Count conducted on January 27, 2017, increased approximately 5 percent from 2016. The Point-in-Time Count identified 9,116 homeless individuals (sheltered and unsheltered) in the County of San Diego, including 5,619 in the City of San Diego, which was a 10 percent increase from 2016.

SDHC administers the City of San Diego's Homeless Shelters and Services Programs based on a Memorandum of Understanding between the City of San Diego and SDHC that took effect on July 1, 2010 and was amended and restated as approved by the



Housing Commission Board on May 9, 2014, and the City Council on June 17, 2014. The MOU was further amended as approved by the Housing Commission on April 10, 2015, and the City Council on April 28, 2015. The City's homelessness programs include a homeless day center, and three shelter programs (Connections Housing Downtown, the City-sponsored one-stop housing and services center for homeless San Diegans; Cortez Hill Family Center, which provides short-term housing and services to help homeless families stabilize their lives; and the City's Year-Round Permanent Interim Housing Program).

SDHC supports Connections Housing Downtown with Federal Project-Based Housing Vouchers that provide rental assistance for 73 studio apartments and 16 interim housing units for individuals with special needs. A year-round facility, Connections Housing Downtown is part of an innovative approach to addressing homelessness that combines housing with an array of support services for men and women who previously lived on the streets of Downtown San Diego. Connections Housing Downtown helps its residents with substance abuse counseling, employment services and additional services. A health clinic operated by Family Health Centers of San Diego is located on the first floor of Connections Housing Downtown. SDHC contracts with People Assisting the Homeless (PATH) San Diego to operate a total of 150 interim housing beds at Connections Housing Downtown on behalf of the City of San Diego. The interim bed program served 559 clients in Fiscal Year 2017, funded through Federal Community Development Block Grant (CDBG) funds, Emergency Solutions Grant (ESG) funds, City General Funds and SDHC locally generated funds, such as lease or rental revenue, for a total of \$723,128.

SDHC also administers the City's family shelter program, Cortez Hill Family Center, which provides housing units for 120-day stays to 45 homeless families at a time. Cortez Hill assisted 232 families in Fiscal Year 2017.

The Day Center for Homeless Adults, provides showers, laundry facilities, mail services, a computer lab, free storage for belongings, assessment, counseling, information and referral services and additional assistance to homeless San Diegans. In Fiscal Year 2017, 6,735 homeless adults were served.

Additionally, SDHC administers the City's Year-Round Interim Housing Program for Homeless Adults, a 350 - bed permanent shelter operated by Father Joe's Villages at the Paul Mirabile Center at its Downtown San Diego campus, which replaced two seasonal shelters the City had provided during the winter months for nearly 30 years. The City's Interim Housing Program opened July 1, 2015. This program served approximately 1,692 homeless men and women during Fiscal Year 2017, and is part of the Father Joe's Villages continuum of homeless housing and services downtown. Homeless adults living at the shelter have access to Father Joe's Villages wide array of on-site services, including three meals per day, basic living skills, job readiness and vocational job training programs, case management, housing locator assistance, and medical clinic. The permanent facility was funded with slightly more than \$2 million in CDBG funds, ESG Funds, and City General Funds.

In Fiscal Year 2017, SDHC also supported more than 600 transitional housing beds with City of San Diego Inclusionary Housing Funds and Housing Trust Funds. This program served 1,301 homeless individuals in Fiscal Year 2017. With Federal ESG and

Continuum of Care funds, SDHC partnered with several local nonprofit agencies to provide Rapid Rehousing Programs, which served 244 individuals representing 171 households in Fiscal Year 2017. The programs help to pay security deposits and short-term rents. Additionally, the programs provided services to help clients find housing and not return to homelessness.

### **Creating Affordable Housing**

SDHC owns 156 properties with 2,559 affordable housing rental units which includes 189 Federal public housing units SDHC operates in the city of San Diego.

In addition, SDHC's nonprofit affiliate, HDP, has developed 1,133 affordable rental housing units in the City at properties it has acquired and created through partnership developments. HDP owns 382 units, not including two properties owned by SDHC and leased by HDP: Parker-Kier Apartments (33 affordable units and one manager's unit) and the historic Hotel Churchill (72 affordable units and one manager's unit).

SDHC is an active and innovative developer of new affordable housing. The agency's hallmark has been its ability to foster affordable housing projects by forging partnerships with the City of San Diego's development agencies as well as nonprofit and for-profit developers.

SDHC completed several affordable housing partnership developments in Fiscal Year 2017 throughout the City of San Diego:

- Atmosphere, Downtown San Diego, 151 affordable units for families and 51 permanent supportive housing units for homeless San Diegans.
- Trolley Park Terrace, Encanto, 51 affordable units for families.
- Torrey Vale, Pacific Highlands Ranch, 28 affordable units for families.
- Hotel Churchill, Downtown San Diego, 72 units of permanent supportive housing for veterans, transitional age youth and adults exiting the corrections system.
- Fairbanks Terrace, Black Mountain Ranch, 82 affordable units for seniors.

In addition, 35 apartments at five locations in City Heights and Old Town were transitioned to SDHC's Federal Public Housing program on April 30, 2017, after the completion of comprehensive property renovations with an estimated cost of \$3.9 million. These properties have an original construction loan from the California Department of Housing and Community Development, who agreed to defer payments due on these properties for an additional 55 years due to the transition of these assets to the Public Housing program.

### **Management's Discussion & Analysis**

In addition to the above discussion, the Government Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement

the MD&A and should be read in conjunction with it. SDHC's MD&A can be found immediately following the report of the independent auditor in the financial section of this report.

The preparation of this report is made possible through the ongoing and dedicated service of the entire staff of the Financial Services Department. Credit also must be given to management and the governing boards for their support for maintaining the highest standards of professionalism in the management of SDHC's finances.

A handwritten signature in black ink, appearing to read "Richard C. Gentry". The signature is fluid and cursive, with a long horizontal stroke at the end.

Richard C. Gentry  
President and Chief Executive Officer

A handwritten signature in black ink, appearing to read "Tracey McDermott". The signature is cursive and stylized, with a prominent loop at the end.

Tracey McDermott  
Vice President and Chief Financial Officer



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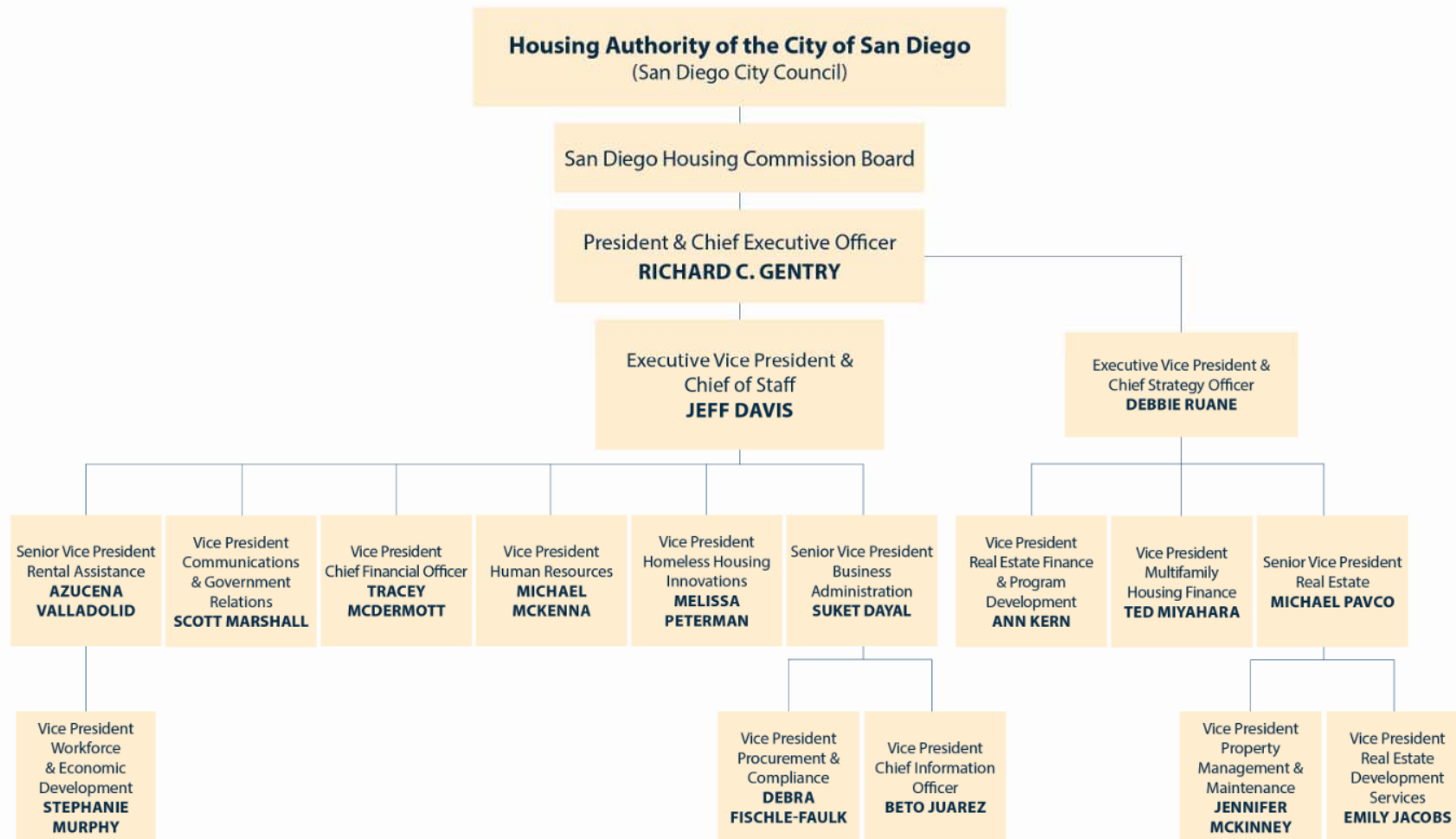
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO



## SDHC Organizational Chart





## SAN DIEGO HOUSING COMMISSION ROSTER OF OFFICIALS

SDHC was formed by the City of San Diego in accordance with the Housing Authority Law of the State of California. The City Council, acting in its capacity as the Housing Authority of the City of San Diego, has final authority over SDHC's budget and major policy decisions.

### **Housing Authority of the City of San Diego**

Council President - District 4	Myrtle Cole
Council President Pro Tem - District 5	Mark Kersey
Councilmember - District 1	Barbara Bry
Councilmember - District 2	Lorie Zaph
Councilmember - District 3	Chris Ward
Councilmember - District 6	Chris Cate
Councilmember - District 7	Scott Sherman
Councilmember - District 8	David Alvarez
Councilmember - District 9	Georgette Gomez

Members of the SDHC Board of Commissioners are appointed by the Mayor and confirmed by the City Council. Two Commissioners must be residents of assisted housing, and one of the resident Commissioners must be age 62 or older.

### **SDHC Board of Commissioners**

Chair	Frank Urtasun
Vice Chair	Dorothy Surdi
Commissioner	Stefanie Benvenuto
Commissioner	Margaret Davis
Commissioner	Kellee Hubbard
Commissioner	Ben Moraga
Commissioner	Tim Walsh



SAN DIEGO  
HOUSING  
COMMISSION

# Financial Section



## *We're About People*

The SDHC “Team Award of Excellence” was presented to the Financial Services Department at the SDHC Board of Commissioners meeting on March 10, 2017.

And for the 9th consecutive year, the SDHC Financial Services Department was recognized by the Government Finance Officers Association with the “Certificate of Achievement for excellence in Financial Reporting” for the fiscal year 2016 (July 1, 2015 - June 30, 2016) Annual Financial Report.





## Independent Auditor's Report

To the Board of Commissioners  
of the San Diego Housing Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the San Diego Housing Commission (SDHC), a component unit of the City of San Diego, California, and its discretely presented component units as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise SDHC's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units of SDHC. Those financial statements were audited by another auditor whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the report of the other auditor. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the San Diego Housing Commission and its discretely presented component units as of June 30, 2017, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 27 to 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise SDHC's basic financial statements. The introductory section and the combining schedules listed in the table of contents as supplementary information, the Financial Data Schedule required by the U.S. Department of Housing and Urban Development, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules listed in the table of contents as supplementary information and the Financial Data Schedule required by the U.S. Department of Housing and Urban Development are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditor. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditor, the combining schedules

listed in the table of contents as supplementary information and the Financial Data Schedule required by the U.S. Department of Housing and Urban Development are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2017 on our consideration of SDHC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SDHC's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CohnReznick LLP". The signature is written in a cursive, flowing style.

Sacramento, California  
November 3, 2017



## San Diego Housing Commission

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017

Management's Discussion and Analysis is a supplement to the accompanying year-end financial statements and presents an analysis of SDHC's financial performance for the fiscal year ended June 30, 2017. This analysis should be read in conjunction with the letter of transmittal preceding this section and the financial statements and related notes following this section.

### Financial Highlights

- The assets of SDHC exceeded its liabilities by \$567.1 million (net position). Of this amount, \$288.6 million (unrestricted net position) is available to meet ongoing and recurring obligations, \$182.5 million is restricted for specific purposes (restricted net position) and \$96.0 million is net investment in capital assets.
- Total net position of SDHC increased \$48.5 million. The increase is comprised of \$221.2 million of nonoperating income and expenses (net), principally revenue earned through the Moving To Work (MTW) and Affordable Housing programs and \$41.5 million related to dwelling and land lease rental income and other fee revenue, offset by operating expenses of \$208.4 million primarily related to housing assistance payments and administrative expenses and depreciation expense of \$5.8 million.
- Capital asset additions of \$21.2 million included the purchase of the Town & Country property (145 units), SDHC's Adaptable Housing (formerly referenced as Scattered State Sites) conversion and the rehabilitation of Park Crest, Pulitzer and Averil, among other properties.
- Notes and mortgages receivable, net, increased \$13.9 million, primarily related to additional multifamily loans for senior housing (Texas Street) and homeless veterans housing (Hotel Churchill).

### Overview of the Financial Statements

SDHC provides a variety of affordable housing and supportive services to individuals within the City of San Diego. The financial statements include the Independent Auditor's Report, Management's Discussion & Analysis (MD&A), basic financial statements, accompanying notes and required supplemental information.

### Required Financial Statements

SDHC financial statements report information using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term financial information about SDHC activities.



The **Statement of Net Position** includes all of SDHC's assets and liabilities for the year ended June 30, 2017, and provides information about the nature and amounts of investments in resources (assets) and obligations to SDHC's creditors (liabilities). It also provides the basis for computing rates of return, evaluating the capital structure of SDHC, and assessing the liquidity and financial flexibility of SDHC.

The **Statement of Revenues, Expenses and Changes in Net Position** accounts for all of SDHC's revenue and expenses for the year ended June 30, 2017. The statement reflects the results of SDHC's operations over the year and can be used to determine SDHC's credit worthiness and its ability to successfully recover all its costs through grants, tenant charges and other income.

The **Statement of Cash Flows** provides information about SDHC's cash receipts and cash payments during the year ended June 30, 2017. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, capital and related noncapital financing, and investment activities. The statement provides answers to questions of where cash came from, what cash was used for and what caused changes in cash for the reporting periods covered.

The accompanying **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, the final section in this report also presents certain **supplementary information**. This supplementary information section contains the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Change in Net Position, and Combining Schedule of Cash Flows, along with the annual Financial Data Submission Summary (FDS) report electronically submitted to HUD.



### Financial Analysis of SDHC (Primary Government) (Condensed)

The following analysis summarizes SDHC's net position (Table 1) as of June 30, 2017 and 2016 and changes in net position (Table 2) during the fiscal years then ended.

**Table 1**  
**Net Position**  
**(Dollars in Thousands)**

	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>Change \$</b>	<b>Change %</b>
<u>Assets</u>				
Current assets	\$ 89,247	\$ 96,339	\$ (7,092)	-7%
Noncurrent assets	403,246	364,846	38,400	11%
Capital assets net of depreciation	199,370	178,135	21,235	12%
<b>Total assets</b>	<b>\$ 691,863</b>	<b>\$ 639,320</b>	<b>\$ 52,543</b>	<b>8%</b>
<u>Liabilities</u>				
Current liabilities	\$ 24,072	\$ 15,243	\$ 8,829	58%
Notes payable and non-current liabilities	100,704	105,512	(4,808)	-5%
Total liabilities	124,776	120,755	4,021	3%
<u>Net Position</u>				
Net investment in capital assets	95,954	73,123	22,831	31%
Restricted	182,546	176,981	5,565	3%
Unrestricted	288,587	268,461	20,126	7%
Total net position	567,087	518,565	48,522	9%
<b>Total liabilities and net position</b>	<b>\$ 691,863</b>	<b>\$ 639,320</b>	<b>\$ 52,543</b>	<b>8%</b>

SDHC's net position increased from \$518.6 million to \$567.1 million due to a \$48.5 million surplus generated during fiscal year 2017. The fiscal year 2017 surplus is \$13.6 million more than the fiscal year 2016 surplus of \$34.9 million, primarily due to an increase of \$17.5 million in non-operating revenue from grant income and an increase of \$3.1 million in operating revenue (principally \$2.0 million of dwelling rental income), offset by a decrease of \$3.8 million in other non-operating income due to no gain on sale related to capital assets in the current year and an increase in operating expenses of \$1.7 million, (principally \$5.3 million of increased asset management costs, offset by a \$4.0 million reduction in grant expenses) and an increase of \$0.6 million in depreciation expense.



Total assets increased \$52.5 million from \$639.3 million in fiscal year 2016 to \$691.9 million in fiscal year 2017. The increase in total assets is primarily due to an increase of \$23.2 million in long-term investments, an increase of \$21.2 million in capital assets (net) and an increase of \$13.9 million in notes and mortgages receivable (net), offset by a decrease of \$4.9 million in short-term investments and a decrease of \$0.8 million in other assets. The increase in total assets is due to additional inclusionary fee payments in which the surplus over anticipated operational cash requirements was invested in longer termed investments.

Total liabilities increased \$4.0 million from \$120.8 million in fiscal year 2016 to \$124.8 million in fiscal year 2017. The increase in total liabilities is due to an increase of \$3.7 million in accounts payable primarily related to construction in progress, an increase of \$1.1 million in deposits payable and other accounts payable and an increase of \$4.0 million in unearned revenue primarily due to an additional Affordable Housing grant, offset by a decrease of \$3.1 million in notes payable due to required debt payments.

Restricted net position increased \$5.6 million from \$177.0 million in fiscal year 2016 to \$182.5 million in fiscal year 2017, primarily due to an additional \$5.4 million in reserves for HOME notes receivable and related accrued interest, an increase of \$1.2 million of restricted reserves related primarily to Otay and Adaptable public housing, offset by \$0.2 million utilization of the reserve for Neighborhood Stabilization Program (NSP) in fiscal year 2017, a decrease of \$0.7 million related to replacement reserves that were set aside to meet lender requirements applicable to the debts of the six LLCs and \$0.1 million utilization of reserves for Veterans Affairs Supportive Housing (VASH) and Family Unification Program (FUP) funds. Additional information can be found in Note 14 to the Basic Financial Statements.

Unrestricted net position increased \$20.1 million from \$268.5 million in fiscal year 2016 to \$288.6 million in fiscal year 2017. Unrestricted net position includes funds that will be spent for future years' contractual, grant and other obligations, funds invested in notes receivable, public housing funds, capital funds needed for future property maintenance and improvements, funds reserved for future MTW program initiatives and unrestricted reserve funds available for operations and contingencies.



**TABLE 2**  
**Changes in Net Position**  
**(Dollars in Thousands)**

	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>Change \$</b>	<b>Change %</b>
Operating revenues				
Dwelling rental income	\$ 30,080	\$ 28,090	\$ 1,990	7%
Land lease and other rental income	2,493	2,669	(176)	-7%
Fee revenue	4,512	3,867	645	17%
Other revenue	4,408	3,777	631	17%
Total operating revenues	41,493	38,403	3,090	8%
Operating expenses	208,448	206,744	1,704	1%
Deficit before depreciation and other nonoperating income and expenses	(166,955)	(168,341)	1,386	-1%
Depreciation	5,765	5,131	634	12%
Deficit before other non- operating income and expenses	(172,720)	(173,472)	752	0%
Other nonoperating income and expense, net	221,242	208,325	12,917	6%
Change in net position	48,522	34,853	13,669	39%
Net position beginning of year	518,565	483,712	34,853	7%
Net position end of year	\$ 567,087	\$ 518,565	\$ 48,522	9%

Operating revenues increased \$3.1 million from \$38.4 million in fiscal year 2016 to \$41.5 million in fiscal year 2017. This increase is due to increased dwelling rental income, fee revenues and other revenue as SDHC added more units to its housing portfolio and SDHC brokered additional tax credit deals.

Operating expenses increased \$1.7 million from \$206.7 million in fiscal year 2016 to \$208.4 million in fiscal year 2017. This increase is primarily due to an increase in administrative expenses which was primarily a result of additional headcount to support SDHC's expanded services (such as the 1,000 Homeless Veterans initiative) and programs (such as the Green Physical Needs Assessment program).

Other nonoperating income and expenses (net) increased \$12.9 million from \$208.3 million in fiscal year 2016 to \$221.2 million in fiscal year 2017 primarily due to an



increase in grant revenue related to Moving To Work (MTW) and Affordable Housing grants.

The following summarizes SDHC's capital assets, net of accumulated depreciation, and changes therein (Table 3) for the years ended June 30, 2017 and June 30, 2016:

**TABLE 3**  
**Net Capital Assets**  
**(Dollars in Thousands)**

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>Change</u> <u>\$</u>	<u>Change</u> <u>%</u>
Land and buildings	\$ 195,896	\$ 169,304	\$ 26,592	16%
Construction-in-progress	2,772	8,296	(5,524)	-67%
Equipment	702	535	167	31%
<b>Total</b>	<b>\$ 199,370</b>	<b>\$ 178,135</b>	<b>\$ 21,235</b>	<b>12%</b>

### Capital Assets

SDHC's capital assets (net) increased \$21.2 million from \$178.1 million in fiscal year 2016 to \$199.3 million in fiscal year 2017. Capital assets include land, buildings, building improvements, vehicles, equipment, software and construction-in-progress. The increase of \$26.6 million in land and buildings was primarily due to the acquisition of Town & Country apartments, the completion of improvements of SDHC's Adaptable Housing (formerly referred to as Scattered State Sites) and the rehabilitation of various properties. Additional information on SDHC's capital assets can be found in Note 7 to the Basic Financial Statements.

### Current and Long-Term Debt

Notes payable (including current and noncurrent) totaled \$103.8 million at June 30, 2017. Of this balance, \$85.8 million are FHA and Fannie Mae loans, which are non-recourse obligations of the LLCs only and not of SDHC.

The Capital loan for the Smart Corner office building located at 1122 Broadway, San Diego, California 92101, serviced by Key Bank Real Estate (who took over the loan from GE Capital in September 2015), comprised \$6.6 million of the notes payable balance. The loan term is 15 years, with payments amortized over 25 years, and a fixed interest rate of 6.08% for 10 years.

Two loans payable to the City of San Diego, originally to the Redevelopment Agency of the City of San Diego, comprised another \$6.8 million of the notes payable balance. The first of these loans, with a balance on June 30, 2017 of \$6.1 million, is forgivable in 2065 and carries 1% simple interest. The second loan, with a remaining balance of \$0.7 million, is forgivable in 2022 and is non-interest bearing.





Two loans from the State of California, originally made to finance the acquisition of the Otay Villas Apartments and Adaptable Housing (formerly referred to as Scattered State Sites) properties, constitute \$4.6 million of the notes payable balance. These loans were renegotiated through the Housing Loan Conversion Program in May 2013, and their terms were extended for 55 years to 2068. These two loans now bear an interest rate of 3% with required annual interest payments and potential residual receipt payments.

Further detail related to debt obligations and payments can be found in Note 9 to the Basic Financial Statements.

### **Financial Reporting Entity**

In accordance with Governmental Accounting Standards Board (GASB) Statement 61, SDHC's LLCs and the financial reporting entity of consolidated Housing Development Partners are incorporated into the accompanying financial statements. The LLCs are separate legal entities that are blended component units with the primary government, SDHC, due to their fiscal dependency and financial benefit/burden relationship. Further information on the LLCs can be found in Note 18 to the Basic Financial Statements. The financial reporting entity of consolidated Housing Development Partners consists of 13 separate legal entities, which have substantively the same governing body as SDHC; however, the entities are not financially dependent on SDHC and these entities have their own operational policies, and, therefore, are presented as discrete component units. The financial reporting entity of consolidated Housing Development Partners has been audited by Leaf & Cole LLP. Note 19 to the Basic Financial Statements includes the December 31, 2016 consolidated Housing Development Partners financial statements.

### **Economic Factors and Next Year's Budget**

The majority of SDHC's programs depend on federal financial assistance from the U.S. Department of Housing and Urban Development (HUD) to continue operations. In fiscal year 2017, SDHC received 74% of its revenue from HUD, most of which was awarded to SDHC for Moving to Work (MTW) initiatives. SDHC's budget and financial condition are greatly affected by the financial condition of the federal government and Congress' annual appropriation to HUD.

HUD grants for housing programs and program administration funding may decrease due to the national economic and political climate. As good stewards of the taxpayer's money, it is SDHC's responsibility to strive to do more with less. Through a combination of expense reduction and the prudent utilization of available programmatic reserves, SDHC was able to maintain a balanced budget in fiscal year 2017 and will have a balanced budget in fiscal year 2018.

Annually, SDHC submits an MTW Plan to HUD that describes initiatives to be implemented over the next fiscal year. Following each year, SDHC issues an MTW Report that gives an accounting of activities put into action during the fiscal year. HUD approved SDHC's 2017 MTW Plan on June 30, 2016. HUD's fiscal year runs from October to September. HUD approved the 2018 MTW Plan on June 27, 2017. The plans can be viewed at <http://www.sdhc.org/Rental - Assistance/MovingForward - MTW/>



The outlook for the national economy is slow growth (2.5% GDP growth), with unemployment edging up slightly and income inequality growing<sup>1</sup>. The outlook for San Diego is also one of slow growth, wherein 40,000 new jobs and real wages growth of only 2%, will keep the demand for housing steady, which will cause housing prices to increase in the short-term, while the housing affordability index will fall below 20%<sup>2</sup>.

The overall unemployment rate in San Diego was 4.3% in August 2017, which is lower than the national rate of 4.9%; however, the year-over-year change in prices paid by San Diegans was 3.3% and 9.3% for all items and energy, respectively, compared to the U.S. city average of 2.2% and 8.8%, respectively, and the average weekly wages for all industries in San Diego was \$1,170 compared to \$1,067 for the U.S. city average<sup>3</sup>. In addition, as of July 31, 2017, the median home value in San Diego is \$583,300, which is predicted to increase 3.3% within the next year and the median list price of a home is currently \$675,000<sup>4</sup>. In addition, according to the San Diego County Apartment Association spring survey, the vacancy rate in the rental housing market in the City of San Diego is 3.3%, a slight increase from the 3.2% vacancy rate the previous spring and the overall average rental rate for a two-bedroom apartment was \$1,763 in June 2017, a 13% increase over a year.<sup>5</sup>

Given the high cost of living in San Diego, there is a great need for affordable housing. In addition, the January 2017 count by the Regional Task Force on the Homeless found 9,116 homeless individuals in the County of San Diego, up from 8,692 in the prior year<sup>6</sup>. To address homelessness in the City of San Diego, SDHC has awarded more than 2,800 federal housing vouchers since 2010. SDHC is committed to creating and preserving affordable housing and through SDHC's fiscal year 2018 budget of \$433.0 million, SDHC has set an objective to create approximately 2,000 units of mixed-income and affordable housing over a 4 - year period (2016 - 2020). In addition, over a 3 - year period (2018 - 2020) SDHC will create permanent housing opportunities for at least 3,000 homeless individuals through Housing First - San Diego, which encompasses six programs (landlord incentives, new permanent supportive housing, SDHC moving home rapid rehousing, SDHC moving on rental assistance, homelessness prevention and diversion, and coordinated outreach).

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<sup>1</sup> Professor Alan Gin, University of San Diego, National Economic Outlook presentation, presented at the 33<sup>rd</sup> Annual San Diego County Economic Roundtable on January 19, 2017 at the University of San Diego

<sup>2</sup> 2017 Economic Outlook presentation dated January 5, 2017, Ray Major Chief Economist SANDAG, presented at the 33<sup>rd</sup> Annual San Diego County Economic Roundtable on January 19, 2017 at the University of San Diego.

<sup>3</sup> San Diego Area Economic Summary, updated August 02, 2017, [www.bls.gov/regions/economic-summaries.htm](http://www.bls.gov/regions/economic-summaries.htm).

<sup>4</sup> <https://www.zillow.com/san-diego-ca/home-values>

<sup>5</sup> 2017 Spring Vacancy and Rental Rate Survey, San Diego County Apartment Association, <http://www.sdcaa.com> June 2017

<sup>6</sup> [www.timesofsandiego.com](http://www.timesofsandiego.com), posted by Debbie L. Skylar on April 20, 2017



### **Contacting SDHC's Financial Management**

This financial report was designed to provide a general overview of SDHC's financial position and is intended for distribution to a wide variety of interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Tracey McDermott, Chief Financial Officer and Vice President of Financial Services, San Diego Housing Commission, 1122 Broadway, Suite 300, San Diego, California 92101.



SAN DIEGO  
HOUSING  
COMMISSION

# Basic Financial Statements



## *We're About People*

Housing Our Heroes, an initiative of **HOUSING FIRST – SAN DIEGO**, SDHC's homelessness action plan, was launched on March 1, 2016 to provide housing opportunities for up to 1,000 homeless Veterans in the city of San Diego.

As of June 30, 2017, 800 homeless Veterans had secured housing placements, 328 were searching for housing and 388 new landlords had joined the program.





San Diego Housing Commission  
STATEMENT OF NET POSITION  
June 30, 2017  
(Dollars in Thousands)

	Primary Government	Component Units
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 22,861	\$ 5,459
Restricted cash and cash equivalents	3,955	222
Short-term investments	47,738	-
Accounts receivable - tenants, net	238	6
Accounts receivable - funding sources	9,313	346
Accounts receivable - other	2,854	145
Notes and mortgages receivable, current portion	701	-
Accrued interest receivable - investments	202	-
Prepaid items and other assets	1,385	291
	<u>89,247</u>	<u>6,469</u>
Total current assets		
Noncurrent assets		
Restricted cash and cash equivalents	-	2,773
Long-term investments	81,525	-
Accrued interest receivable - notes and mortgages receivable	40,860	-
Notes and mortgages receivable, net of allowance for loan losses	280,659	-
Investment in partnerships	-	48
Other assets	202	3,977
Capital assets not being depreciated	72,113	2,308
Capital assets, net of accumulated depreciation	127,257	54,938
	<u>602,616</u>	<u>64,044</u>
Total noncurrent assets		
	<u>\$ 691,863</u>	<u>\$ 70,513</u>
Total assets		

(Continued)



San Diego Housing Commission  
STATEMENT OF NET POSITION - CONTINUED  
June 30, 2017  
(Dollars in Thousands)

	Primary Government	Component Units
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 7,820	\$ 2,130
Accounts payable - funding sources	832	-
Accrued payroll and benefits	1,265	29
Accrued compensated absences	2,218	-
Accrued interest payable	557	166
Notes payable, current portion	2,458	6,266
Deposits payable	2,483	199
Unearned revenue	6,414	9
Other current liabilities	25	-
	24,072	8,799
Total current liabilities		
Noncurrent liabilities		
Accrued interest payable - noncurrent	467	2,317
Notes payable noncurrent, net	99,747	39,081
Other liabilities	490	9,126
	100,704	50,524
Total noncurrent liabilities		
	\$ 124,776	\$ 59,323
Total liabilities		
<u>Net Position</u>		
Net investment in capital assets	\$ 95,954	\$ -
Restricted		
HOME notes receivable reserve	169,404	-
NSP notes receivable reserve	7,137	-
Replacement reserves	3,728	-
VASH and FUP housing assistance reserves	2,277	-
	182,546	-
Total restricted		-
Unrestricted	288,587	11,190
	\$ 567,087	\$ 11,190
Total net position		
	\$ 691,863	\$ 70,513
Total liabilities and net position		

See notes to financial statements



San Diego Housing Commission  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 For the Year ended June 30, 2017  
 (Dollars in Thousands)

	Primary Government	Component Units
Operating revenues		
Dwelling rental income	\$ 30,080	\$ 5,764
Land lease and other rental income	2,493	108
Fee revenue	4,512	-
Other revenue	4,408	272
Total operating revenues	<u>41,493</u>	<u>6,144</u>
Operating expenses		
Administrative expenses	34,543	1,895
Tenant services	1,989	127
Asset management	14,171	2,165
General expenses	1,435	295
Grant expense	11,753	-
Housing assistance	144,558	-
Depreciation	5,764	2,674
Total operating expenses	<u>214,213</u>	<u>7,156</u>
Operating loss	<u>(172,720)</u>	<u>(1,012)</u>
Nonoperating revenues (expenses)		
Grant revenue	217,487	610
Interest income on investments and notes receivable	9,099	7
Interest expense	(5,344)	(1,820)
Total nonoperating revenues (expenses)	<u>221,242</u>	<u>(1,203)</u>
Change in net position before capital transactions	48,522	(2,215)
Contributions, net of distributions	-	2,927
Change in net position	48,522	712
Net position		
Beginning of year	<u>518,565</u>	<u>10,478</u>
End of year	<u>\$ 567,087</u>	<u>\$ 11,190</u>

See notes to financial statements





San Diego Housing Commission  
 STATEMENT OF CASH FLOWS  
 For the Year ended June 30, 2017  
 (Dollars in Thousands)

	<u>Primary Government</u>
Cash flows from operating activities	
Cash received from tenants and other revenue	\$ 42,869
Cash payments to suppliers for operations	(177,131)
Cash payments for general and administrative expenses	<u>(28,091)</u>
Net cash used for operating activities	<u>(162,353)</u>
Cash flows from capital and related financing activities	
Principal paid on notes payable	(3,071)
Acquisition and construction of capital assets	(22,217)
Interest expense paid	<u>(5,180)</u>
Net cash used for capital and related financing activities	<u>(30,468)</u>
Cash flows from noncapital financing activities	
Cash received from grants	<u>220,245</u>
Net cash provided by noncapital financing activities	<u>220,245</u>
Cash flows from investing activities	
Interest on investments and notes receivable	4,780
Collections of notes receivable	12,264
Cash loaned on notes receivable	(26,786)
Purchases of investments	(65,620)
Proceeds from sale of investments	<u>47,327</u>
Net cash used for investing activities	<u>(28,035)</u>
Net decrease in cash and cash equivalents	(611)
Cash and cash equivalents	
Beginning of year	<u>27,427</u>
End of year	<u><u>\$ 26,816</u></u>
Financial statement presentation	
Cash and cash equivalents	\$ 22,861
Restricted cash and cash equivalents	<u>3,955</u>
Total cash and cash equivalents	<u><u>\$ 26,816</u></u>

(continued)





San Diego Housing Commission  
 STATEMENT OF CASH FLOWS - CONTINUED  
 For the Year ended June 30, 2017  
 (Dollars in Thousands)

	<u>Primary Government</u>
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	\$ (172,720)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	5,764
Amortization	119
Allowance for accounts receivable	194
Provision for loan losses	(811)
Changes in operating assets and liabilities	
Decrease in tenant receivables	105
Increase in other receivables	(1,189)
Increase in prepaid items and other assets	(794)
Increase in accounts payable	2,445
Increase in accrued payroll and benefits	131
Increase in deposits payable	521
Increase in unearned revenues	3,951
Decrease in other liabilities	<u>(69)</u>
Net cash used in operating activities	<u>\$ (162,353)</u>
Supplemental schedule of noncash capital and related financing activities	
Capital assets included in accounts payable	<u>\$ 1,558</u>
Notes receivable principal and interest converted to capital assets	<u>\$ 3,224</u>

See notes to financial statements



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

**Note 1 - The Financial Reporting Entity**

**Primary Government**

The San Diego Housing Commission (SDHC), a governmental agency, was formed by the City of San Diego (City) in accordance with the Housing Authority Law of the State of California, through the adoption of Ordinance No. 2515 on December 5, 1978. SDHC is governed by the Housing Authority of the City of San Diego (Housing Authority), which is composed of the nine members of the San Diego City Council. The Housing Authority has final authority over SDHC's budget and major policy changes. SDHC is considered an integral part (component unit) of the City and the accounts of SDHC have been included within the scope of the basic financial statements of the City.

SDHC's priority is to serve low and moderate income persons by providing rental assistance payments, rental housing, loans and grants to families, individuals and not-for-profit organizations to create and preserve affordable housing. SDHC is also committed to special programs aimed at breaking the cycle of poverty by providing opportunities for individuals to become more financially self-reliant through various programs such as Choice Communities to move closer to work, Achievement Academy to emphasize job skills, personal financial education and career planning and Veterans supportive housing to assist veterans in rebuilding their lives.

**Component Units**

The governmental reporting entity for which these financial statements have been prepared consists of SDHC (the primary government) and its component units. Component units are legally separate organizations for which the primary government is financially accountable, or other organizations whose nature and significant relationships with SDHC are such that exclusion would cause SDHC's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either SDHC's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on SDHC. The basic financial statements include both blended and discretely presented component units. Although the component units follow accounting principles of the Financial Accounting Standards Boards (FASB), certain transactions may be reflected differently in these statements than in the separately issued information in order to conform to the presentation of the primary government.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Blended Component Units**

SDHC has seven blended component units: Belden SDHC FNMA LLC, Northern SDHC FNMA LLC, Central SDHC FNMA LLC, Northern SDHC FHA LLC, Southern SDHC FHA LLC, Central SDHC FHA LLC and Mercado SDHC LLC (together collectively referred to as the LLCs). With the exception of Mercado SDHC LLC, the titles of 77 properties have been transferred from SDHC to the LLCs. SDHC includes its blended component units within its business-type activities in the financial statements. See Note 18 for additional information about the blended component units.

While these blended component units are legally separate entities, they are, in substance, part of SDHC's operations as the LLCs and SDHC share the same management team which has operational responsibility over the LLCs and SDHC is financially responsible for the LLCs. Because of the LLCs' direct financial benefit/burden relationship with SDHC and in accordance with Governmental Accounting Standards Board (GASB) Statement 61, the LLCs are a component unit whose financial information are blended (combined) within the financial information of the primary government.

**Discretely Presented Component Units**

SDHC's discretely presented component units reflect the financial reporting entity of consolidated Housing Development Partners, which includes the legal entities: Housing Development Partners of San Diego (HDP), HDP Mason Housing Corporation (Mason), Casa Colina, LP (Casa Colina), Logan Development II, LP (Logan II), HDP Broadway LP (Broadway), HDP Churchill LLC (Churchill), HDP Parkier Kier, LLC (Parker Kier), HDP New Palace, LP (New Palace), Logan Development Management LLC (Logan Mgmt) HDP Broadway Management LLC (Broadway Mgmt), HDP Churchill LP (Churchill LP), HDP Island Village, LLC (Island Village) and HDP New Palace Management, LLC (New Palace Mgmt) collectively referred to as the "Corporation".

HDP is a California nonprofit public benefit corporation established by SDHC in 1990. Its mission is to develop and preserve housing for low- and moderate-income San Diegans through the rehabilitation of existing properties and construction of new properties. In addition, the other legal entities included in the financial reporting entity of consolidated Housing Development Partners are also separate legal entities from SDHC.

As the Corporation's Board members are appointed by the SDHC board and include two SDHC board members and SDHC's CEO and the staff of the Corporation are



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

SDHC staff, the Corporation has substantially the same governing body as SDHC. However, SDHC is not legally entitled to the Corporation's resources, nor is SDHC legally obligated to financially support the Corporation. The Corporation is also managed differently than SDHC. Operationally, the Corporation has its own procurement practices, its own legal counsel and its own separate accounting system in place. As such, in accordance with GASB Statement 61, the Corporation is discretely presented, wherein these entities are reported as a separate column in the basic financial statements. In addition, the Corporation has been audited by Leaf & Cole LLP and reports on a calendar year. See Note 19 for additional information about the discretely presented component units. The financial statements for the Corporation can be obtained upon request at <https://hdppartners.org/contact-us/>.

**Note 2 - Summary of Significant Accounting Policies (Dollars in Thousands)**

**Government-Wide and Fund Financial Statements**

The government-wide financial statements report information of the primary government and its component units. The primary government is reported separately from certain legally separate discrete component units for which the primary government is financially accountable. For financial reporting purposes, SDHC reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and fund financial statements are the same.

**Basic Financial Statements**

The basic financial statements (i.e. the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows) report information on all of the business-type activities of SDHC and its wholly owned LLCs, as well as its discretely presented component units. These basic financial statements are presented in accordance with the GASB standards, with the exception of the LLC's and the discretely presented component units which follow FASB standards and present their unamortized debt issuance costs, in accordance with Accounting Standards Update (ASU) No. 2015 - 03, Interest-Imputation of Interest (Subtopic 835 - 30): Simplifying the Presentation of Debt Issuance Costs, wherein the unamortized debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability. See Note 9 for additional information on Notes Payable.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The basic financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources and liabilities and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

SDHC distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services. Operating expenses include the cost of sales and services, general and administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Fair Value**

Authoritative guidance establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values, requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets.
- Level 2: Unadjusted quoted market prices for similar assets or liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Significant unobservable inputs for the asset or liability.

**New Accounting Pronouncements**

During the fiscal year ending June 30, 2017, SDHC has implemented the following new accounting standards issued by the GASB:



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

- Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans". GASB Statement No. 74 replaces GASB No. 43 and addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The adoption of this Statement has no effect on SDHC's financial statements for the fiscal year ending June 30, 2017.
- Statement No. 80, "Blending Requirements for Certain Component Units". GASB Statement No. 80 establishes additional blending requirements for the financial statement presentation of component units and applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The adoption of this Statement has no effect on SDHC's financial statements for the fiscal year ending June 30, 2017.

SDHC is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits and Other Than Pensions". GASB Statement No. 75 replaces the requirements of GASB No. 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. In addition, it requires more extensive note disclosures and required supplementary information about the OPEB liabilities. This Statement is effective for SDHC's fiscal year ending June 30, 2018.

Statement No. 81, "Irrevocable Split-Interest Agreements". GASB Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities and deferred inflows of resources from the inception of the agreement and revenues when the resources become applicable to the reporting period. This Statement is effective for SDHC's fiscal year ending June 30, 2018.

Statement No. 82, "Pension Issues". GASB Statement No. 82 amends Statements Numbers 67, 68 and 73. This Statement, among other things, amends Numbers 67 and 68 by changing the required supplemental information to require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based and ratios that use that measure instead of the pre-amended requirement of covered-employee payroll which is the payroll of employees that are provided with pensions through the pension plan and that related ratio usage. It further clarifies that payments that are made by an employer to satisfy contribution requirements



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement No. 67 and as employee contributions for purposes of Statement No. 68. It also requires that employer's expense and expenditures for those amounts be recognized in the period for which the contribution was assessed and classified in the same manner as the employer classifies similar compensation other than pensions. This Statement is effective for SDHC's fiscal year ending June 30, 2018.

Statement No. 83, "Certain Asset Retirement Obligations". GASB Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for SDHC's fiscal year ending June 30, 2019.

Statement No. 84, "Fiduciary Activities". GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. The requirements of this Statement are effective for SDHC's fiscal year ending June 30, 2019.

Statement No. 85, "Omnibus 2017". GASB Statement No. 85 addresses a variety of topics including, among other things, the blending of component units, goodwill reporting, timing of measurement and reporting of pension or OPEB obligations. This Statement is effective for SDHC's fiscal year ending June 30, 2018.

Statement No. 86, "Certain Debt Extinguishment Issues". GASB Statement No. 86 The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement is effective for SDHC's fiscal year ending June 30, 2018.





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Cash and Cash Equivalents**

SDHC's cash and cash equivalents are considered to be cash on hand, demand deposits, reserves for replacements, certificates of deposits and securities with original maturities of three months or less from the date of acquisition that are not specifically restricted as to use.

**Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents represent deposits to lender required reserves for replacements, insurance reserve and security deposit accounts.

**Investments**

All investments are stated at fair value, except for some certificates of deposit and pooled investments. These investments are instead stated at amortized cost and net asset value, respectively.

**Interfund Transactions**

Interprogram due from/to have been eliminated as prescribed by GASB standards in regards to interfund activities, payables and receivables.

**Notes and Interest Receivable**

Funds loaned by SDHC are recorded as notes receivable. Interest on notes receivable is accrued at least annually. A contra-asset account, allowance for loan and interest losses, represents the current estimates of the amount of loans and interest that will become uncollectible.

**Capital Assets**

Capital assets are stated at cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement (if applicable) are reported at acquisition value rather than fair value. Net interest costs are capitalized on projects during the construction period. The capitalization threshold for all capital assets is five thousand dollars.

Depreciation is charged to operations using the straight-line method based on the estimated useful life of the related asset. The estimated useful life of the assets is as follows:





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

	<u>Years</u>
Buildings	40
Building improvements	15
Office equipment	5
Dwelling equipment	5
Vehicles	5
Computers/software	3

Property acquired with HUD funds is considered to be owned by SDHC while used in the program for which it was purchased. However, HUD may have a reversionary interest in the property and ownership of any proceeds from disposition thereof.

The costs of normal maintenance and repair that do not materially extend asset lives, enhance its efficiency or increase or amend asset usefulness are not capitalized.

**Impairment of Capital Assets**

SDHC reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2017, there has been no impairment of the capital assets.

**Accrued Compensated Absences**

It is SDHC's policy to permit employees hired prior to July 1, 1994, to accumulate up to 650 hours of annual leave. Employees hired after July 1, 1994, are permitted to accumulate a maximum of 380 hours. All employees whose service is terminated shall be entitled to receive the equivalent amount of pay for the balance in their annual leave account at the time of termination.

In accordance with GASB standards, vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees, if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means such as cash payments at termination or retirement. The liability for compensated absences was \$2,218 at June 30, 2017.

In providing direction for conversion to the GAAP basis of accounting, HUD's Accounting Brief No. 6 discusses the conflicting direction given in HUD grant handbooks, which are not considered GAAP, and the cost principles of GAAP. In its



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

final analysis, HUD opines that "Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under federal awards, including but not necessarily limited to wages, salaries, and fringe benefits." Since federal awards extend for a limited time period, and accrued benefits may not be paid out during the term of the award, the above analysis can be reasonably interpreted to mean that costs may be drawn down at the close of the award period to fund unpaid compensated absences.

As a matter of convenience, to allow SDHC to close inactive funds and to lessen the administrative burden, SDHC tracks all compensated absence liabilities in the business activities fund.

**Notes Payable and Interest Payable**

Notes payable consists of notes from banks, the City, State and Federal agencies. Interest on these notes is accrued at year-end.

**Unearned Revenue**

Unearned revenue includes rents received in advance from tenants, unearned interest income, and grant funds received from other governmental agencies, which are conditioned upon incurring certain qualifying costs or meeting other conditions. The rents from tenants will be recognized as revenue when earned and the grant funds will be recognized as revenue when qualifying costs are incurred.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. SDHC does not have any items that currently meet this criterion as of June 30, 2017.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. SDHC does not have any items that meet this criterion as of June 30, 2017.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Net Position**

In the Statement of Net Position, net position is classified in the following categories:

**Net Investment in Capital Assets** - This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

**Restricted** - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

**Unrestricted** - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

**Use of Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 3 - Cash, Cash Equivalents and Investments (Dollars in Thousands)**

Cash, cash equivalents and investments at June 30, 2017 consist of the following:

Deposits and petty cash	\$	22,861
Local Agency Investment Funds		11,099
San Diego County Investment Pool		17,239
Certificates of Deposit		2,451
Agency Bonds		98,450
Other		24
Total investments		<u>129,263</u>
Restricted cash and cash equivalents		<u>3,955</u>
Total	\$	<u><u>156,079</u></u>

**Deposits**

The fair value of SDHC's cash deposits and petty cash are \$22,861 at June 30, 2017. Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250 and for amounts over \$250, collateralized with securities held by



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

the pledging financial institutions in SDHC's name in accordance with California Government Code as discussed below.

The California Government Code requires California financial institutions to secure cash deposits of public institutions not covered by federal deposit insurance by pledging government securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. As a result, for the purpose of custodial credit risk the collateral for cash deposits is considered to be held in SDHC's name.

The fair market value of pledged securities must equal at least 110% of SDHC's cash deposits. California law also allows financial institutions to secure Commission deposits by pledging first trust deed mortgage notes having a value of 150% of SDHC's total cash deposits.

**Investment Policy**

In accordance with California state statute and HUD regulations, SDHC has authorized the Chief Financial Officer or designee to invest in obligations of the U.S. Treasury, U.S. Government agencies or other investments as outlined in SDHC's Investment Policy.

SDHC utilizes the services of an experienced financial advisor to aid in making investment decisions. The advisor provides guidance on creating a diversified portfolio and a secure investment mix. The advisor's ongoing role is to provide staff with sound investment opportunities that will maximize liquidity and yield without sacrificing principal value and safety of the investment securities.

Investments in the State's Local Agency Investment Fund (LAIF) and the San Diego County Investment Pool (SDCIP) represent SDHC's equity in pooled investments. Other investments such as CDs, bonds, government agency securities and demand deposit accounts are safe kept with commercial banking institutions.

**Local Agency Investment Fund Investments**

SDHC participates in the State's LAIF, which is regulated by California Government Code. LAIF is part of the State of California Pooled Money Investment Account (PMIA) and is protected by statute ensuring invested funds remain Commission assets. The fair value of the investment portfolio of PMIA at June 30, 2017, was \$77,600,000. PMIA is not registered with the Securities and Exchange Commission



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

(SEC) but is required to invest in accordance with California State Code. The average maturity of PMIA investments was 194 days as of June 30, 2017.

As of June 30, 2017, SDHC had \$11,099 invested in LAIF. At that date, LAIF fair value factor of .998940671 was used to calculate the fair value of the investments in LAIF. More information on LAIF investment pool can be found at:

<http://www.treasurer.ca.gov/pmia - laif/laif.asp>

**San Diego County Investment Pool Investments**

SDHC voluntarily participates in the SDCIP. SDCIP is a Standard & Poor's AAA - rated fund managed by the San Diego County Treasurer - Tax Collector. The fair value of the investment portfolio of SDCIP at June 30, 2017 was \$9,000,000 and had a weighted average yield to maturity of 1.283%, a weighted average days to maturity of 417 days and an effective duration of 1.02 years. In addition to voluntary participants such as SDHC, the pool is largely made up of mandatory participants such as the County of San Diego (37.98%), public schools (43.05%), community colleges (11.89%) and non-County funds (1.92%). Voluntary depositors make up only 5.16% of the invested funds as of June 30, 2017.

As of June 30, 2017, SDHC had \$17,239 invested in SDCIP. More information on SDCIP can be found at:

[http://www.sdtreastax.com/content/dam/ttc/docs/pool\\_reports\\_1706.pdf](http://www.sdtreastax.com/content/dam/ttc/docs/pool_reports_1706.pdf).

**Certificates of Deposit**

As of June 30, 2017, SDHC had \$2,451 in negotiable certificates of deposit in its investment portfolio, of which \$1,470 is held at amortized cost. Each certificate of deposit is issued through a separate legal entity and purchased in an amount under the \$250 FDIC federally insured limit.

**Agency Bonds**

SDHC's investments under U.S. Government Agency bonds are Mortgage-Backed Security (MBS) bonds and debentures traded on an active secondary market. MBS bonds are a security or debt obligation that represents a claim on the monthly cash flows from mortgage loans. They represent investments in securities that are backed by pools of high quality consumer or commercial mortgages guaranteed by a government agency or Government Sponsored Enterprises (GSE). Government Agency Debentures are also bonds traded on an active secondary market and represent a security or debt obligation of the issuer. While Standard & Poor's and



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

Moody's does not specifically rate MBS, they carry an implied rating based on the high quality collateral that backs the bonds and the AA+ by Standard & Poor's of the GSE (FNMA/Fannie Mae/FreddieMac) that issues/guarantees them. At June 30, 2017, SDHC had \$98,450 invested in Agency MBS bonds.

**Fair Value Classification**

Management has determined that investments in LAIF and SDCIP are reported at net asset value and are not included in the fair value hierarchy categories.

Management has determined that Agency Bond investments and Certificates of Deposit are classified as Level 2 as there are no quoted market prices published. These investments are actively traded on a secondary market and thus a fair value is able to be determined using this secondary market value.

The following table summarized the valuation of SDHC's fair value measurements in accordance with authoritative guidance at June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
MBS	\$ -	\$ 98,450	\$ -	\$ 98,450
Certificates of Deposit	-	981	-	981
Total	<u>\$ -</u>	<u>\$ 99,431</u>	<u>\$ -</u>	<u>\$ 99,431</u>

**Note 4 - Investment Risk Factors (Dollars in Thousands)**

SDHC's investment policy allows the agency to invest surplus funds in accordance with the provisions of the U.S. Department of Housing and Urban Development (HUD) Notice PIH 96 - 33 and California Government Code Sections 5922 and 53601. The investment policy's foremost objective is the safety of principal, which is achieved by mitigating credit risk and interest rate risk. These risks, along with custodial risk, concentration of credit risk and market risk, all affect the value of investments to a varying degree. Equity and debt securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risk and changes in interest rates.

**Credit Risk**

Fixed income securities are subject to credit risk, which is the risk that an issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

issuer's ability to make these payments will cause security prices to decline. Certain fixed income securities, including obligations of the U.S. Government or those explicitly guaranteed by the U.S. Government, are considered to have minimal credit risk. SDHC minimizes credit risk by limiting investments to those listed in its Investment Policy. In addition, SDHC pre-qualifies the financial institutions, broker/dealers, intermediaries and advisors with which SDHC will do business in accordance with the Investment Policy. Finally, SDHC diversifies the investment portfolio to minimize potential losses from any one type of security or issuer.

**Custodial Risk**

Custodial risk is the risk that, in the event of the failure of the custodian, the investments may not be returned. All bonds are purchased through SDHC's primary financial institution's clearing account in SDHC's name where they are all held in safekeeping.

The exposure of SDHC's debt securities to credit risk and custodial risk as of June 30, 2017 is as follows:

	Total fair value	Standard and Poor's Credit Rating			Not provided
		AAA	AA	A	
Cash and cash equivalents					
Cash and cash equivalents	\$ 22,861	\$ -	\$ -	\$ -	\$ 22,861
Restricted cash and cash equivalents	3,955	-	-	-	3,955
<b>Total cash and cash equivalents</b>	<b>\$ 26,816</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26,816</b>
Short-term investments					
Local Agency Investment Fund	\$ 11,099	\$ -	\$ -	\$ -	\$ 11,099
San Diego County Pool	17,239	17,239	-	-	-
Other	24	24	-	-	-
Agency bonds	18,395	-	-	-	18,395
Certificates of Deposit	981	-	-	-	981
<b>Total short-term investments</b>	<b>\$ 47,738</b>	<b>\$ 17,263</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,475</b>
Long-term investments					
Agency bonds	\$ 80,055	\$ -	\$ -	\$ -	\$ 80,055
Certificates of deposit	1,470	-	-	-	1,470
<b>Total long-term investments</b>	<b>\$ 81,525</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 81,525</b>

**Concentration of Credit Risk**

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing SDHC to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Investments issued or guaranteed by the U.S.





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

Government and investments in external investment pools such as the California LAIF are not considered subject to concentration of credit risk.

The U.S. Government Agency securities in SDHC's portfolio include Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) and Federal Home Loan Bank (FHLB). Of the \$98,450 invested in Agency MBS and debentures as of June 30, 2017, all are issued either by FNMA, FHLB or FHLMC.

MBS are not rated by credit rating agencies. While the rating agencies do not specifically rate MBS, they carry an implied AA+ rating based on the collateral that backs the bond and the AA+ rating of the Agency that issues/guarantees them. MBS are not considered subject to concentration of credit risk.

SDHC may choose to maintain 100% of its investment portfolio in U.S. Treasury Bills, Notes, Bonds and collateralized certificates of deposit. Certificates of deposits are, according to SDHC's Investment Policy, to be collateralized at least 100% of the amount that is not federally insured. Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to SDHC. The security cannot be released, substituted or sold without the approval of SDHC. As of June 30, 2017, SDHC had \$2,451 invested in certificates of deposits. Of these certificates of deposits, all were covered under FDIC insurance limits.

**Market Risk**

Market risk is the risk that the value of an investment will change due to changes in the financial market. Changes in market conditions can increase Interest Rate Risk, Liquidity Risk and Reinvestment Risk.

**Interest Rate Risk** is the risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. SDHC does not have a formal policy related to interest rate risk.

**Liquidity Risk** is the risk of being unable to liquidate an investment prior to maturity. Related to liquidity risk is the concept of marketability, or the ability to sell an instrument on short notice without incurring a meaningful loss in price.





## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Reinvestment Risk** is the risk that the proceeds from a fixed-income security cannot be reinvested at less than the same rate of return currently generated by that holding. This risk is common with securities that are callable.

In accordance with its Investment Policy, SDHC manages market risk by matching portfolio maturities to projected liabilities and monitoring the weighted average maturity of its portfolio. This is done by maintaining a portion of the portfolio in readily available funds and investing in securities with limited call features and an active secondary market. These measures ensure that appropriate liquidity is maintained in order to meet ongoing operations, maximize return and limit exposure to changing market conditions. SDHC's exposure to market risk as of June 30, 2017, is as follows:

	Total fair value	Investment maturities as of		
		Less than 3 months	4 -12 months	1-5 years
Cash and cash equivalents				
Deposits	\$ 22,849	\$ 22,849	\$ -	\$ -
Petty cash	12	12	-	-
Total cash and cash equivalents	<u>\$ 22,861</u>	<u>\$ 22,861</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted cash and cash equivalents	<u>\$ 3,955</u>	<u>\$ 3,955</u>	<u>\$ -</u>	<u>\$ -</u>
Short-term investments				
Local Agency Investment Fund	\$ 11,099	\$ 11,099	\$ -	\$ -
San Diego County Pool	17,239	17,239	-	-
Other	24	24	-	-
Agency bonds	18,395	235	18,160	-
Certificates of deposit	<u>981</u>	<u>490</u>	<u>491</u>	<u>-</u>
Total short-term investments	<u>\$ 47,738</u>	<u>\$ 29,087</u>	<u>\$ 18,651</u>	<u>\$ -</u>
Long-term investments				
Agency Bonds	\$ 80,055	\$ -	\$ -	\$ 80,055
Certificates of Deposit	<u>1,470</u>	<u>-</u>	<u>-</u>	<u>1,470</u>
Total long-term investments	<u>\$ 81,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,525</u>



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 5 - Accounts Receivable - Funding Sources (Dollars in Thousands)**

At June 30, 2017, amounts due from funding sources consist of the following:

Source / Program	Amount
<b>Business</b>	
City of San Diego	\$ 4,300
<b>Total business</b>	<u>4,300</u>
<b>Federal</b>	
Moving to Work Demonstration (MTW)	3,698
Capital Fund	461
Continuum of Care	456
Emergency Solutions Grant	273
Community Development Block Grant (CDBG)	55
Federal - Various	<u>30</u>
<b>Total federal</b>	<u>4,973</u>
<b>State</b>	
Various	<u>40</u>
<b>Total state</b>	<u>40</u>
<b>Total</b>	<u><u>\$ 9,313</u></u>

All amounts are expected to be collected in the next fiscal year.

**Note 6 - Notes, Mortgages and Interest Receivable (Dollars in Thousands)**

Loans made by SDHC consist of three types:

1. Notes requiring periodic payments of principal and interest with interest rates ranging from 0% to 10% and lengths of maturity ranging from 3 to 65 years;
2. Deferred payment notes with interest rates ranging from 0% to 10% and lengths of maturity ranging from 3 to 65 years; and
3. Subsidy loans made to reduce the effective interest rate to recipients on loans made by a commercial bank.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

Notes, mortgages and interest receivable at June 30, 2017, consist of the following:

Borrower	Project Address	Interest Rate	Maturity Date	Principal Amount
Arbor Terrace,	3693-3741 Florida Street San Diego, CA 92104	4.86	07/01/62	\$ 10,767
Steadfast Villa Nueva Lp,	3604 Beyer Blvd. San Diego, CA 92173	3.00	05/01/62	8,884
Mercado Cic, Lp,	Cesar E. Chavez Parkway San Diego, CA 92113	5.00	05/01/68	7,000
Florida Street Housing As	3783 - 3825 Florida Street San Diego, CA 92104	3.00	02/01/67	6,965
Dawson Avenue Senior Apts	4321-52nd Street San Diego, CA 92115	2.00	12/01/63	6,638
City Heights Ten, L.p.,	10 non-contiguous parcels San Diego, CA 92105	3.56	03/31/69	6,459
Texas St Senior Housing	4200 Texas Street San Diego CA 92104	4.00	07/01/71	6,299
Delta Village Housing Ass	4316-4368 Delta Street San Diego, CA 92113	3.00	05/01/36	6,100
Mesa Verde Cic, Lp,	7811 Mission Gorge Road San Diego, CA 92120	4.00	06/30/73	5,988
Housing Development Partn	827 C St. San Diego, CA 92101	3.00	10/01/69	5,837
Linc Arbor Village Apartm	4914-4998 Logan Avenue San Diego, CA 92113	3.00	05/01/67	5,460
Georgia Street, L.p.,	4105 Georgia Street San Diego, CA 92104	3.00	07/01/66	5,111
San Diego Commons, Lp,	6456 El Cajon Blvd. San Diego, CA 92115	3.00	04/30/69	4,905
Talmadge Gateway Lp,	4744 -4748 El Cajon Blvd San Diego, CA 92115	3.00	06/30/72	4,560
Beyer Blvd Apts. Lp,	3412-3466 Beyer Blvd. San Diego, CA 92154	3.00	10/22/59	4,200
Del Sol Apts. Lp,	Del Sol Apartments San Diego, CA 92154	3.00	08/31/61	4,126
Alabama Manor Hsg Assoc	3822-3836 Alabama Street San Diego, CA 92104	0.00	12/31/63	3,793
Villa Encantada, AMCAL	505-537 62nd St, San Diego, CA 92114	4.00	01/01/71	3,750
Golden Age Garden Hsing P	740 South 36th Street San Diego, CA 92113	3.00	12/31/67	3,661
Villa Harvey Mandel, L.p.	72 17th Avenue San Diego, CA 92101	5.60	02/01/57	3,654
Renaissance Sr Hsg-n Pk R	4330 30th Street San Diego, CA 92104	4.65	04/12/59	3,617
15th & Commercial, L.p.,	1506 Commercial Street San Diego, CA 92101	3.00	01/01/66	3,464
Comm22 Senior Housing, L.	Commercial & 22nd St. San Diego, CA 92113	3.00	05/01/69	3,456
Market Square Manor Assoc	525 14th Street San Diego, CA 92113	5.60	03/01/57	3,456
Affirmed Family Hsg Partn	2125-2155 Coronado Avenue San Diego, CA 92154	5.20	06/30/35	3,014
Wakeland Vista Grande Apt	5391-5411-5425 Santa Margarita St San Diego, CA 92114	3.00	05/01/67	2,967
Wakeland Atmosphere, L.p.	5th Avenue & Beech Street San Diego, CA 92101	4.00	03/01/70	2,950
34th Street Project, Llc,	4637 34th Street San Diego, CA 92116	3.00	02/24/77	2,920
Juniper Gardens, L.p.,	4251 Juniper Street San Diego, CA 92105	3.00	12/31/68	2,839
Imperial Urban Housing, L	1435 Imperial Ave. San Diego, CA 92101	3.00	12/31/72	2,811
Vietnam Veterans Of San D	Veterans Village San Diego, CA 92110	3.00	05/29/72	2,760
Mesa Family Villas, L.p.,	2061-2073 Avenida Del Mexico San Diego, CA 92154	5.60	05/01/57	2,738
Wjj Cic, L.p.,	327 S. Willie James Jones Ave. San Diego, CA 92113	4.00	01/31/71	2,500
Amcal Mission Fund L.p.,	1815-1875 Hancock St San Diego, CA 92110	3.00	01/01/68	2,499
Trolley Residential Cic,	4981 Market Street San Diego, CA 92114	4.00	06/30/72	2,496
Housing Development Partn	1337-1345 Fifth Avenue San Diego, CA 92101	3.00	02/28/68	2,365
Riverwalk Apartments, L.p	1194 Hollister St San Diego, CA 92154	3.00	03/01/65	2,275
Hacienda Townhomes, Ltd.,	350 17th Street San Diego, CA 92101	4.50	07/01/48	2,243
San Diego Fox Hollow L.p.	4366 Home Avenue San Diego, CA 92105	3.00	04/01/32	2,200
Wakeland Village Green Ap	4140-4155 Bonillo Dr San Diego, CA 92115	3.00	04/01/65	2,165
Winona Gardens Housing As	3810 Winona Avenue San Diego, CA 92105	3.00	07/01/55	2,100
Mission Terrace Associate	10210 San Diego Mission Road San Diego, CA 92108	3.00	09/01/49	2,055
Pathfinders Of San Diego	2621-2625 University Avenue San Diego, CA 92104	3.00	07/15/65	2,050
Vista Del Puente LP	3934 Gamma St, San Diego, CA 92113	3.00	12/31/75	2,050
Terramar Cic, L.p.,	13481-13483 Silver Ivy Lane San Diego, CA	3.00	05/01/66	2,035
Vietnam Veterans Of San D	4141 Pacific Highway San Diego, CA 92110	3.00	05/01/75	2,001
Connections Housing Downt	1250 Sixth Avenue San Diego, CA 92101	3.00	06/01/69	2,000
Metro Villas Housing Part	4031-4081 39th Street San Diego, CA 92105	4.85	02/01/58	1,879
Ywca Of San Diego County,	CONFIDENTIAL San Diego, CA 92109	0.00	03/01/61	1,786
Townspeople, A Ca Nonprof	4242 - 4260 51st Street San Diego, CA 92115	3.00	05/01/61	1,570
Chicano Federation	5052 Wightman Street San Diego, CA 92105	3.00	07/01/54	1,537
St. Stephens Housing Ptnr	5641 Imperial Avenue San Diego, CA 92114	4.79	05/01/36	1,508
Vietnam Veterans Of San D	4141 Pacific Highway San Diego, CA 92110	3.00	08/01/77	1,492
Chicano Federation,	4420 Delta Street San Diego, CA 92113	3.00	11/01/54	1,486
Vietnam Veterans Of San D	4141 Pacific Highway San Diego, CA 92110	3.00	07/01/70	1,437
Metropolitan Area Advis.	2001 - 2097 Newton Avenue San Diego, CA 92101	6.00	12/01/47	1,425
Bolt Housing Partners Lp,	4010 - 4050 Parkhaven Ct. San Diego, CA 92113	3.00	04/01/56	1,419
Casa Colina Lp,	5207 52nd Place San Diego, CA 92105	3.00	02/01/59	1,410
Logan Development L.p.,	4720-4768 Logan Ave. San Diego, CA 92113	6.00	11/30/50	1,400
Chicano Federation	5222 Trojan Avenue San Diego, CA 92115	3.00	07/01/53	1,145



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

Borrower	Project Address	Interest Rate	Maturity Date	Principal Amount
Affirmed Family Hsg Partn	2125-2155 Coronado Avenue San Diego, CA 92154	4.79	06/30/35	997
Tachs Cove Apts Llc,	5288 El Cajon Blvd San Diego, CA 92115	3.00	05/01/62	982
Sd Lgbt Community Center,	1640 Broadway San Diego, CA 92101	0.00	11/01/60	934
Catholic Charities 9th &	798 Ninth Avenue San Diego, CA 92101	0.00	10/31/58	928
Harbor View Associates L.	404-424 N. 47th Street San Diego, CA 92102	3.00	04/01/34	900
Mayberry Townhomes,ca Lmt	4328-4490 Mayberry Street San Diego, CA 92113	2.64	12/31/71	899
Carmel Valley/torrey Del	13875 Carmel Valley Road San Diego, CA 92130	3.00	01/01/57	892
Urban Housing/grant Heigh	2651-2663 J Street San Diego, CA 92102	3.00	02/01/57	867
Urban Council Development	4227 52nd St/ San Diego, CA 92115	3.00	07/01/52	742
Lillian Place Lp,	1401 & 1437 J Street San Diego, CA 92101	3.00	12/31/60	731
Vietnam Veterans Of San D	Veterans Village San Diego, CA 92110	3.00	06/01/72	720
Bayview Cdc,	1440 - 1516 South 40th Street San Diego, CA 92113	3.00	02/01/56	696
Vietnam Veterans Of San D	Veterans Village San Diego, CA 92110	3.00	05/15/70	675
Hope Cdc,	4910 - 4920 Ocean View Blvd. San Diego, CA 92113	3.00	12/22/48	647
South Bay Community Servi	135 Averil Road San Ysidro, CA 92173	3.00	12/16/53	631
3137 El Cajon Boulevard L	3137 El Cajon Blvd San Diego, CA 92104	3.00	12/31/63	600
Chicano Federation,	4033 33rd Street San Diego, CA 92104	3.00	12/01/52	596
The Association For Commu	1851-1865 Titus Street San Diego, CA 92103	3.00	10/20/58	573
Affirmed Family Hsg Partn	2125-2155 Coronado Avenue San Diego, CA 92154	4.72	06/30/35	521
Comm22 Family Housing L.p	Commercial St & 22nd St. San Diego, CA 92113	3.00	05/01/69	500
Santaluz Family Apts. Lp,	16775 Saintsbury Glen San Diego, CA 92130	3.00	04/01/60	500
Total Major Loans				219,208
Home ownership loans (Under \$500)				52,264
Single-Family rehabilitation loans (Under \$500)				14,569
Rental Housing Finance loans with rehab / acquisition (Under \$500)				5,871
Total Non-Major Loans				72,704
Total loans as of June 30, 2017 (Not Including Deferred Loans)				291,912
Allowance for Loan Losses				(4,714)
Allowance for Forgivable Loans				(5,838)
Total notes receivable at June 30, 2017				281,360
Deferred cumulative interest receivable at June 30, 2017				40,860
Total notes and interest receivable at June 30, 2017				\$ 322,220

Notes and mortgages receivable due in less than one year amounted to \$701 at June 30, 2017.

The changes in allowance for loan, interest losses and forgivable loans consist of the following:

Balance, July 1, 2016	Losses/ write-offs	Additions/ adjustments	Balance, June 30, 2017
<u>\$ 11,362</u>	<u>\$ (659)</u>	<u>\$ (151)</u>	<u>\$ 10,552</u>

SDHC makes affordable housing loans to individuals in which the borrower is not required to repay the loan during the loan compliance period as long as the compliance covenants are met. The compliance periods differ by program between 10 to 65 years. SDHC monitors the loan compliance. There is no cash disbursement associated with these loans and the loans do not bear interest. The notes are



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

originated through noncash transactions having a net effect of zero to the Statement of Net Position, and SDHC does not record them in the Statement of Net Position. Any payment received during the compliance period is recorded as revenue in the fiscal year of receipt. Notes representing affordable housing loans outstanding as of June 30, 2017, total is \$58,491.

**Note 7 - Capital Assets (Dollars in Thousands)**

A summary of changes in capital assets for the year ended June 30, 2017 is as follows:

	Balance, June 30, 2016	Additions	Transfers / Retirements	Balance, June 30, 2017
Capital assets, not being depreciated				
Land	\$ 68,082	\$ 1,259	\$ -	\$ 69,341
Construction in progress	8,297	2,630	(8,155)	2,772
Total capital assets, not being depreciated	<u>76,379</u>	<u>3,889</u>	<u>(8,155)</u>	<u>72,113</u>
Capital assets, being depreciated				
Buildings	98,468	9,233	-	107,701
Building improvements	36,008	13,427	8,155	57,590
Office furniture and equipment	4,495	449	(123)	4,821
Total capital assets, being depreciated	<u>138,971</u>	<u>23,109</u>	<u>8,032</u>	<u>170,112</u>
Less accumulated depreciation for				
Buildings	(20,922)	(2,620)	-	(23,542)
Building improvements	(12,332)	(2,862)	-	(15,194)
Office furniture and equipment	(3,960)	(282)	123	(4,119)
Total accumulated depreciation	<u>(37,214)</u>	<u>(5,764)</u>	<u>123</u>	<u>(42,855)</u>
Total capital assets, being depreciated, net	<u>101,757</u>	<u>17,345</u>	<u>8,155</u>	<u>127,257</u>
Total capital assets, net	<u>\$ 178,136</u>	<u>\$ 21,234</u>	<u>\$ -</u>	<u>\$ 199,370</u>

In fiscal year 2017, \$8,155 transferred out of CIP related to the completion of rehabilitation projects primarily related to the Adaptable Housing (formerly known as Scattered State Sites), FHA Central and Averil properties. The \$1,259 addition to land and \$9,233 addition to buildings related to the acquisition of the Town & Country property. The additional increase of \$13,427 in building improvements



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

related to the completion of rehabilitation projects principally at the Park Crest and Pulitzer properties and the construction of commercial and laundry space at the Courtyard property.

Depreciation expense for the year ended June 30, 2017 was \$5,764.

**Note 8 - Prepaid Items and Other Assets (Dollars in Thousands)**

**Prepaid Items and Other Current Assets**

As of June 30, 2017 prepaid and other items consisted of the following:

Prepaid software licenses	\$	466
Escrow deposits - mortgage insurance premiums		400
Prepaid consulting		248
Prepaid mortgage insurance		93
Prepaid other		89
Prepaid insurance		89
		<hr/>
Total prepaids and other	\$	<u>1,385</u>

**Other Noncurrent Assets**

As of June 30, 2017, other noncurrent assets consisted of rents receivable in the amount of \$202. This is related to the straight lining of commercial rents over the period of the associated leases. For more information on commercial leases, please see Note 10.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 9 - Notes Payable (Dollars in Thousands)**

A summary of notes payable at June 30, 2017 is as follows:

Type of Obligation	Interest Rate	Maturity Date	Balance, 6/30/2016	Additions	Payments/ Amortization	Balance, 6/30/2017	Due Within One Year
<u>Debts of the Commission</u>							
Key Bank Real Estate Capital - Smart Corner	6.08%	2027	8,131		(1,485)	6,646	791
City of San Diego - Parker Kier	0.00%	2022	696	-	-	696	-
City of San Diego - Hotel Sandford	1.00%	2065	6,080	-	-	6,080	-
State of California - Housing Loan Conv Program 12-HLCP-0004	3.00%	2068	1,405	-	-	1,405	-
State of California - Housing Loan Conv Program 12-HLCP-0003	3.00%	2068	3,150	-	-	3,150	-
<u>Debts of the LLCs</u>							
Greystone Servicing Corp, Inc. - Belden SDHC FNMA, LLC	7.32%	2040	11,392	-	(188)	11,204	202
Greystone Servicing Corp, Inc. - Northern SDHC FNMA, LLC	7.32%	2040	9,996	-	(165)	9,831	177
Greystone Servicing Corp, Inc. - Central SDHC FNMA, LLC	7.32%	2040	12,955	-	(214)	12,741	230
PNC Bank, NA FHA - Southern SDHC FHA, LLC	3.76%	2046	22,802	-	(436)	22,366	453
PNC Bank, NA FHA - Northern SDHC FHA, LLC	3.76%	2046	15,950	-	(305)	15,645	317
PNC Bank, NA FHA - Central SDHC FHA, LLC	3.65%	2046	14,328	-	(278)	14,050	288
Subtotal			\$ 106,885	\$ -	\$ (3,071)	\$ 103,814	\$ 2,458
Less unamortized debt issuance costs			(1,685)	-	76	(1,609)	-
Total			<u>\$ 105,200</u>	<u>\$ -</u>	<u>\$ (2,995)</u>	<u>\$ 102,205</u>	<u>\$ 2,458</u>

At June 30, 2017, the current portion of notes payable was \$2,458 and the noncurrent portion of notes payable was \$101,356.

Debt issuance costs associated with the LLC loans totaled \$2,120, less accumulated amortization of \$511 at June 30, 2017. Under guidance issued by the GASB, these fees would be expensed as incurred. However, as the LLCs are not governmental agencies, they follow the standards issued by the FASB. In accordance with ASU 2015 - 13, debt issuance costs are capitalized and presented as a direct deduction to notes payable. In addition, the debt issuance costs are amortized over the life of the loan using the effective interest method.

For fiscal year 2017, amortization totaled \$76.

In November 2011, SDHC entered into a loan agreement with GE Capital Financial Inc. to refinance the Smart Corner Building, which houses the administrative offices of SDHC. In September 2015, Key Bank Real Estate Capital took over as servicer of





## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

the loan. The term of the loan is 15 years, amortized over 25 years, with a fixed interest rate of 6.08% until November 2021, at which time the rate will convert to a variable rate. In February 2017, SDHC exercised the annual option to pay down the loan principal in the amount of \$773.

SDHC entered into a loan agreement with the Redevelopment Agency of the City of San Diego (Redevelopment Agency) on March 18, 2010, for the acquisition and rehabilitation of the Hotel Sandford. On January 12, 2012, the City Council adopted resolution number R - 307238, designating the City to serve as the successor agency for the former Redevelopment Agency; thus the obligation has changed from Redevelopment Agency to the City of San Diego. The loan is a forgivable loan, with a term of 55 years and 1% simple interest. The total approved loan amount is \$6,095 with the loan being fully disbursed as of June 30, 2016. The project incurred savings and the City's portion of the savings was returned to the City in the form of a payment on the loan. As of June 30, 2016, \$252 of cost savings were returned with \$237 applied to interest and \$15 to principal. As of June 30, 2017, accrued interest totaled \$136.

In May 2013, the two State of California loans were renegotiated through the Housing Loan Conversion Program and extended for 55 years to 2068. They now bear an interest rate of 3% with required annual interest payments and with residual receipt requirements.

On December 30, 2009, Belden SDHC FNMA LLC, Central SDHC FNMA LLC and Northern SDHC FNMA LLC entered into debt agreements with Greystone Servicing Corp. Inc. in the amount of \$37,140. The purpose of the debt agreements was to obtain financing towards acquiring over 350 affordable housing units in the City of San Diego. The FNMA loans were made to the LLCs, not SDHC. Each one of these loans is a nonrecourse obligation of the LLCs. Under the terms of the loan agreements, the LLCs agree to pay a fixed interest rate of 7.32% for the life of the loan through the maturity date of January 1, 2040.

On August 31, 2010, Northern SDHC FHA LLC and Southern SDHC FHA LLC entered into debt agreements with PNC Bank, N. A., and on September 20, 2010, Central SDHC FHA LLC entered into debt agreement with PNC Bank, N. A. for a combined total debt amount of \$58,243. The purpose of the debt agreements was to obtain financing towards acquiring additional affordable housing units in the City of San Diego. The FHA loans were made to the LLCs, not SDHC. Each one of these loans is a nonrecourse obligation of the LLCs. Under the terms of the loan agreements, the LLCs agree to pay a fixed interest rate not to exceed 4.0% for the life of the loan through the maturity dates of September 1, 2045 and October 1, 2045 for the Northern & Southern LLCs loans and the Central LLC loan, respectively.





## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

The American Recovery and Reinvestment Act of 2009 created the new Build America Bond (BABs) program. State and local governments receive subsidy payments directly from the U.S. Treasury for a portion of their borrowing costs on Build America Bonds, equal to 35% of the total coupon interest paid less reductions in federal appropriations. The subsidy stream is paid for the full term of the bonds. The Belden SDHC FNMA LLC, Northern SDHC FHA LLC and Southern SDHC FHA LLC loans have been approved as qualified direct subsidy BABs loans. SDHC received subsidy payments of \$722 in fiscal year 2017.

The projected annual principal and interest payment requirements for all of SDHC's notes payable are noted in the table below. These amounts include forgivable loans of \$696 and \$6,080, which are forgiven at maturity in 2022 and 2065, respectively. There was accrued interest of \$0 and \$136, respectively, as of June 30, 2017.

	Notes payable		
	Principal	Interest	Total
Year ending June 30, 2018	\$ 2,458	\$ 4,772	\$ 7,230
2019	2,594	4,635	7,229
2020	2,738	4,490	7,228
2021	2,892	4,336	7,228
2022	3,055	4,172	7,227
2023-2027	14,146	18,408	32,554
2028-2032	15,639	14,607	30,246
2033-2037	20,573	9,648	30,221
2038-2042	19,213	3,623	22,836
2043-2047	9,174	653	9,827
2048-2070	4,556	6,942	11,498
Subtotal	97,038	76,286	173,324
Forgivable loans	6,776	-	6,776
Total Notes Payable	<u>\$ 103,814</u>	<u>\$ 76,286</u>	180,100
Less: Unamortized debt issuance costs			<u>(1,609)</u>
Total Notes Payable, Net			<u>\$ 178,491</u>



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 10 - Lease Commitments****Lease Revenue**

SDHC receives revenue from long-term land leases and commercial tenants. Commercial lease revenue is recognized on a straight line basis over the term of the lease. Land lease terms include annual payments ranging from \$1 to \$754,147 for periods of 1 to 55 years in addition to contingent payments based upon available surplus. SDHC also receives income from commercial leases at the Smart Corner building, Park Crest, Courtyard and Hotel Sandford. For fiscal year 2017, SDHC received land lease and other rental income, which is comprised of the following (dollars in thousands):

Land leases	\$	1,059
Commercial leases		844
Parking and other rental income		590
		<u>590</u>
	<u>\$</u>	<u>2,493</u>

Aggregate future minimum lease revenues are as follows (dollars in thousands):

Year(s) ending June 30, 2018	\$	1,884
2019		1,836
2020		1,437
2021		1,374
2022		1,362
2023-2027		6,809
2028-2032		6,797
2033-2037		6,685
2038-2042		6,510
		<u>6,510</u>
	<u>\$</u>	<u>34,694</u>

**Operating Leases**

SDHC accounts for all lease arrangements as operating leases. SDHC does not hold any leases payable at June 30, 2017.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 11 - Defined Contribution Pension Plan (Dollars in Thousands)**

SDHC provides a pension plan which is a defined contribution plan and is intended to be a "governmental plan" as defined by Sections 411(s)(1)(A) and 414(d) of the IRC and Section 3(32) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The pension plan covers all SDHC employees classified as permanent full time and permanent part time hired to work a minimum of 20 hours per week.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Eligible employees participate on their date of hire. SDHC contributes 14% of defined earnings each pay period for each eligible employee. Contributions (and interest allocated to the employee's account) vest ratably over four years of service, with a year of service defined as an employee completing at least 1,000 hours of service. Any forfeited SDHC contributions and related interest are used to fund a future SDHC pay period contribution. For the fiscal year ended June 30, 2017, covered payroll was \$20,852. Pension expense related to SDHC's required contribution was \$2,919 and plan members contributed \$159 for the fiscal year ended June 30, 2017.

The retirement pension benefit is available at normal retirement age (62nd birthday) or upon termination or disability. The retirement pension benefits are determined based upon the vested value of the participant's accumulation accounts at the time of distribution. Distributions must commence no later than April 1st of the calendar year following the calendar year in which the participant attains age seventy and one-half (70½) years of age.

The Plan has a third party fiduciary, Retirement Benefits Group, and a third party recordkeeper, Transamerica. SDHC has the authority to establish and amend the provisions of the Plan including the contribution requirements with the approval of the Board of Commissioners. The Plan is audited by an outside firm, and a copy of the audit report can be obtained by contacting the San Diego Housing Commission at 1122 Broadway, Suite 300, San Diego, California 92101.

**Note 12 - Deferred Compensation Plan (Dollars in Thousands)**

SDHC offers a deferred compensation plan which is a defined contribution plan as permitted under Section 457 of the Internal Revenue Code (IRC). The deferred compensation plan is intended to be a "governmental plan" as defined by Sections 411(s)(1)(A) and 414(d) of the IRC and Section 3(32) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The deferred compensation plan



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

is available to all permanent and temporary non-benefited employees of the SDHC who have completed one hour of service (qualified employees) and it permits qualified employees to defer a portion of their salary until future years.

SDHC is required to contribute 3.75% of defined earnings for each temporary non-benefited employee and 1% of defined earnings for each permanent employee. SDHC also contributes a 100% matching contribution of elective deferrals up to a maximum of 1.5% for each permanent employee. All contributions by SDHC and the qualified employees are fully vested at the time of contribution. For the fiscal year ended June 30, 2017, SDHC's covered payroll was \$22,102. Deferred compensation expense related to SDHC's required contribution was \$506 and plan members contributed \$1,034 for the fiscal year ended June 30, 2017.

Participants in the deferred compensation plan generally may borrow up to 50% of their vested account balance, subject to certain restrictions. These participant loans bear a reasonable interest rate, which is determined at the time the loan is advanced. Participants are entitled to their deferred compensation upon termination, retirement, death, disability or an unforeseeable emergency.

Great-West Life & Annuity Insurance Company (Great-West) is the third party trustee of the deferred compensation plan and Retirement Benefits Group is the third party fiduciary. All assets and income of the deferred compensation plan are held in trust by a third party for the exclusive benefit of the participants and their beneficiaries, and per federal law, are not available to SDHC or its creditors. As a result, the plan's assets are not included in SDHC's basic financial statements. The assets held by the plan had a market value of \$16,124 at June 30, 2017. The plan is audited by an outside firm, and a copy of the audit can be obtained by contacting the San Diego Housing Commission at 1122 Broadway, Suite 300, San Diego, CA 92101.

**Note 13 - Risk Management**

**Workers' Compensation Insurance**

SDHC is a member of the California Housing Workers' Compensation Authority (CHWCA), which is a self-insurance pool that provides workers' compensation insurance, including employer's liability coverage, to its members with limits of \$500,000 per occurrence. CHWCA also procures excess workers' compensation insurance coverage for all of its members, which provides additional coverage above the self-insurance pool's \$500,000 limit up to the statutory requirements.



## San Diego Housing Commission

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

CHWCA is a joint powers authority consisting of 33 public housing authorities, housing commissions, and redevelopment agencies organized under a joint powers agreement to fund a self-insurance program for workers' compensation. Each member has equal representation (one seat) on the Board of Directors. The Board elects a seven-member Executive Committee, with members sitting two-year terms, which has the responsibility for conducting the business of the joint powers authority. Day-to-day operations of CHWCA are carried out by Bickmore Risk Services, under contract to CHWCA.

Annual premiums for CHWCA members are approved by the Board of Directors and are determined each year based on the following components:

- Rates per \$100 of payroll for CHWCA's four class codes, as determined annually by CHWCA's independent actuary, are multiplied by each member's estimated payroll by class code to calculate the pure loss premium;
- An experience modification factor (ex-mod) is applied to each member's pure loss premium, causing total pure loss premium to change according to the pool's average ex-mod;
- An off-balance factor is applied proportionately to each member's pure loss premium to return total premium to the actuarially-determined total; and
- Each member is allocated their proportionate share of administrative costs, claims servicing, and excess insurance coverage premium.

If CHWCA is dissolved by a vote of three-quarters or more of its members, the remaining assets of the joint powers authority, after all premiums and assessments have been paid and final disposition of all claims has been determined, will be distributed to members in proportion to each member's cash contributions (including premiums paid and property contributed, less incurred losses) made during the life of CHWCA. Until dissolution, however, no member has identifiable equity.

#### **Property, General Liability and Other Liability Insurance**

SDHC retained the services of various brokers and direct insurers to provide coverage for other identified risks. Deductibles under the policies vary. Claims and deductibles payable were \$0 at June 30, 2017. The amount of claims has not exceeded the insurance coverage purchased; accordingly, no liability is reported for these claims. Settlements have not exceeded coverage for each of the past five fiscal years.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 14 - Net Position (Dollars in Thousands)**

SDHC's net position totaled \$567,087 for the period ending June 30, 2017 and is comprised of the following:

**Net Investment in Capital Assets**

SDHC's net investment in capital assets totaled \$95,954 for the period ending June 30, 2017. This relates to funds spent on capital assets being used for operations of SDHC.

**Restricted Net Position**

SDHC's restricted net position totaled \$182,546 for the period ending June 30, 2017. Of the total amount, \$169,404 is related to HOME - funded notes receivable, while \$7,137 is related to Neighborhood Stabilization Program (NSP) - funded notes receivable and accrued interest receivable net of the related allowance for loan losses.

The HOME loans are made to qualified applicants using grant proceeds received by SDHC under the HOME Program provisions of the 1990 National Affordable Housing Act. These HOME loans are nonrecourse and are collateralized by a subordinated mortgage on the underlying property of the borrower. Any repayments received by SDHC on these loans (including principal and interest) are treated as program income and must be used for future HOME program purposes, including 10% that SDHC can retain to cover its administrative costs for HOME activities. As such, the net position associated with the HOME loans are treated as restricted net position because of the perpetual purpose restriction to continue to recycle these resources into eligible uses under the HOME program.

The NSP funds were granted under President Bush's economic stimulus plan under Housing Economic Recovery Act of 2008. These funds were made available to provide emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become source of abandonment and blight within their communities. These NSP loans made to individuals and not-for-profit organizations are nonrecourse and are collateralized by a subordinated mortgage on the underlying property of the borrower. Any repayments received by SDHC on these loans (including principal and interest) are treated as program income and must be used for future NSP program purposes, including 10% that SDHC can retain to cover its administrative costs for NSP activities. As such, the net position associated with the NSP loans are treated as



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

restricted because of the perpetual purpose restriction to continue to recycle these resources into eligible uses under the NSP program.

In addition to HOME and NSP grant funds, \$3,728 is restricted for the replacement and operating reserves required by the debt obligations of the LLC's and the Otay, Adaptable Housing and Hotel Sandford projects. The remaining restricted balance, amounting to \$2,277, consists of \$2,070 of Veterans Affairs Supportive Housing (VASH) reserves and \$207 of Family Unification Program (FUP) reserves. Both VASH and FUP's restricted balances are administered in accordance with Housing Choice Vouchers (HCV) requirements.

**Unrestricted Net Position**

SDHC's unrestricted net position totaled \$288,587 for the period ending June 30, 2017. Unrestricted net position is not included in the determination of net investment in capital assets or the restricted component of net position. In addition, although these funds are defined as unrestricted under the applicable accounting standards, these funds are not necessarily indicative of funds available for discretionary use.

**Note 15 - Economic Dependency (Dollars in Thousands)**

SDHC receives the majority of its funding from HUD. HUD is subject to the federal budget allocation process each year. For the fiscal year ended June 30, 2017, SDHC's original budget included \$226,975 of estimated HUD funding. A reduction in funding from HUD could significantly change the services provided by SDHC.

**Note 16 - Commitments and Contingencies (Dollars in Thousands)**

**Grants**

SDHC has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. SDHC management believes such disallowances, if any, would not have a material effect on SDHC's financial statements.





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Loan Commitments**

SDHC has committed funds for loans and grants to various individuals and entities as of June 30, 2017. The amount of loans and grants SDHC has committed to fund, but has not funded as of June 30, 2017, is \$61,563.

**Purchase Commitments**

SDHC entered into a Purchase and Sale Agreement in March 2017 for the real property commonly known as Quality Inn and West Park Inn. The purchase price is \$15,190 and escrow is anticipated to close in fiscal year 2018.

**Lawsuits and Claims**

SDHC is subject to lawsuits and claims, which arise out of the normal course of its activities. In the opinion of management, based upon the opinions of legal counsel, the disposition of any and all such actions of which it is aware, will not have a material effect on the financial position of SDHC.

**Other Matters and Contingencies**

SDHC worked with a retirement plan consultant to review compliance with all applicable laws and regulations and it was determined that some discrepancies between the Plan document and operational execution existed. In fiscal year 2017 SDHC submitted a Voluntary Compliance Program (VCP) to the Internal Revenue Service and resolution is anticipated in fiscal year 2018. SDHC has reserved a contingency amount reflecting any anticipated fiscal impact of corrections identified under the VCP and that amount is not considered material to the overall financial statements.

**Note 17 - Affordable Housing**

The San Diego Affordable Housing Fund (AHF) was created by the San Diego City Council (City Council) on June 3, 2003, as a permanent and annually renewable source of revenue to help meet the housing needs of the City of San Diego's (City) lower-income households. The City Council expressed the purposes of the AHF in San Diego Municipal Code Chapter 9, Article 8, Division 5 (Code). The fund seeks to:

- Meet a portion of the need for housing that is affordable to households with very-low, low-, and median-incomes;
- Leverage every \$1 of City funds with \$2 of non-City subsidy capital funds;





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

- Support the City's Balanced Communities Policy by fostering a mix of family incomes in AHF assisted projects and dispersing affordable housing projects throughout the City;
- Preserve and maintain affordable rental and ownership housing; and
- Encourage private sector activities that advance these goals.

The AHF is composed of two funds: the Housing Trust Fund (HTF) and the Inclusionary Housing Fund (IHF).

**The Housing Trust Fund:**

Per Section 98.0504 of the Code, HTF funds may be used in any manner, through loans, grants or indirect assistance for the production and maintenance of assisted units and related facilities. The HTF regulations require that:

- No less than ten percent (10%) of the funds in the San Diego Housing Trust Fund account shall be expended to provide transitional housing for households who lack permanent housing;
- No less than sixty percent (60%) of the funds in the Trust Fund account shall be expended to provide housing to very low income households at affordable housing costs;
- No more than twenty percent (20%) of the funds in the San Diego Housing Trust Fund account shall be expended to provide housing to low income households at affordable housing costs; and
- No more than ten percent (10%) of the funds in the San Diego Housing Trust Fund account shall be expended to assist median income and moderate income first-time home buyers purchase a home at an affordable housing cost.

**Inclusionary Housing Fund:**

The expenditure of IHF is governed by Section 98.0505 of the Code. Priority is given to the construction of new affordable housing stock. Monies may also be used for other programs if approved by City Council in the Annual Plan. SDHC monitors the revenue collected from each Community Planning Area and is responsible for reinvesting the funds. The IHF program requires that 10% of the new construction resident units be set aside as affordable housing for families earning no more than



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

65% of area median income (AMI) for rental units or 100% of AMI for-sale properties.

The following table reflects the condensed statement of revenues, expenses and changes in net position as of the fiscal year ended June 30, 2017 for IHF and HTF as required by the AHF Ordinance (San Diego Municipal Code Section 98.0515) and the dollars presented in the table below are in thousands.

	Inclusionary Housing Fund	Housing Trust Fund
<b>Operating Revenues</b>		
Fee revenue	\$ 88	\$ 18
Other revenue	239	62
	<u>327</u>	<u>80</u>
<b>Operating Expenses</b>		
Administrative expenses	830	372
General expenses	127	45
Grant expense	708	551
Housing assistance	-	36
	<u>1,665</u>	<u>1,004</u>
Total operating expenses	<u>1,665</u>	<u>1,004</u>
Operating loss	<u>(1,338)</u>	<u>(924)</u>
<b>Non-Operating Revenues</b>		
Grant revenue	25,516	1,792
Interest income on notes receivable	1,193	679
Investment income	191	18
	<u>26,900</u>	<u>2,489</u>
Total non-operating revenues	<u>26,900</u>	<u>2,489</u>
Change in net position	<u>\$ 25,562</u>	<u>\$ 1,565</u>

**Note 18 - Blended Component Units**

In September 2007, SDHC received HUD approval to transition out of the Public Housing Program and to own and operate those same 134 properties (1,366 units) of rental housing. In October 2009, the Housing Authority of the City of San Diego approved SDHC's Finance Plan for the Acquisition of New Affordable Housing Units



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

(see Housing Authority Report HAR 09 - 030). SDHC leveraged the equity in a portion of those properties through two financing sources, Fannie Mae and FHA.

A portion of SDHC's larger properties (33 properties) were leveraged with three loans from Fannie Mae under the conventional multifamily loan program and generated \$37,140,000 in total loan proceeds. Another portion of SDHC's portfolio (44 properties) was leveraged under FHA's 223(f) program and generated \$58,243,400 in total loan proceeds. The Fannie Mae loans closed in December 2009; two of the FHA loans closed in August 2010 and one FHA loan closed in September 2010. The loans were obtained by grouping the properties into six Limited Liability Companies. The groupings were primarily based on property location. Each of these LLC loans is nonrecourse.

On January 31, 2011, SDHC established its seventh wholly-owned LLC, Mercado SDHC LLC (Mercado). Mercado was created to acquire land for the Estrella del Mercado project which was subsequently ground leased to the developer of the project.

The following are the financial statements of the Blended Component Units of the San Diego Housing Commission for the year ended June 30, 2017:



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

San Diego Housing Commission - Blended Component Units

Balance Sheet

June 30, 2017

(Dollars in Thousands)

	<b>Belden SDHC FNMA LLC</b>	<b>Northern SDHC FNMA LLC</b>	<b>Central SDHC FNMA LLC</b>	<b>Northern SDHC FHA LLC</b>	<b>Southern SDHC FHA LLC</b>	<b>Central SDHC FHA LLC</b>	<b>Mercado SDHC LLC</b>	<b>TOTAL</b>
<b>Assets</b>								
Current assets								
Operating cash	\$ 301	\$ 672	\$ 405	\$ 1,686	\$ 1,041	\$ 1,265	\$ -	\$ 5,370
Security deposit account	102	78	118	97	178	147	-	720
Restricted cash	361	187	183	784	545	530	-	2,590
Accounts receivable	28	16	8	24	36	37	1	150
Allowance for doubtful accounts	(1)	(2)	(2)	(2)	(4)	(12)	-	(23)
Prepaid mortgage insurance	-	-	-	25	37	31	-	93
Escrow account - MIP	-	-	-	62	88	50	-	200
Investments	-	-	-	-	-	-	1	1
<b>Total current assets</b>	<b>791</b>	<b>951</b>	<b>712</b>	<b>2,676</b>	<b>1,921</b>	<b>2,048</b>	<b>2</b>	<b>9,101</b>
Capital assets								
Land	2,226	2,985	3,217	3,691	3,683	3,852	30	\$ 19,684
Building	1,815	3,252	3,929	5,098	3,901	3,857	-	21,852
Building improvements	303	891	2,589	5,962	4,288	4,447	-	18,480
Office furniture and equipment	36	-	-	-	-	-	-	36
Accumulated depreciation	(519)	(962)	(2,205)	(2,300)	(2,234)	(1,714)	-	(9,934)
Work in progress - building improvements	-	-	-	-	2,555	-	-	2,555
<b>Total capital assets</b>	<b>3,861</b>	<b>6,166</b>	<b>7,530</b>	<b>12,451</b>	<b>12,193</b>	<b>10,442</b>	<b>30</b>	<b>52,673</b>
<b>Total assets</b>	<b>\$ 4,652</b>	<b>\$ 7,117</b>	<b>\$ 8,242</b>	<b>\$ 15,127</b>	<b>\$ 14,114</b>	<b>\$ 12,490</b>	<b>\$ 32</b>	<b>\$ 61,774</b>



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

San Diego Housing Commission - Blended Component Units  
Balance Sheet - Continued  
June 30, 2017  
(Dollars in Thousands)

	<b>Belden SDHC FNMA LLC</b>	<b>Northern SDHC FNMA LLC</b>	<b>Central SDHC FNMA LLC</b>	<b>Northern SDHC FHA LLC</b>	<b>Southern SDHC FHA LLC</b>	<b>Central SDHC FHA LLC</b>	<b>Mercado SDHC LLC</b>	<b>TOTAL</b>
<b>Liabilities</b>								
Current liabilities								
Accounts payable	\$ 106	\$ 47	\$ 55	\$ 1,439	\$ 1,564	\$ 1,006	\$ 2	\$ 4,219
Related party payable	79	41	76	4,282	3,633	3,199	-	11,310
Accrued interest payable	68	60	78	49	70	43	-	368
First mortgage - current portion	202	177	230	317	453	288	-	1,667
Prepaid revenue	32	22	22	22	27	30	-	155
Tenant security deposits	102	78	118	97	178	147	-	720
<b>Total current liabilities</b>	<b>589</b>	<b>425</b>	<b>579</b>	<b>6,206</b>	<b>5,925</b>	<b>4,713</b>	<b>2</b>	<b>18,439</b>
Longterm liabilities								
First mortgage payable , net	10,897	9,559	12,333	14,953	21,398	13,419	-	82,559
<b>Total liabilities</b>	<b>11,486</b>	<b>9,984</b>	<b>12,912</b>	<b>21,159</b>	<b>27,323</b>	<b>18,132</b>	<b>2</b>	<b>100,998</b>
<b>Net Position</b>								
Net investment in capital assets	\$ (7,344)	\$ (3,666)	\$ (5,211)	\$ (3,194)	\$ (10,092)	\$ (2,671)	\$ 30	\$ (32,148)
Restricted net position	361	187	183	784	545	530	-	2,590
Unrestricted net position	149	612	358	(3,622)	(3,662)	(3,501)	-	(9,666)
<b>Total net position</b>	<b>(6,834)</b>	<b>(2,867)</b>	<b>(4,670)</b>	<b>(6,032)</b>	<b>(13,209)</b>	<b>(5,642)</b>	<b>30</b>	<b>\$ (39,224)</b>
<b>Total liabilities and net position</b>	<b>\$ 4,652</b>	<b>\$ 7,117</b>	<b>\$ 8,242</b>	<b>\$ 15,127</b>	<b>\$ 14,114</b>	<b>\$ 12,490</b>	<b>\$ 32</b>	<b>\$ 61,774</b>



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

San Diego Housing Commission - Blended Component Units  
 Statement of Operations  
 For the period ended June 30, 2017  
 (Dollars in Thousands)

	Belden SDHC FNMA LLC	Northern SDHC FNMA LLC	Central SDHC FNMA LLC	Northern SDHC FHA LLC	Southern SDHC FHA LLC	Central SDHC FHA LLC	Mercado SDHC LLC	TOTAL
<b><u>Income</u></b>								
Rental income	\$ 2,423	\$ 2,004	\$ 2,751	\$ 2,778	\$ 4,180	\$ 3,278	\$ -	17,414
Grant Revenue	-	-	-	157	-	-	-	157
Other income	272	30	19	237	341	33	-	932
<b>Total income</b>	<b>2,695</b>	<b>2,034</b>	<b>2,770</b>	<b>3,172</b>	<b>4,521</b>	<b>3,311</b>	<b>-</b>	<b>18,503</b>
<b><u>Expenses</u></b>								
Operating expenses								
Salaries and benefits	189	130	203	160	314	299	-	1,295
Management fee	122	102	139	141	212	166	-	882
Other admin	34	29	32	35	56	94	2	282
Utilities	206	154	212	226	378	313	-	1,489
Repairs and maintenance	281	211	343	2,122	1,106	1,791	-	5,854
Protective services	32	-	12	1	33	27	-	105
Insurance	43	21	23	27	42	40	-	196
<b>Total operating expenses</b>	<b>907</b>	<b>647</b>	<b>964</b>	<b>2,712</b>	<b>2,141</b>	<b>2,730</b>	<b>2</b>	<b>10,103</b>
Other expenses								
Interest expense	827	725	940	594	849	518	-	4,453
Mortgage insurance	-	-	-	71	101	64	-	236
Depreciation	75	149	302	430	352	307	-	1,615
Amortization	5	4	8	18	24	16	-	75
Bad debt expense	15	12	69	25	8	60	-	189
Other expenses	25	24	8	94	85	34	1	271
<b>Total other expenses</b>	<b>947</b>	<b>914</b>	<b>1,327</b>	<b>1,232</b>	<b>1,419</b>	<b>999</b>	<b>1</b>	<b>6,839</b>
<b>Total expenses</b>	<b>1,854</b>	<b>1,561</b>	<b>2,291</b>	<b>3,944</b>	<b>3,560</b>	<b>3,729</b>	<b>3</b>	<b>16,942</b>
<b>Net income</b>	<b>841</b>	<b>473</b>	<b>479</b>	<b>(772)</b>	<b>961</b>	<b>(418)</b>	<b>(3)</b>	<b>1,561</b>
Operating transfer in	1,525	1,774	1,997	3,673	5,469	2,835	3	17,276
Operating transfer out	(2,046)	(1,196)	(2,297)	(4,397)	(8,332)	(4,319)	-	(22,587)
<b>Net operating transfers</b>	<b>(521)</b>	<b>578</b>	<b>(300)</b>	<b>(724)</b>	<b>(2,863)</b>	<b>(1,484)</b>	<b>3</b>	<b>(5,311)</b>
<b>Net income (loss) net of financing sources</b>	<b>\$ 320</b>	<b>\$ 1,051</b>	<b>\$ 179</b>	<b>\$ (1,496)</b>	<b>\$ (1,902)</b>	<b>\$ (1,902)</b>	<b>\$ -</b>	<b>\$ (3,750)</b>



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units**

The discretely presented component units include the consolidated financial statements of the financial reporting entity, Housing Development Partners (collectively referred to as the "Corporation"). The Corporation follows accounting principles of the FASB. The entities consolidated within the Corporation's financial statements include: Housing Development Partners of San Diego, HDP Mason Housing Corporation, Casa Colina, L.P., Logan Development II, L.P., HDP Broadway, L.P., HDP Churchill, L.P., HDP Parker Kier, LLC, New Palace Hotel, Logan Development Management, LLC, HDP Broadway Management, LLC, HDP Churchill, LLC, HDP Island Village, LLC and HDP New Palace Management, LLC. All intercompany transactions have been eliminated in consolidation. A detail of the consolidated financial statements of the discretely presented component units as of December 31, 2016 is presented below along with the Notes to the Financial Statements. Due to differing fiscal years the nature and amount of inter-entity transactions between the primary government and component unit are disclosed in the table below:

Type of Obligation	HDP Balance, 12/31/2016	Additions	Payments	SDHC Balance, 6/30/2017
<b>NOTES PAYABLE</b>				
<u>Debts of HDP Mason Housing Corporation</u>				
San Diego Housing Commission	\$ 2,365,283	\$ -	\$ -	\$ 2,365,283
San Diego Housing Commission	68,858	-	-	68,858
San Diego Housing Commission - Debt Forgiveness	138,000	-	-	138,000
<u>Debts of Casa Colina, L.P.</u>				
San Diego Housing Commission	1,476,427	-	66,466	1,409,961
<u>Debts of Logan Development II, L.P.</u>				
San Diego Housing Commission	1,400,000	-	-	1,400,000
<u>Debts of HDP Churchill, L.P.</u>				
San Diego Housing Commission	3,651,390	-	1,526,578	2,124,812
San Diego Housing Commission	663,179	3,049,433	-	3,712,612
<b>SALARIES PAYABLE</b>				
<u>Debts of Housing Development Partners of San Diego</u>				
San Diego Housing Commission	45,009	-	45,009	-
Total	<u>\$ 9,808,146</u>	<u>\$ 3,049,433</u>	<u>\$ 1,638,053</u>	<u>\$ 11,219,526</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

San Diego Housing Commission - Discretely Presented Component Units  
Consolidating Schedule of Financial Position  
December 31, 2016

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	Casa Colina, L.P.	Logan Development II, L.P.	HDP Broadway, L.P.	HDP Churchill, LP	HDP Parker Kier, LLC	New Palace	Other Consolidated Companies	Eliminations	Consolidated
<b>Current Assets:</b>											
Cash and cash equivalents	\$ 4,172,511	\$ 61,189	\$ 204,021	\$ 192,154	\$ 448,432	\$ 60,106	\$ 133,894	\$ 156,802	\$ 30,008	\$ -	\$ 5,459,117
Tenant security deposits	-	8,687	23,671	25,652	48,000	63,500	16,473	15,045	-	-	201,028
Accounts receivable	137,676	2,320	64,869	1,312	282,652	1,299	6,227	2,145	86,667	(89,167)	496,000
Related party advances	325,787	-	32,310	-	-	800	-	-	8,723	(367,620)	-
Prepaid expenses	17,573	1,473	16,298	5,683	13,576	16,529	4,408	-	-	-	75,540
Deposits	4,455	-	-	-	-	1,771	-	15,000	-	-	21,226
Prepaid ground leases	-	-	10,798	-	204,946	-	-	-	-	-	215,744
Total Current Assets	<u>4,658,002</u>	<u>73,669</u>	<u>351,967</u>	<u>224,801</u>	<u>997,606</u>	<u>144,005</u>	<u>161,002</u>	<u>188,992</u>	<u>125,398</u>	<u>(456,787)</u>	<u>6,468,655</u>
<b>Noncurrent Assets:</b>											
Accounts receivable	1,419,186	-	-	-	-	-	-	-	-	(1,419,186)	-
Deposits	-	2,000	-	6,000	-	125	3,000	14,278	-	-	25,403
Note receivable	9,469,651	-	-	-	-	-	-	-	-	(9,469,651)	-
Interest receivable	15,477	-	-	-	-	-	-	-	-	(15,477)	-
Escrow deposits	-	-	20,560	5,356	75,147	-	-	-	-	-	101,063
Replacement reserves	-	53,181	284,163	97,713	210,634	48,674	32,200	62,173	-	-	788,738
Operating reserves	-	-	119,579	306,499	1,162,549	-	-	-	-	-	1,588,627
Operating expense reserve	-	27,850	-	-	-	163,440	-	77,768	-	-	269,058
Investment in partnerships	325,878	-	-	-	-	-	-	-	1,055	(279,212)	47,721
Prepaid ground leases, less current portion	-	-	550,684	-	3,337,552	-	-	-	-	-	3,888,236
Property and equipment, net	12,224	5,190,881	3,426,019	7,781,853	30,674,441	19,972,290	4,761	5,692,738	-	(15,509,191)	57,246,016
Capitalized costs, net	-	-	-	17,764	71,230	-	-	-	-	-	88,994
Total Noncurrent Assets	<u>11,242,416</u>	<u>5,273,912</u>	<u>4,401,005</u>	<u>8,215,185</u>	<u>35,531,553</u>	<u>20,184,529</u>	<u>39,961</u>	<u>5,846,957</u>	<u>1,055</u>	<u>(26,692,717)</u>	<u>64,043,856</u>
<b>TOTAL ASSETS</b>	<u>\$ 15,900,418</u>	<u>\$ 5,347,581</u>	<u>\$ 4,752,972</u>	<u>\$ 8,439,986</u>	<u>\$ 36,529,159</u>	<u>\$ 20,328,534</u>	<u>\$ 200,963</u>	<u>\$ 6,035,949</u>	<u>\$ 126,453</u>	<u>\$ (27,149,504)</u>	<u>\$ 70,512,511</u>





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

San Diego Housing Commission - Discretely Presented Component Units  
Consolidating Schedule of Financial Position - Continued  
December 31, 2016

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	Casa Colina, L.P.	Logan Development II, L.P.	HDP Broadway, L.P.	HDP Churchill, LP	HDP Parker Kier, LLC	New Palace	Other Consolidated Companies	Eliminations	Consolidated
<b>Current Liabilities:</b>											
Accounts payable and accrued expenses	\$ 59,895	\$ 12,821	\$ 15,787	\$ 22,446	\$ 180,286	\$ 39,457	\$ 13,339	\$ 246,955	\$ 1,200	\$ (2,230)	\$ 589,956
Construction costs payable	-	-	-	-	-	1,487,086	-	-	-	-	1,487,086
Accrued interest payable	-	-	35,502	15,286	75,442	-	-	50,569	-	(10,393)	166,406
Ground lease payable	-	-	-	-	-	-	18,091	-	-	-	18,091
Related party payables	88,042	43,276	23,273	45,905	645,477	307,611	20,175	217,704	29,339	(1,357,948)	62,854
Prepaid revenue	-	1,494	518	1,129	1,076	1,774	1,397	1,599	-	-	8,987
Tenant security deposits	-	8,586	22,525	24,999	46,491	63,500	18,167	14,984	-	-	199,252
Current portion of notes payable	-	23,000	155,197	53,599	235,181	-	-	5,799,261	-	-	6,266,238
Total Current Liabilities	<u>147,937</u>	<u>89,177</u>	<u>252,802</u>	<u>163,364</u>	<u>1,183,953</u>	<u>1,899,428</u>	<u>71,169</u>	<u>6,331,072</u>	<u>30,539</u>	<u>(1,370,571)</u>	<u>8,798,870</u>
<b>Noncurrent Liabilities:</b>											
Related party payables	20,669	375,793	-	-	-	318,933	-	-	-	(715,395)	-
Deferred grant revenue	-	-	-	-	-	9,519,805	-	-	-	(393,939)	9,125,866
Accrued interest payable	-	709,946	-	1,430,866	-	181,059	-	-	-	(5,085)	2,316,786
Notes payable, net	-	5,032,165	3,905,310	4,873,126	25,801,396	8,759,262	-	-	-	(9,290,717)	39,080,542
Total Noncurrent Liabilities	<u>20,669</u>	<u>6,117,904</u>	<u>3,905,310</u>	<u>6,303,992</u>	<u>25,801,396</u>	<u>18,779,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,405,136)</u>	<u>50,523,194</u>
Total Liabilities	<u>168,606</u>	<u>6,207,081</u>	<u>4,158,112</u>	<u>6,467,356</u>	<u>26,985,349</u>	<u>20,678,487</u>	<u>71,169</u>	<u>6,331,072</u>	<u>30,539</u>	<u>(11,775,707)</u>	<u>59,322,064</u>
<b>Unrestricted Net Position, Non-Controlling Interest</b>											
	-	-	594,871	1,972,646	9,543,994	-	-	-	11,211	-	12,122,722
<b>Unrestricted Net Position</b>	<u>15,731,812</u>	<u>(859,500)</u>	<u>(11)</u>	<u>(16)</u>	<u>(184)</u>	<u>(349,953)</u>	<u>129,794</u>	<u>(295,123)</u>	<u>84,703</u>	<u>(15,373,797)</u>	<u>(932,275)</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 15,900,418</u>	<u>\$ 5,347,581</u>	<u>\$ 4,752,972</u>	<u>\$ 8,439,986</u>	<u>\$ 36,529,159</u>	<u>\$ 20,328,534</u>	<u>\$ 200,963</u>	<u>\$ 6,035,949</u>	<u>\$ 126,453</u>	<u>\$ (27,149,504)</u>	<u>\$ 70,512,511</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

San Diego Housing Commission - Discretely Presented Component Units  
Consolidating Schedule of Activities  
Year Ended December 31, 2016

	Housing Development Partners of San Diego	HDP Mason Housing Corporation	Casa Colina, L.P.	Logan Development II, L.P.	HDP Broadway, L.P.	HDP Churchill, LP	HDP Parker Kier, LLC	New Palace	Other Consolidated Companies	Eliminations	Consolidated
<b>Revenue and Support:</b>											
Rental income	\$ -	\$ 191,281	\$ 941,676	\$ 685,469	\$ 2,828,435	\$ 256,651	\$ 404,659	\$ 580,800	\$ -	\$ (1,707)	\$ 5,887,264
Grant Revenue	400,000	-	-	-	-	147,840	-	-	-	(6,061)	541,779
Miscellaneous income	6,071	10	-	-	3,523	633	-	107,362	-	-	117,599
Management fees	109,376	-	-	-	-	-	-	-	64,167	(64,167)	109,376
Resident services	-	-	68,440	-	-	-	-	-	-	-	68,440
Note forgiveness	-	23,000	-	-	-	-	-	-	-	-	23,000
Interest income	354,994	185	735	653	2,916	840	113	123	-	(353,431)	7,128
Share of income from partnerships	209,981	-	-	-	-	-	-	-	(759)	(203,077)	6,145
Developer fees	435,210	-	-	-	-	-	-	-	-	(435,210)	-
Total Revenue and Support	1,515,632	214,476	1,010,851	686,122	2,834,874	405,964	404,772	688,285	63,408	(1,063,653)	6,760,731
<b>Expenses:</b>											
<b>Program Services</b>	649,307	348,510	730,161	867,945	3,779,289	654,787	198,271	784,140	15,361	(807,598)	7,220,173
Total Program Services	649,307	348,510	730,161	867,945	3,779,289	654,787	198,271	784,140	15,361	(807,598)	7,220,173
<b>Supporting Services:</b>											
Management and general	467,252	79,195	254,909	115,686	435,927	90,895	117,482	199,268	6,146	(11,707)	1,755,053
Total Supporting Services	467,252	79,195	254,909	115,686	435,927	90,895	117,482	199,268	6,146	(11,707)	1,755,053
Total Expenses	1,116,559	427,705	985,070	983,631	4,215,216	745,682	315,753	983,408	21,507	(819,305)	8,975,226
Change in Unrestricted Net Position Before Loss Attributable to Non-Controlling Interest	399,073	(213,229)	25,781	(297,509)	(1,380,342)	(339,718)	89,019	(295,123)	41,901	(244,348)	(2,214,495)
Loss (Income) Attributable to Non-Controlling Interest	-	-	(25,778)	297,479	1,380,204	-	-	-	(2,841)	-	1,649,064
Change in Unrestricted Net Position	399,073	(213,229)	3	(30)	(138)	(339,718)	89,019	(295,123)	39,060	(244,348)	(565,431)
Unrestricted Net Position (Deficit) at Beginning of Year	15,332,739	(646,271)	(5)	14	(46)	(10,235)	111,220	-	45,643	(15,199,903)	(366,844)
<b>UNRESTRICTED NET POSITION (DEFICIT) AT END OF YEAR</b>	\$ 15,731,812	\$ (859,500)	\$ (11)	\$ (16)	\$ (184)	\$ (349,953)	\$ 129,794	\$ (295,123)	\$ 84,703	\$ (15,373,797)	\$ (932,275)



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)**

**HDP Note 1 - Organization and Significant Accounting Policies:**

**Organization**

The consolidated financial statements include the following entities which are collectively referred to as the "Corporation".

**Housing Development Partners of San Diego**

Housing Development Partners of San Diego (HDP) is a California Nonprofit Corporation. HDP's mission is to preserve and increase affordable housing opportunities for low and moderate income residents.

New Palace Hotel (New Palace) was purchased on January 12, 2016 by HDP SD to provide 80 units of affordable housing for low-income persons located in San Diego, California. New Palace is wholly-owned by HDP.

HDP oversees the management of 1,100 rental units throughout the City of San Diego including Dawson Avenue Senior Apartments, LP, Island Palms Apartments, LP and Studio 15 Housing Partners, LLC.

The Corporation shares staff and Board of Directors with the San Diego Housing Commission (Commission). The Corporation's by-laws state that two of the Corporation's board members are also Commission board members and a third Corporation board member is the Chief Executive Officer of the Commission. Therefore, the Commission can exercise considerable influence over the Corporation.

**HDP Mason Housing Corporation**

HDP Mason Housing Corporation (HDP Mason) is a California Nonprofit Benefit Corporation formed by HDP in September 2011 to provide low and moderate income persons with affordable housing and facilities and services related to housing. HDP Mason owns and operates the Mason Hotel, a 17-unit rental housing project located in San Diego, California.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)**

**Casa Colina, L.P.**

Casa Colina, L.P. (Casa Colina) was formed as a limited partnership under the laws of the State of California on February 18, 2004 for the purpose of constructing and operating a 75 unit low-income rental housing project located in San Diego, California. HDP has a .01% general partnership interest in the Partnership. All profits and losses are allocated .01% to HDP and 99.99% to the Limited Partner.

**Logan Development II, L.P.**

Logan Development II, L.P. (Logan) was formed as a limited partnership under the laws of the State of California on October 29, 2012 to acquire, hold, invest in, secure financing for, construct, rehabilitate, develop, improve, maintain, operate, lease and otherwise deal with a 54 unit rental housing project. The project is located in San Diego, California, and is currently operating under the name Knox Glen Townhomes. Logan Development Management, LLC has a .01% general partnership interest in the Partnership. All profits and losses are allocated .01% to Logan Development Management, LLC, 99.99% to the Investment Limited Partner and 0.00% to the Special Limited Partner.

**HDP Broadway, L.P.**

HDP Broadway, L.P. (HDP Broadway) was formed as a limited partnership under the laws of the State of California on July 22, 2013 to own, rehabilitate and operate a 156 unit multifamily low income rental housing project located in San Diego, California operating under the name San Diego Square. HDP Broadway Management, LLC, the managing general partner, has a .01% general partnership interest in the Partnership. All profits and losses were allocated .01% to HDP Broadway Management, LLC, and 99.99% to the Investment Limited Partner and 0.00% to the Special Limited Partner.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)****HDP Churchill, L.P.**

HDP Churchill, L.P. (HDP Churchill) was established as a limited liability company under the laws of the State of California on August 1, 2015 to acquire, own and operate a 73 unit low income housing project. The project is located in San Diego, California operating under the name Hotel Churchill. HDP Churchill, LLC, the managing general partner has a .01% general partnership interest in the Partnership and HDP, the limited partner, has a 99.99% limited partnership interest. All profits and losses are allocated .01% to HDP Churchill, LLC and 99.99% to HDP.

**HDP Parker Kier, LLC**

HDP Parker Kier, LLC (HDP Parker Kier) was established as a limited liability company under the laws of the State of California on July 30, 2013 to acquire, operate, develop, manage, finance, refinance, hold and sell real property and participate in partnerships, corporations, limited liability companies, or other legal entities engaged in rental housing projects. HDP Parker Kier operates a 34 unit low income housing project located in San Diego, California. HDP is the sole member of HDP Parker Kier.

**HDP New Palace, L. P.**

HDP New Palace, L.P. (HDP New Palace) was formed as a limited partnership under the laws of the State of California on August 11, 2016 to acquire, own and operate an 80 - unit low-income housing project located in San Diego, California. HDP New Palace, LLC is the managing general partner. HDP New Palace Management, LLC has a .01% general partnership interest in the Partnership. All profits and losses are allocated .01% to HDP New Palace Management, LLC, 99.99% to the Investment Limited Partner.

**Other Consolidated Companies****Logan Development Management, LLC**

Logan Development Management, LLC was established as a limited liability company under the laws of the State of California on October 25, 2012 to serve as the managing general partner of Logan Development II, L.P. to acquire, operate, develop, manage, finance, refinance, hold and sell real property and participate in partnerships, corporations, limited liabilities companies, or other legal entities engaged in rental housing projects. Logan Development Management, LLC owns .01% of Logan Development II, L.P. HDP is the 79% managing member of Logan Development Management, LLC.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)**

**HDP Broadway Management, LLC**

HDP Broadway Management, LLC was established as a limited liability company under the laws of the State of California on July 22, 2013 to serve as the managing general partner of HDP Broadway, L.P. to acquire, operate, develop, manage, finance, refinance, hold and sell real property and participate in partnerships, corporations, limited liability companies, or other legal entities engaged in rental housing projects. HDP is the sole member of HDP Broadway Management, LLC.

**HDP Churchill, LLC**

HDP Churchill, LLC was established as a limited liability company under the laws of the State of California on August 26, 2013 to acquire, operate, develop, manage, finance, refinance, hold and sell real property and participate in partnerships, corporations, limited liability companies, or other legal entities engaged in rental housing projects. HDP is the sole member of HDP Churchill, LLC.

**HDP Island Village, LLC**

HDP Island Village, LLC was established as a limited liability company under the laws of the State of California on September 23, 2015 to serve as the managing general partner of East Village West LP to acquire, operate, develop, manage, finance, refinance, hold and sell real property and participate in partnerships, corporations, limited liability companies, or other legal entities engaged in rental housing projects. HDP Island Village, LLC owns .04% of East Village West LP. HDP is the sole member of HDP Island Village, LLC.

**HDP New Palace Management, LLC**

HDP New Palace Management, LLC was established as a limited liability company under the laws of the State of California on August 11, 2016 to acquire, operate, develop, manage, finance, refinance, hold and sell real property and participate in partnerships, corporations, limited liability companies, or other legal entities engaged in rental housing projects. HDP New Palace Management, LLC owns .01% of HDP New Palace, L.P. HDP is the 79% managing member of HDP New Palace Management, LLC.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)**

**HDP Note 2 - Significant Accounting Policies**

**Consolidated Financial Statements**

The accompanying consolidated financial statements of the Corporation include the accounts of HDP, HDP Mason, Casa Colina, Logan, HDP Broadway, HDP Churchill, HDP Parker Kier, New Palace, Logan Development Management, LLC, HDP Broadway Management, LLC, HDP Churchill, LLC, HDP Island Village, LLC and HDP New Palace Management, LLC. All material intercompany transactions have been eliminated in consolidation.

**Accounting Method**

The consolidated financial statements of the Corporation have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflects all significant receivables, payables, and other liabilities.

**Change in Accounting Principle**

During 2016, the Corporation adopted the provisions of Accounting Standards Update 2015 - 03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015 - 03). Under this new accounting policy, the Corporation has retrospectively presented all debt issuance costs as a direct deduction from the carrying amount of the related obligation in the consolidated statement of financial position. Amortization of the debt issuance costs is calculated using the interest method and is included as a component of interest expense. The effects of the retrospective application of the accounting change on the year ended December 31, 2015 is to decrease total assets and liabilities by \$779,651 in the consolidated statement of financial position.

**Financial Statement Presentation**

The consolidated financial statements present information regarding the financial position and activities according to three classes of net position: unrestricted net position, temporarily restricted net position and permanently restricted net position.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)**

**Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fair Value Measurements**

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Corporation had no financial instruments at December 31, 2016.

**Allowance for Doubtful Accounts**

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. Management believes that all accounts receivable were fully collectible; therefore, no allowance for doubtful accounts receivable was recorded at December 31, 2016.





## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)****Capitalization and Depreciation**

The Corporation capitalizes all expenditures in excess of \$2,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line and accelerated methods over the estimated useful asset lives as follows:

Buildings and improvements	27.5 - 40 years
Furniture and equipment	5 - 7 years
Furnishings	5 years

Depreciation expense totaled \$2,673,961 for the year ended December 31, 2016.

Interest totaling \$62,661 for the year ended December 31, 2016, was capitalized and is included in buildings and improvements.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

**Impairment of Real Estate**

The Corporation reviews its property for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted net cash flows expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2016.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)**

**Amortization**

Capitalized costs are amortized over the term of the tax-credit fees using the straight-line method. Amortization totaled \$10,722 for the year ended December 31, 2016.

**Related Party Payables**

Related party payables consist of staff charges payable to the Commission and Partner's fees for Casa Colina, Logan and HDP Broadway. Related party payables are non-interest bearing, due upon demand and totaled \$62,854 at December 31, 2016.

**Deferred Revenue and Prepaid Revenue**

Laundry payments received in advance are classified as liabilities until earned. Advanced laundry payments are earned and recognized as revenue over the term of the laundry contract. Rental payment received in advance are deferred and classified as liabilities until earned.

**Revenue Recognition**

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned. Developer fees are recognized when earned based on collectability and performance of the project.

**Tenant Security Deposits**

Tenant security deposits are held in separate bank accounts in the name of HDP Mason, Casa Colina, Logan, HDP Broadway, HDP Churchill, HDP Parker Kier and New Palace. These funds are restricted to the extent of the tenant security deposit liability totaling \$199,252 at December 31, 2016.

**Deferred Grant Revenue**

Government grants related to the acquisition of assets are recognized initially as deferred grant revenue when there is reasonable assurance that the Corporation will comply with the conditions associated with the grant. Grant revenue is recognized in the statement of activities on a systematic basis over the useful life of the asset. Deferred grant revenue totaled \$9,125,866 at December 31, 2016.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)****Debt Issuance Costs**

Debt issuance costs are incurred in order to obtain permanent financing for the Corporation. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized deferred financing costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortized debt issuance costs is reported as a component of interest expense and totaled \$29,889 for the year ended December 31, 2016.

**Housing Assistance Payments Contract**

Casa Colina entered into a housing assistance payment contract with the Department of Housing and Urban Development (HUD). Contract #CA160006009 expires November 30, 2017, and Casa Colina has requested and expects an extension of the contract. The amount earned on the contract totaled \$666,531 for the year ended December 31, 2016 and is included in rental income.

HDP Mason entered into a housing assistance payment contract with the San Diego Housing Commission in May 2013. The contract expires May 14, 2023 with a renewal option. The amount earned on the contract totaled \$128,286 for the year ended December 31, 2016 and is included in rental income.

HDP Broadway entered into a housing assistance payment contract with the Department of Housing and Urban Development (HUD). Contract #CA162234201 expires November 30, 2034. The amount earned on the contract totaled \$2,150,438 for the year ended December 31, 2016, included in rental income.

HDP Churchill entered into a housing assistance payment contract with the San Diego Housing Commission in August 2016. The contract expires July 31, 2031 with a renewal option. The amount earned on the contract totaled \$177,472 for the year ended December 31, 2016 and is included in rental income.

HDP Parker Kier entered into a housing assistance payment contract with the San Diego Housing Commission in October 2013. The contract expires October 10, 2023 with no renewal option. HDP also entered into a Sponsor based subsidy program with the San Diego Housing Commission in October 2016. The contract expires September 30, 2017 with a renewal option. The amount earned on the contracts totaled \$280,682 for the year ended December 31, 2016 and is included in rental income.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)**

New Palace entered into a housing assistance payment contract with the San Diego Housing Commission in February 2016. The contract expires January 31, 2018 with a renewal option. The amount earned on the contract totaled \$271,584 for the year ended December 31, 2016 and is included in rental income.

**Allocated Expenses**

Expenses by function have been allocated among supporting services classifications on the basis of internal records and estimates made by the Corporation's management.

**Income Taxes**

HDP and HDP Mason are public charities and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. HDP and HDP Mason believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements. HDP and HDP Mason are not private foundations.

HDP and HDP Mason's Return of Organization Exempt from Income Tax for the years ended December 31, 2016, 2015, 2014, and 2013 are subject to examination by the Internal Revenue Service and State taxing authorities, generally the three to four years after the returns were filed.

Casa Colina, Logan, HDP Broadway, HDP Churchill and HDP New Palace were formed as limited partnerships, HDP Parker Kier, Logan Development Management, LLC, HDP Broadway Management, LLC, HDP Churchill, LLC, HDP Island Village, LLC and HDP New Palace Management, LLC were established as limited liability companies under the laws of the State of California. Casa Colina, Logan, HDP Broadway, HDP Churchill, HDP New Palace, HDP Parker Kier, Logan Development Management, LLC, HDP Broadway Management, LLC, HDP Churchill, LLC, HDP Island Village, LLC and HDP New Palace Management, LLC believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements. No provisions or benefit for income taxes has been included in these consolidated financial statements since taxable income (loss) passes through to, and is reportable by, the partners and members individually.



## San Diego Housing Commission

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

#### **Note 19 - Discretely Presented Component Units (Continued)**

Casa Colina, Logan, HDP Broadway, HDP Churchill, HDP New Palace, HDP Parker Kier, Logan Development Management, LLC, HDP Broadway Management, LLC, HDP Churchill, LLC, HDP Island Village, LLC and HDP New Palace Management, LLC's tax returns for the years ended December 31, 2016, 2015, 2014, and 2013 are subject to examination by the Internal Revenue Service and State taxing authorities, generally the three to four years after the returns were filed.

#### **Concentrations**

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

The Corporation's operations are concentrated in the multi-family real estate market. In addition, the Corporation operate in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, California Housing Finance Agency (CalHFA) and HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by CalHFA and HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with a change.

#### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Certificates of deposit may be redeemed without significant penalty and are considered cash and cash equivalents, regardless of maturity. Cash is defined as cash in demand deposit accounts as well as cash on hand. Not included as cash are funds restricted as to their use, regardless of liquidity, such as escrow deposits, replacements reserves, operating reserves, operating expense reserves, and tenant security deposits. The Corporation occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The Corporation has not experienced any losses in such accounts.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)****HDP Note 3 - Accounts Receivable:**

Accounts receivable consist of the following at December 31, 2016:

**Related Parties:**

Studio 15 Housing Partners, LLC	\$ 47,368
East Village West, L.P.	37,500
Dawson Avenue Senior Apartments, LP	<u>13,512</u>
Subtotal	<u>98,380</u>

**Other:**

HDP Broadway property tax refund	305,883
Rent receivable	69,137
HDP Parker Kier administrative fee	13,125
Resident services	6,076
Other receivables	<u>3,399</u>
Subtotal	<u>397,620</u>

Total Accounts Receivable	<u><u>\$ 496,000</u></u>
---------------------------	--------------------------

**HDP Note 4 - Investment in Partnerships:**

The Corporation owns a general partner interest in limited partnerships accounted for using the equity method. The following are the balances in the Corporation's partnership capital accounts at December 31, 2016:

Dawson Avenue Senior Apartment, L.P. (.01%)	\$ 47,928
East Village West, L.P. (.04%)	1,249
Studio 15 Housing Partners, L.P. (.01%)	<u>(1,456)</u>
Total Investment in Partnerships	<u><u>\$ 47,721</u></u>



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)**

The Corporation provided management services to these and other entities for which it earned the following amounts for the year ended December 31, 2016:

East Village West, L.P.	\$ 30,000
Studio 15 Housing Partners, L.P.	20,539
Dawson Avenue Senior Apartment, L.P.	13,512
Other management fees	<u>45,325</u>
 Total Management Fees	 <u><u>\$ 109,376</u></u>

**HDP Note 5 - Property and Equipment:**

Property and equipment consist of the following at December 31, 2016:

Land	\$ 1,655,329
Buildings and improvements	61,180,279
Furniture and equipment	1,031,626
Furnishings	96,463
Construction in progress	<u>652,735</u>
 Subtotal	 64,616,432
Less: Accumulated depreciation	<u>(7,370,416)</u>
 Property and Equipment, Net	 <u><u>\$ 57,246,016</u></u>

**HDP Note 6 - Capitalized Costs:**

Capitalized costs consist of the following at December 31, 2016:

Tax credit fees	\$ 107,214
Less: Accumulated amortization	<u>(18,220)</u>
 Capitalized Costs, Net	 <u><u>\$ 88,994</u></u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)**

**HDP Note 7 - Notes Payable:**

A summary of notes payable at December 31, 2016:

Type of Obligation	Interest Rate	Maturity Date	Balance, 12/31/2015	Additions	Payments/Amortization	Balance, 12/31/2016	Due Within One Year
<u>Debts of HDP Mason Housing Corporation</u>							
San Diego Housing Commission	3.00%	2068	\$ 2,365,283	\$ -	\$ -	\$ 2,365,283	\$ -
Civic San Diego	5.00%	2057	1,318,964	-	-	1,318,964	-
California Housing Finance Agency	3.00%	2066	1,180,727	-	-	1,180,727	-
San Diego Housing Commission	3.00%	2057	68,858	-	-	68,858	-
San Diego Housing Commission - Debt Forgiveness	0.00%		161,000	-	23,000	138,000	23,000
<u>Debts of Casa Colina, L.P.</u>							
Red Mortgage Capital, Inc.	5.68%	2039	2,936,793	-	63,032	2,873,761	66,707
San Diego Housing Commission	3.00%	2059	1,516,662	-	40,235	1,476,427	88,490
<u>Debts of Logan Development II, L.P.</u>							
Housing Authority of the City of San Diego/serviced by JP Morgan Chase Bank, N.A.	5.58%	2032	3,228,977	-	47,633	3,181,344	53,599
San Diego Housing Commission	6.00%	2050	1,400,000	-	-	1,400,000	-
Civic San Diego	3.00%	2050	150,000	-	-	150,000	-
<u>Debts of HDP Broadway, L.P.</u>							
Housing Authority of the City of San Diego/serviced by Berkadia Commercial	4.49%	2044	17,609,981	-	224,873	17,385,108	235,181
<u>Debts of HDP Churchill, L.P.</u>							
San Diego Housing Commission	3.00%	2071	253,494	3,397,896	-	3,651,390	-
Civic San Diego	3.00%	2070	900,000	1,804,000	-	2,704,000	-
California Housing Finance Agency	3.00%	2070	-	1,800,000	-	1,800,000	-
San Diego Housing Commission	3.00%	2071	-	663,179	-	663,179	-
<u>Debts of Housing Development Partners (New Palace)</u>							
Local Initiative Support Corporation	2.6% to 6%	2017	-	5,200,000	-	5,200,000	5,200,000
Local Initiative Support Corporation	5.25%	2017	-	599,261	-	599,261	599,261
Subtotal			33,090,739	13,464,336	398,773	46,156,302	6,266,238
Less: Unamortized debt issuance costs			(839,411)	-	(29,889)	(809,522)	-
Total			<u>\$ 32,251,328</u>	<u>\$ 13,464,336</u>	<u>\$ 368,884</u>	<u>\$ 45,346,780</u>	<u>\$ 6,266,238</u>

At December 31, 2016, the current portion of the notes payable was \$6,266,238 and the noncurrent portion of notes payable was \$39,890,064.

Debt issuance costs total \$1,016,508, less accumulated amortization of \$206,986 at December 31, 2016.





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)**

The future principal payments on the notes payable are as follows:

<u>Year Ended December 31</u>	
2017	\$ 6,266,238
2018	396,225
2019	414,859
2020	434,435
2021	455,002
Thereafter	<u>38,189,543</u>
Total Notes Payable	46,156,302
Less: Unamortized debt issuance costs	<u>(809,522)</u>
Total Notes Payable, Net	<u>\$ 45,346,780</u>



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)****HDP Note 8 - Ground Leases:****Casa Colina**

Casa Colina entered into a ground lease with the San Diego Housing Commission on February 18, 2004. The lease agreement is for the term of 65 years with monthly rent of \$375 plus additional rent in the amount by which 2.25% of the gross rents received for the prior month exceeds \$375. Casa Colina prepaid additional rent of \$700,000, as defined in the agreement during the year ended December 31, 2006. During this term, the property is required to be used exclusively as a residential apartment building containing 75 units of affordable rental housing for low income seniors. Casa Colina is responsible for all real estate taxes and maintenance of any improvements during the term of the lease. The prepaid ground lease totaled \$561,482 at December 31, 2016. The ground lease expense totaled \$30,284 at December 31, 2016.

**HDP Broadway**

HDP Broadway entered into a ground lease with the City of San Diego effective November 25, 2014. The lease agreement is for the term of 65 years with a one-time payment of \$4,000,000, which was paid in 2014 and annual rent of 4.5% of gross revenue derived from residential operations on the premises, payable in arrears within 30 days of the end of each lease year, as defined in the agreement. In addition to the base rent, HDP Broadway shall pay the City supplemental rent as defined in the agreement. During this term, the property is required to be used exclusively as a residential apartment building containing 156 units of affordable housing for low income seniors. The lease also allows for the use of commercial space. HDP Broadway is responsible for all real estate taxes and maintenance of any improvements during the term of the lease. The prepaid ground lease totaled \$3,542,498 at December 31, 2016. The ground lease expense totaled \$383,461 for the year ended December 31, 2016.

	<u>Casa Colina</u>	<u>HDP Broadway</u>	<u>Total</u>
<b><u>Financial Statement Presentation:</u></b>			
Current	\$ 10,798	\$ 204,946	\$ 215,744
Noncurrent	550,684	3,337,552	3,888,236
Total	<u>\$ 561,482</u>	<u>\$ 3,542,498</u>	<u>\$ 4,103,980</u>



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)****HDP Parker Kier**

HDP Parker Kier entered into a ground lease with the San Diego Housing Commission on September 1, 2013. The lease agreement is for the term of 10 years with an annual rent of 4.5 % of all gross income for the immediately preceding calendar year, as defined in the agreement. During this term, the property is required to be used exclusively as a residential apartment building containing 33 units reserved as affordable units. Parker Kier is responsible for all real estate taxes and maintenance of any improvements during the term of the lease. The ground lease payable totaled \$18,091 at December 31, 2016. The ground lease expense totaled \$18,091 for the year ended December 31, 2016.

**HDP Churchill**

HDP Churchill entered into a ground lease with the San Diego Housing Commission on April 24, 2015. The lease agreement is for the term of 65 years with an annual rent of 4.5% of all gross income for the immediately preceding calendar year, as defined in the agreement. During this term, the property is required to be used exclusively as a residential apartment building containing 72 units reserved as affordance units for eligible residents and 1 manager's unit, as defined in the agreement. HDP Churchill is responsible for all real estate taxes and maintenance of any improvement during the term of the lease. There were no lease payments required for the year ended December 31, 2016.

**HDP Note 9 - Unrestricted Net Position, Non - Controlling Interest:**

The following is a reconciliation of the changes in partners' equity of Casa Colina, Logan and HDP Broadway and members' equity of Logan Development Management, LLC and HDP Broadway Management, LLC included in the accompanying consolidated financial statements as of and for the year ended December 31, 2016:

**Casa Colina**

	HDP General Partner	Non-Controlling Interest Limited Partner
Partners' Equity (Deficit), at Beginning of Year	\$ (5)	\$ 658,606
Partner distributions	(9)	(89,513)
Net income	3	25,778
Partners' Equity (Deficit), at End of Year	<u>\$ (11)</u>	<u>\$ 594,871</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)**

**Logan**

	Logan Development Management, LLC General Partner	Non-Controlling Interest Limited Partner
	<u>                    </u>	<u>                    </u>
Partners' Equity, at Beginning of Year	\$ 14	\$ 2,270,125
Net loss	<u>(30)</u>	<u>(297,479)</u>
Partners' Equity (Deficit), at End of Year	<u>\$ (16)</u>	<u>\$ 1,972,646</u>

**HDP Broadway**

	Logan Development Management, LLC General Partner	Non-Controlling Interest Limited Partner
	<u>                    </u>	<u>                    </u>
Partners' Equity (Deficit), at Beginning of Year	\$ (46)	\$ 7,907,516
Partner contributions	-	3,016,682
Net loss	<u>(138)</u>	<u>(1,380,204)</u>
Partners' Equity (Deficit), at End of Year	<u>\$ (184)</u>	<u>\$ 9,543,994</u>



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

**Note 19 - Discretely Presented Component Units (Continued)****Logan Development Management, LLC**

	HDP Managing Member	Non-Controlling Interest Limited Partner
	<u>                    </u>	<u>                    </u>
Members' Equity, at Beginning of Year	\$ 31,487	\$ 8,370
Net income	<u>10,687</u>	<u>2,841</u>
Members' Equity, at End of Year	<u>\$ 42,174</u>	<u>\$ 11,211</u>

**Note 20 - Subsequent Events**

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of SDHC through November 3, 2017, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



# Supplementary Information



## *We're About People*

SDHC is the lead organizer for Project Homeless Connect, a one-day resource fair for homeless San Diegans. On January 25, 2017 more than 300 volunteers and 90 service providers offered services to 1,016 homeless individuals and families.

Services provided to homeless individuals on-site included medical exams; dental screenings, eye exams and non-prescription eyeglasses, haircuts, identification cards and donations such as socks and blankets. In addition, more than 100 homeless San Diegans were registered for a database list for housing by volunteers from the Regional Task Force on the Homeless.





San Diego Housing Commission  
 COMBINING SCHEDULE OF NET POSITION - ENTERPRISE FUNDS  
 June 30, 2017  
 (Dollars in Thousands)

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Eliminations</u>	<u>Primary Government</u>
<b><u>Assets</u></b>					
Current assets					
Cash and cash equivalents	\$ 22,861	\$ -	\$ -	\$ -	\$ 22,861
Restricted cash and cash equivalents	3,389	566	-	-	3,955
Short-term investments	34,030	13,517	191	-	47,738
Accounts receivable - tenants, net	155	83	-	-	238
Accounts receivable - funding sources	15,639	4,972	14	(11,312)	9,313
Accounts receivable - other	2,790	3,288	-	(3,224)	2,854
Notes and mortgages receivable, current portion	611	90	-	-	701
Accrued interest receivable - investments	180	21	1	-	202
Prepaid items and other assets	1,385	-	-	-	1,385
Total current assets	<u>81,040</u>	<u>22,537</u>	<u>206</u>	<u>(14,536)</u>	<u>89,247</u>
Noncurrent assets					
Long-term investments	72,850	8,443	232	-	81,525
Accrued interest receivable - notes and mortgages receivable	17,920	21,634	1,306	-	40,860
Notes and mortgages receivable, net of allowance for loan losses	100,130	170,685	9,844	-	280,659
Other assets	202	-	-	-	202
Capital assets not being depreciated	69,301	2,812	-	-	72,113
Capital assets, net of accumulated depreciation	112,987	14,270	-	-	127,257
Total noncurrent assets	<u>373,390</u>	<u>217,844</u>	<u>11,382</u>	<u>-</u>	<u>602,616</u>
Total assets	<u>\$ 454,430</u>	<u>\$ 240,381</u>	<u>\$ 11,588</u>	<u>\$ (14,536)</u>	<u>\$ 691,863</u>





San Diego Housing Commission  
 COMBINING SCHEDULE OF NET POSITION - ENTERPRISE FUNDS - CONTINUED  
 June 30, 2017  
 (Dollars in Thousands)

<u>Liabilities</u>	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Eliminations</u>	<u>Primary Government</u>
Current liabilities					
Accounts payable	\$ 21,578	\$ 771	\$ 7	\$ (14,536)	\$ 7,820
Accounts payable - funding sources	4	828	-	-	832
Accrued payroll and benefits	901	364	-	-	1,265
Accrued compensated absences	2,218	-	-	-	2,218
Accrued interest payable	538	19	-	-	557
Notes payable, current portion	2,458	-	-	-	2,458
Deposits payable	2,396	87	-	-	2,483
Unearned revenue	1,518	4,656	240	-	6,414
Other current liabilities	25	-	-	-	25
Total current liabilities	<u>31,636</u>	<u>6,725</u>	<u>247</u>	<u>(14,536)</u>	<u>24,072</u>
Noncurrent liabilities					
Accrued interest payable - noncurrent	-	467	-	-	467
Notes payable, net of current portion and unamortized debt issuance costs(1)	95,192	4,555	-	-	99,747
Other liabilities	11	479	-	-	490
Total noncurrent liabilities	<u>95,203</u>	<u>5,501</u>	<u>-</u>	<u>-</u>	<u>100,704</u>
Total liabilities	<u>126,839</u>	<u>12,226</u>	<u>247</u>	<u>(14,536)</u>	<u>124,776</u>
<b><u>Net Position</u></b>					
Net investment in capital assets	83,427	12,527	-	-	95,954
Restricted					
HOME notes receivable reserve	-	169,404	-	-	169,404
NSP notes receivable reserve	-	7,137	-	-	7,137
Replacement reserves	2,853	875	-	-	3,728
VASH and FUP housing assistance reserves	-	2,277	-	-	2,277
Unrestricted	241,311	35,935	11,341	-	288,587
Total net position	<u>327,591</u>	<u>228,155</u>	<u>11,341</u>	<u>-</u>	<u>567,087</u>
Total liabilities and net position	<u>\$ 454,430</u>	<u>\$ 240,381</u>	<u>\$ 11,588</u>	<u>\$ (14,536)</u>	<u>\$ 691,863</u>

(1) Net of unamortized debt issuance costs of \$1,609





San Diego Housing Commission  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS  
 Year ended June 30, 2017  
 (Dollars in Thousands)

	<b>Business activities</b>	<b>Federal funds</b>	<b>State funds</b>	<b>Eliminations</b>	<b>Primary Government</b>
Operating revenues					
Dwelling rental income	\$ 29,173	\$ 822	\$ 107	\$ (22)	\$ 30,080
Land lease and other rental income	2,415	78	-	-	2,493
Fee revenue	5,464	-	-	(952)	4,512
Other revenue	2,645	1,803	5	(45)	4,408
	<u>39,697</u>	<u>2,703</u>	<u>112</u>	<u>(1,019)</u>	<u>41,493</u>
Total operating revenues					
Operating expenses					
Administrative expenses	16,365	19,095	102	(1,019)	34,543
Tenant services	506	1,483	-	-	1,989
Asset management	13,491	629	51	-	14,171
General expenses	1,631	(179)	(17)	-	1,435
Grant expense	6,387	5,335	31	-	11,753
Housing assistance	55	144,503	-	-	144,558
Depreciation	5,255	490	19	-	5,764
	<u>43,690</u>	<u>171,356</u>	<u>186</u>	<u>(1,019)</u>	<u>214,213</u>
Total operating expenses					
Net operating loss	<u>\$ (3,993)</u>	<u>\$ (168,653)</u>	<u>\$ (74)</u>	<u>\$ -</u>	<u>\$ (172,720)</u>



San Diego Housing Commission  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS - CONTINUED  
 Year ended June 30, 2017  
 (Dollars in Thousands)

	<b>Business activities</b>	<b>Federal funds</b>	<b>State funds</b>	<b>Eliminations</b>	<b>Primary Government</b>
Nonoperating revenues (expenses)					
Grant revenue	\$ 31,146	\$ 185,571	\$ 770	\$ -	\$ 217,487
Interest income on investments and notes receivable	3,786	5,088	225	-	9,099
Interest expense	(5,207)	(137)	-	-	(5,344)
Total nonoperating revenues	<u>29,725</u>	<u>190,522</u>	<u>995</u>	<u>-</u>	<u>221,242</u>
Net income before operating transfers	25,732	21,869	921	-	48,522
Operating transfers in	19,120	188,015	159	-	207,294
Operating transfers out	<u>(10,645)</u>	<u>(196,532)</u>	<u>(117)</u>	<u>-</u>	<u>(207,294)</u>
Change in net position	34,207	13,352	963	-	48,522
Net position - beginning of year	<u>293,384</u>	<u>214,803</u>	<u>10,378</u>	<u>-</u>	<u>518,565</u>
Net position - end of year	<u><u>\$ 327,591</u></u>	<u><u>\$ 228,155</u></u>	<u><u>\$ 11,341</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 567,087</u></u>



San Diego Housing Commission  
 COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS  
 Year ended June 30, 2017  
 (Dollars in Thousands)

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Primary Government</u>
<b>Cash flows from operating activities</b>				
Cash received from tenants and other revenue	\$ 40,158	\$ 2,604	\$ 107	\$ 42,869
Cash payments to suppliers for operations	(23,917)	(153,343)	129	(177,131)
Cash payments for general and administrative expenses	<u>(8,755)</u>	<u>(18,434)</u>	<u>(902)</u>	<u>(28,091)</u>
Net cash provided by (used for) operating activities	<u>7,486</u>	<u>(169,173)</u>	<u>(666)</u>	<u>(162,353)</u>
<b>Cash flows from capital and related financing activities</b>				
Principal paid on notes payable	(3,071)	-	-	(3,071)
Acquisition and construction of capital assets	(22,106)	(111)	-	(22,217)
Interest payments	<u>(5,160)</u>	<u>(20)</u>	<u>-</u>	<u>(5,180)</u>
Net cash used for capital and related financing activities	<u>(30,337)</u>	<u>(131)</u>	<u>-</u>	<u>(30,468)</u>
<b>Cash flows from noncapital financing activities</b>				
Cash received from grants	37,079	182,367	799	220,245
Transfers in (out)	<u>8,475</u>	<u>(8,517)</u>	<u>42</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>45,554</u>	<u>173,850</u>	<u>841</u>	<u>220,245</u>



San Diego Housing Commission  
 COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED  
 Year ended June 30, 2017  
 (Dollars in Thousands)

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Primary Government</u>
<b>Cash flows from investing activities</b>				
Interest on investments and notes receivable	1,550	3,209	21	4,780
Collection of notes receivable	3,524	8,551	189	12,264
Cash loaned on notes receivable	(12,861)	(13,618)	(307)	(26,786)
Purchases of investments	(53,996)	(11,192)	(432)	(65,620)
Proceeds from sale of investments	37,904	9,069	354	47,327
Net cash provided by (used for) investing activities	<u>(23,879)</u>	<u>(3,981)</u>	<u>(175)</u>	<u>(28,035)</u>
Net increase (decrease) in cash and cash equivalents	(1,176)	565	-	(611)
<b>Cash and cash equivalents</b>				
Beginning of year	<u>27,426</u>	<u>1</u>	<u>-</u>	<u>27,427</u>
End of year	<u>\$ 26,250</u>	<u>\$ 566</u>	<u>\$ -</u>	<u>\$ 26,816</u>



San Diego Housing Commission  
 COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED  
 Year ended June 30, 2017  
 (Dollars in Thousands)

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Primary Government</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ (3,992)	\$ (168,654)	\$ (74)	\$ (172,720)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	5,255	509	-	5,764
Amortization	119	-	-	119
Allowance for accounts receivable	186	8	-	194
Provision for loan losses	730	689	121	1,540
Allowance for forgivable loans	(1,244)	(926)	(181)	(2,351)
Changes in operating assets and liabilities				
Decrease in tenant receivables	99	1	5	105
Decrease (increase) in other receivables	3,785	(4,218)	(755)	(1,188)
Increase in prepaid items and other assets	(794)	-	-	(794)
Increase (decrease) in accounts payable	3,355	(904)	(6)	2,445
Increase (decrease) in accrued payroll and benefits	245	(108)	(6)	131
Increase (decrease) in deposits payable	514	17	(10)	521
Increase (decrease) in unearned revenues	(783)	4,494	240	3,951
Increase (decrease) in other liabilities	11	(81)	-	(70)
Net cash provided by (used for) operating activities	<u>\$ 7,486</u>	<u>\$ (169,173)</u>	<u>\$ (666)</u>	<u>\$ (162,353)</u>
<b>Supplemental schedule of noncash capital and related financing activities</b>				
Capital assets included in accounts payable	\$ 283	\$ 1,275	\$ -	\$ 1,558
Notes receivable principal and interest converted to capital assets	\$ -	\$ 3,224	\$ -	\$ 3,224
Transfer of Adaptable Housing notes payable from State to Federal	\$ -	\$ (1,405)	\$ 1,405	\$ -
Transfer of Adaptable Housing capital assets from State to Federal	\$ -	\$ 1,061	\$ (1,061)	\$ -
Transfer of Adaptable Housing interest payable from State to Federal	\$ -	\$ (114)	\$ 114	\$ -
Transfer of Adaptable Housing investments from State to Federal	\$ -	\$ 380	\$ (380)	\$ -
Transfer of Adaptable Housing other receivables from State to Federal	\$ -	\$ 59	\$ (59)	\$ -
Transfer of Adaptable Housing depreciation from State to Federal	\$ -	\$ 19	\$ (19)	\$ -

**FINANCIAL DATA SCHEDULE**

**San Diego Housing Commission (CA063)**  
**San Diego, California**  
**Entity Wide Balance Sheet Summary**  
**Fiscal Year End: 06/30/2017**

Submission Type: Audited/Single Audit

	Project Total	14.900 Lead-Based Paint Hazard Control in Privately Owned Housing	14.267 Continuum of Care Program	14.OPS MTW Demonstration Program for Low Rent	94.019 Social Innovation Fund	14.CFP MTW Demonstration Program for Capital Fund	14.218 Community Development Block Grants/Entitlement Grants	14.HCV MTW Demonstration Program for HCV program	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit Discretely Presented	6.2 Component Unit Blended	14.880 Family Unification Program (FUP)
111 Cash - Unrestricted										\$5,459,117	\$5,369,913	
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted										\$2,794,113	\$2,590,388	
114 Cash - Tenant Security Deposits										\$201,028	\$720,627	
115 Cash - Restricted for Payment of Current Liabilities												\$10,069
100 Total Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,454,258	\$8,680,928	\$10,069
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects										\$58,792		
124 Accounts Receivable - Other Government	\$460,811		\$455,675				\$55,190		\$11,351	\$287,001		
125 Accounts Receivable - Miscellaneous										\$144,650	\$70,815	\$5,421
126 Accounts Receivable - Tenants	\$12,724									\$5,557	\$65,465	\$843
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,036									\$0	-\$10,301	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0				\$0		\$0	\$0	\$0	-\$1,512
127 Notes, Loans, & Mortgages Receivable - Current							\$6,126					
128 Fraud Recovery												
128.1 Allowance for Doubtful Accounts - Fraud												
129 Accrued Interest Receivable	\$11,840						\$782,843				\$2	\$544
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$483,339	\$0	\$455,675	\$0	\$0	\$0	\$844,159	\$0	\$11,351	\$496,000	\$125,981	\$5,296
131 Investments - Unrestricted	\$8,669,310	\$16,875					\$5,852,154			\$47,721	\$1,099	\$398,258
132 Investments - Restricted												
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets										\$291,284	\$292,677	
143 Inventories												
143.1 Allowance for Obsolete Inventories												
144 Inter Program Due From												
145 Assets Held for Sale												
150 Total Current Assets	\$9,152,649	\$16,875	\$455,675	\$0	\$0	\$0	\$6,696,313	\$0	\$11,351	\$9,289,263	\$9,100,685	\$413,623
161 Land	\$2,812,099									\$1,655,329	\$19,684,285	
162 Buildings	\$18,375,470									\$60,574,308	\$40,332,082	
163 Furniture, Equipment & Machinery - Dwellings										\$1,734,061	\$35,575	
164 Furniture, Equipment & Machinery - Administration												
165 Leasehold Improvements												
166 Accumulated Depreciation	-\$4,105,384									-\$7,370,415	-\$9,934,065	
167 Construction in Progress										\$652,735	\$2,555,445	
168 Infrastructure												
160 Total Capital Assets, Net of Accumulated Depreciation	\$17,082,185	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$57,246,018	\$52,673,322	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current							\$7,886,663					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due												
173 Grants Receivable - Non Current												
174 Other Assets										\$3,977,230		
176 Investments in Joint Ventures												
180 Total Non-Current Assets	\$17,082,185	\$0	\$0	\$0	\$0	\$0	\$7,886,663	\$0	\$0	\$61,223,248	\$52,673,322	\$0
200 Deferred Outflow of Resources												
290 Total Assets and Deferred Outflow of Resources	\$26,234,834	\$16,875	\$455,675	\$0	\$0	\$0	\$14,582,976	\$0	\$11,351	\$70,512,511	\$61,774,007	\$413,623
311 Bank Overdraft												
312 Accounts Payable <= 90 Days	\$56,935		\$339,025				\$96,640			\$2,129,660	\$15,475,300	
313 Accounts Payable >90 Days Past Due												

**San Diego Housing Commission (CA063)**  
**San Diego, California**  
**Entity Wide Balance Sheet Summary**  
**Fiscal Year End: 06/30/2017**

Submission Type: Audited/Single Audit

	14.231 Emergency Shelter Grants Program	14.881 Moving to Work Demonstration Program	14.239 HOME Investment Partnerships Program	93.602 New Assets for Independence Demonstration Program	9 Other Federal Program 2	2 State/Local	1 Business Activities	8 Other Federal Program 1	14.856 Lower Income Housing Assistance Program, Section 8 Moderate	Subtotal	ELIM	Total
111 Cash - Unrestricted							\$17,491,293		\$0	\$28,320,323		\$28,320,323
112 Cash - Restricted - Modernization and Development									\$0			
113 Cash - Other Restricted									\$0	\$5,384,501		\$5,384,501
114 Cash - Tenant Security Deposits							\$78,538		\$0	\$1,000,193		\$1,000,193
115 Cash - Restricted for Payment of Current Liabilities		\$555,833							\$0	\$565,902		\$565,902
100 Total Cash	\$0	\$555,833	\$0	\$0	\$0	\$0	\$17,569,831	\$0	\$0	\$35,270,919	\$0	\$35,270,919
121 Accounts Receivable - PHA Projects		\$56,613							\$0	\$56,613		\$56,613
122 Accounts Receivable - HUD Other Projects		\$3,697,640							\$0	\$3,756,432		\$3,756,432
124 Accounts Receivable - Other Government	\$273,397					\$14,145	\$4,326,673	\$2,333	\$15,862	\$5,902,438		\$5,902,438
125 Accounts Receivable - Miscellaneous		\$12,136	\$3,226,884				\$14,252,690		\$181	\$17,712,777	-\$14,536,163	\$3,176,614
126 Accounts Receivable - Tenants		\$71,921					\$97,127		\$0	\$253,637		\$253,637
126.1 Allowance for Doubtful Accounts - Tenants		-\$20					-\$13,217		\$0	-\$25,574		-\$25,574
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$11,635	\$0		\$0	\$0	-\$205,762	\$0	\$0	-\$218,909		-\$218,909
127 Notes, Loans, & Mortgages Receivable - Current			\$84,013				\$610,662		\$0	\$700,801		\$700,801
128 Fraud Recovery		\$145,628							\$0	\$145,628		\$145,628
128.1 Allowance for Doubtful Accounts - Fraud		-\$145,628							\$0	-\$145,628		-\$145,628
129 Accrued Interest Receivable		\$8,013	\$20,850,532	\$55		\$1,307,440	\$18,100,097		\$237	\$41,061,603		\$41,061,603
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$273,397	\$3,834,668	\$24,161,429	\$55	\$0	\$1,321,585	\$37,168,270	\$2,333	\$16,280	\$69,199,818	-\$14,536,163	\$54,663,655
131 Investments - Unrestricted		\$5,489,152	\$1,313,657	\$39,732	\$21,625	\$423,200	\$106,878,608		\$159,684	\$129,311,075		\$129,311,075
132 Investments - Restricted									\$0			
135 Investments - Restricted for Payment of Current Liability									\$0			
142 Prepaid Expenses and Other Assets							\$1,091,979		\$0	\$1,675,940		\$1,675,940
143 Inventories									\$0			
143.1 Allowance for Obsolete Inventories									\$0			
144 Inter Program Due From									\$0			
145 Assets Held for Sale									\$0			
150 Total Current Assets	\$273,397	\$9,879,653	\$25,475,086	\$39,787	\$21,625	\$1,744,785	\$162,708,688	\$2,333	\$175,964	\$235,457,752	-\$14,536,163	\$220,921,589
161 Land							\$46,844,296		\$0	\$70,996,009		\$70,996,009
162 Buildings							\$106,583,982		\$0	\$225,865,842		\$225,865,842
163 Furniture, Equipment & Machinery - Dwellings							\$497,142		\$0	\$2,266,778		\$2,266,778
164 Furniture, Equipment & Machinery - Administration							\$4,288,593		\$0	\$4,288,593		\$4,288,593
165 Leasehold Improvements									\$0			
166 Accumulated Depreciation							-\$28,816,856		\$0	-\$50,226,720		-\$50,226,720
167 Construction in Progress							\$217,207		\$0	\$3,425,387		\$3,425,387
168 Infrastructure									\$0			
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$129,614,364	\$0	\$0	\$256,615,889	\$0	\$256,615,889
171 Notes, Loans and Mortgages Receivable - Non-Current			\$162,797,976			\$9,843,995	\$100,130,230		\$0	\$280,658,864		\$280,658,864
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due									\$0			
173 Grants Receivable - Non-Current									\$0			
174 Other Assets							\$201,528		\$0	\$4,178,758		\$4,178,758
176 Investments in Joint Ventures									\$0			
180 Total Non-Current Assets	\$0	\$0	\$162,797,976	\$0	\$0	\$9,843,995	\$229,946,122	\$0	\$0	\$541,453,511	\$0	\$541,453,511
200 Deferred Outflow of Resources									\$0			
290 Total Assets and Deferred Outflow of Resources	\$273,397	\$9,879,653	\$188,273,062	\$39,787	\$21,625	\$11,588,780	\$392,654,810	\$2,333	\$175,964	\$776,911,263	-\$14,536,163	\$762,375,100
311 Bank Overdraft									\$0			
312 Accounts Payable <= 90 Days	\$92,288	\$182,593	\$2,970	\$623		\$7,225	\$6,102,240	\$160	\$0	\$24,485,659	-\$14,536,163	\$9,949,496
313 Accounts Payable >90 Days Past Due									\$0			



**San Diego Housing Commission (CA063)**  
**San Diego, California**  
**Entity Wide Balance Sheet Summary**  
**Fiscal Year End: 06/30/2017**

Submission Type: Audited/Single Audit

	Project Total	14.900 Lead-Based Paint Hazard Control in Privately Owned Housing	14.267 Continuum of Care Program	14.OPS MTW Demonstration Program for Low Rent	94.019 Social Innovation Fund	14.CFP MTW Demonstration Program for Capital Fund	14.218 Community Development Block Grants/Entitlement Grants	14.HCV MTW Demonstration Program for HCV program	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit Discretely Presented	6.2 Component Unit Blended	14.880 Family Unification Program (FUP)
321 Accrued Wage/Payroll Taxes Payable	\$15,954		\$5,928				\$1,640		\$1,614	\$28,328	\$51,095	\$820
322 Accrued Compensated Absences - Current Portion												
324 Accrued Contingency Liability												
325 Accrued Interest Payable	\$485,921									\$2,483,193	\$367,870	
331 Accounts Payable - HUD PHA Programs	\$0											
332 Account Payable - PHA Projects												
333 Accounts Payable - Other Government	\$458,597	\$16,875	\$110,722						\$9,737		\$4,492	
341 Tenant Security Deposits	\$86,529									\$199,252	\$720,622	
342 Unearned Revenue	\$17,151						\$4,600,000			\$9,134,853	\$155,239	
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue										\$6,266,238	\$1,667,851	
344 Current Portion of Long-term Debt - Operating Borrowings												
345 Other Current Liabilities												\$10,793
346 Accrued Liabilities - Other												
347 Inter Program - Due To												
348 Loan Liability - Current												
310 Total Current Liabilities	\$1,121,087	\$16,875	\$455,675	\$0	\$0	\$0	\$4,698,280	\$0	\$11,351	\$20,241,524	\$18,442,469	\$11,613
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$4,554,849									\$39,080,539	\$82,560,364	
352 Long-term Debt, Net of Current - Operating Borrowings												
353 Non-current Liabilities - Other												
354 Accrued Compensated Absences - Non Current												
355 Loan Liability - Non Current												
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities												
350 Total Non-Current Liabilities	\$4,554,849	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,080,539	\$82,560,364	\$0
300 Total Liabilities	\$5,675,936	\$16,875	\$455,675	\$0	\$0	\$0	\$4,698,280	\$0	\$11,351	\$59,322,063	\$101,002,833	\$11,613
400 Deferred Inflow of Resources												
508.3 Nonspendable Fund Balance												
508.4 Net Investment in Capital Assets	\$12,527,335										\$-32,766,289	
509.3 Restricted Fund Balance												
510.3 Committed Fund Balance												
511.3 Assigned Fund Balance												
511.4 Restricted Net Position	\$874,870						\$7,136,904				\$2,590,388	\$207,493
512.3 Unassigned Fund Balance												
512.4 Unrestricted Net Position	\$7,156,693	\$0	\$0	\$0	\$0	\$0	\$2,747,792	\$0	\$0	\$11,190,448	\$-9,052,925	\$194,517
513 Total Equity - Net Assets / Position	\$20,558,898	\$0	\$0	\$0	\$0	\$0	\$9,884,696	\$0	\$0	\$11,190,448	\$-39,228,826	\$402,010
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$26,234,834	\$16,875	\$455,675	\$0	\$0	\$0	\$14,582,976	\$0	\$11,351	\$70,512,511	\$61,774,007	\$413,623

**San Diego Housing Commission (CA063)**  
**San Diego, California**  
**Entity Wide Balance Sheet Summary**  
**Fiscal Year End: 06/30/2017**

Submission Type: Audited/Single Audit

	14.231 Emergency Shelter Grants Program	14.881 Moving to Work Demonstration Program	14.239 HOME Investment Partnerships Program	93.602 New Assets for Independence Demonstration Program	9 Other Federal Program 2	2 State/Local	Business Activities	8 Other Federal Program 1	14.856 Lower Income Housing Assistance Program, Section 8 Moderate	Subtotal	ELIM	Total
321 Accrued Wage/Payroll Taxes Payable	\$913	\$321,801	\$14,452				\$850,507	\$92	\$489	\$1,293,633		\$1,293,633
322 Accrued Compensated Absences - Current Portion							\$2,218,208		\$0	\$2,218,208		\$2,218,208
324 Accrued Contingency Liability									\$0			
325 Accrued Interest Payable							\$169,998		\$0	\$3,506,982		\$3,506,982
331 Accounts Payable - HUD PHA Programs									\$49,468	\$49,468		\$49,468
332 Account Payable - PHA Projects									\$0			
333 Accounts Payable - Other Government	\$180,196							\$2,081	\$0	\$782,700		\$782,700
341 Tenant Security Deposits							\$564,186		\$0	\$1,570,589		\$1,570,589
342 Unearned Revenue				\$38,922		\$240,472	\$1,362,051		\$0	\$15,548,688		\$15,548,688
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue							\$790,115		\$0	\$8,724,204		\$8,724,204
344 Current Portion of Long-term Debt - Operating Borrowings									\$0			
345 Other Current Liabilities		\$468,273		\$242			\$1,135,808		\$0	\$1,615,116		\$1,615,116
346 Accrued Liabilities - Other									\$0			
347 Inter Program - Due To									\$0			
348 Loan Liability - Current									\$0			
310 Total Current Liabilities	\$273,397	\$972,667	\$17,422	\$39,787	\$0	\$247,697	\$13,193,113	\$2,333	\$49,957	\$59,795,247	-\$14,536,163	\$45,259,084
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue							\$12,631,462		\$0	\$138,827,214		\$138,827,214
352 Long-term Debt, Net of Current - Operating Borrowings									\$0			
353 Non-current Liabilities- Other									\$0			
354 Accrued Compensated Absences - Non Current									\$0			
355 Loan Liability - Non Current									\$0			
356 FASB 5 Liabilities									\$0			
357 Accrued Pension and OPEB Liabilities		\$25					\$11,517		\$0	\$11,542		\$11,542
350 Total Non-Current Liabilities	\$0	\$25	\$0	\$0	\$0	\$0	\$12,642,979	\$0	\$0	\$138,838,756	\$0	\$138,838,756
300 Total Liabilities	\$273,397	\$972,692	\$17,422	\$39,787	\$0	\$247,697	\$25,836,092	\$2,333	\$49,957	\$198,634,003	-\$14,536,163	\$184,097,840
400 Deferred Inflow of Resources									\$0			
508.3 Nonspendable Fund Balance									\$0			
508.4 Net Investment in Capital Assets							\$116,192,788		\$0	\$95,953,834		\$95,953,834
509.3 Restricted Fund Balance									\$0			
510.3 Committed Fund Balance									\$0			
511.3 Assigned Fund Balance									\$0			
511.4 Restricted Net Position		\$2,069,827	\$169,404,370				\$262,473		\$0	\$182,546,325		\$182,546,325
512.3 Unassigned Fund Balance									\$0			
512.4 Unrestricted Net Position	\$0	\$6,837,134	\$18,851,270	\$0	\$21,625	\$11,341,083	\$250,363,457	\$0	\$126,007	\$299,777,101		\$299,777,101
513 Total Equity - Net Assets / Position	\$0	\$8,906,961	\$188,255,640	\$0	\$21,625	\$11,341,083	\$366,818,718	\$0	\$126,007	\$578,277,260	\$0	\$578,277,260
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$273,397	\$9,879,653	\$188,273,062	\$39,787	\$21,625	\$11,588,780	\$392,654,810	\$2,333	\$175,964	\$776,911,263	-\$14,536,163	\$762,375,100

**San Diego Housing Commission (CA063)**  
**San Diego, California**  
**Entity Wide Revenue and Expense Summary**  
**Fiscal Year End: 06/30/2017**

Submission Type: Audited/Single Audit

	Project Total	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	14.267 Continuum of Care Program	14.OPS MTW Demonstration Program for Low Rent	94.019 Social Innovation Fund	14.CFP MTW Demonstration Program for Capital Fund	14.218 Community Development Block Grants/Entitlement Grants	14.HCV MTW Demonstration Program for HCV program	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit Discretely Presented	6.2 Component Unit Blended	14.880 Family Unification Program (FUP)
70300 Net Tenant Rental Revenue	\$814,235									\$5,736,102	\$17,336,323	
70400 Tenant Revenue - Other	\$7,432									\$27,532	\$75,507	
70500 Total Tenant Revenue	\$821,667	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,763,634	\$17,411,830	\$0
70600 HUD PHA Operating Grants		\$150,175	\$3,820,497	\$249,395		\$4,068,537	\$1,767,049	\$169,076,377	\$87,106	\$610,220		\$1,000,897
70610 Capital Grants												
70710 Management Fee												
70720 Asset Management Fee												
70730 Book Keeping Fee												
70740 Front Line Service Fee												
70750 Other Fees												
70700 Total Fee Revenue												
70800 Other Government Grants											\$156,500	
71100 Investment Income - Unrestricted	\$34,476	\$0					\$195		\$3	\$4,831	\$1,979	\$9,384
71200 Mortgage Interest Income							\$112,549					
71300 Proceeds from Disposition of Assets Held for Sale												
71310 Cost of Sale of Assets												
71400 Fraud Recovery												\$1,512
71500 Other Revenue	\$24,691									\$379,750	\$932,115	\$1
71600 Gain or Loss on Sale of Capital Assets												
72000 Investment Income - Restricted	\$3,413									\$2,296	\$1,005	
70000 Total Revenue	\$884,247	\$150,175	\$3,820,497	\$249,395	\$0	\$4,068,537	\$1,879,793	\$169,076,377	\$87,109	\$6,760,731	\$18,503,429	\$1,011,794
91100 Administrative Salaries	\$178,398	\$6,304	\$192,102				\$125,528			\$317,250	\$476,445	\$36,059
91200 Auditing Fees	\$8,166									\$100,710	\$57,600	
91300 Management Fee												
91310 Book-keeping Fee										\$18,500		
91400 Advertising and Marketing										\$2,160		
91500 Employee Benefit contributions - Administrative	\$54,519	\$1,720	\$57,243				\$41,870			\$82,429	\$186,475	\$9,754
91600 Office Expenses	\$66,112	\$2,242					\$64			\$285,484	\$120,155	
91700 Legal Expense	\$12,212						\$737			\$48,034	\$74,232	
91800 Travel	\$1,519									\$0	\$4,224	
91810 Allocated Overhead	\$399,004		\$2,801				\$9,603			\$0	\$880,893	\$48,142
91900 Other	\$22,755	\$194	\$31,641				\$98			\$1,017,982	\$65,676	\$482
91000 Total Operating - Administrative	\$742,685	\$10,460	\$283,787	\$0	\$0	\$0	\$177,900	\$0	\$0	\$1,872,549	\$1,865,700	\$94,437
92000 Asset Management Fee												
92100 Tenant Services - Salaries									\$61,527	\$51,197		
92200 Relocation Costs	\$232,811	\$2,490									\$187,721	
92300 Employee Benefit Contributions - Tenant Services									\$21,926			
92400 Tenant Services - Other	\$16									\$75,578	\$34,549	
92500 Total Tenant Services	\$232,827	\$2,490	\$0	\$0	\$0	\$0	\$0	\$0	\$83,453	\$126,775	\$222,270	\$0
93100 Water	\$95,764									\$114,158	\$696,414	
93200 Electricity	\$24,223									\$281,177	\$104,392	
93300 Gas	\$14,112									\$74,475	\$151,897	
93400 Fuel												
93500 Labor												
93600 Sewer	\$65,503									\$93,452	\$535,540	
93700 Employee Benefit Contributions - Utilities												
93800 Other Utilities Expense	\$100									\$6,598	\$240	
93000 Total Utilities	\$199,702	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$569,860	\$1,488,483	\$0
94100 Ordinary Maintenance and Operations - Labor	\$77,519									\$296,357	\$396,791	
94200 Ordinary Maintenance and Operations - Materials and Other	\$31,993									\$69,571	\$218,259	
94300 Ordinary Maintenance and Operations Contracts	\$226,477									\$493,242	\$5,636,238	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$27,962										\$156,840	

**San Diego Housing Commission (CA063)**  
**San Diego, California**  
**Entity Wide Revenue and Expense Summary**  
**Fiscal Year End: 06/30/2017**

Submission Type: Audited/Single Audit

	14.231 Emergency Shelter Grants Program	14.881 Moving to Work Demonstration Program	14.239 HOME Investment Partnerships Program	93.602 New Assets for Independence Demonstration Program	9 Other Federal Program 2	2 State/Local	1 Business Activities	8 Other Federal Program 1	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue						\$105,522	\$11,614,505			\$35,606,687	-\$21,795	\$35,584,892
70400 Tenant Revenue - Other						\$1,250	\$341,896			\$453,617		\$453,617
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$106,772	\$11,956,401	\$0	\$0	\$36,060,304	-\$21,795	\$36,038,509
70600 HUD PHA Operating Grants	\$972,364	\$0	\$3,863,155	\$40,214				\$6,146	\$469,237	\$186,181,369		\$186,181,369
70610 Capital Grants									\$0			
70710 Management Fee									\$0			
70720 Asset Management Fee									\$0			
70730 Book Keeping Fee									\$0			
70740 Front Line Service Fee									\$0			
70750 Other Fees							\$5,464,088		\$0	\$5,464,088	-\$952,165	\$4,511,923
70700 Total Fee Revenue									\$0	\$0	-\$952,165	-\$952,165
70800 Other Government Grants						\$770,532	\$30,989,966		\$0	\$31,916,998		\$31,916,998
71100 Investment Income - Unrestricted		\$112,513	\$45	\$218	\$0	\$1,289	\$472,331		\$2,296	\$639,560		\$639,560
71200 Mortgage Interest Income			\$4,814,159			\$224,973	\$3,308,437		\$0	\$8,460,118		\$8,460,118
71300 Proceeds from Disposition of Assets Held for Sale									\$0			
71310 Cost of Sale of Assets									\$0			
71400 Fraud Recovery		\$45,152							\$0	\$46,664		\$46,664
71500 Other Revenue		\$1,451,193	\$357,698			\$4,381	\$3,932,732		\$0	\$7,082,561	-\$44,780	\$7,037,781
71600 Gain or Loss on Sale of Capital Assets									\$0			
72000 Investment Income - Restricted									\$0	\$6,714		\$6,714
70000 Total Revenue	\$972,364	\$1,608,858	\$9,035,057	\$40,432	\$0	\$1,107,947	\$56,123,955	\$6,146	\$471,533	\$275,858,376	-\$1,018,740	\$274,839,636
91100 Administrative Salaries	\$43,380	\$5,448,075	\$523,633			\$23,127	\$12,373,745		\$21,966	\$19,766,012		\$19,766,012
91200 Auditing Fees						\$5,834	\$109,250		\$0	\$281,560		\$281,560
91300 Management Fee									\$0			
91310 Book-keeping Fee									\$0	\$18,500		\$18,500
91400 Advertising and Marketing		\$311				\$293	\$75,103		\$0	\$77,867		\$77,867
91500 Employee Benefit contributions - Administrative	\$15,232	\$1,948,012	\$154,317			\$9,034	\$3,740,039		\$5,930	\$6,306,574		\$6,306,574
91600 Office Expenses		\$218,522	\$5,230			\$2,516	\$2,636,154		\$0	\$3,336,479	-\$21,795	\$3,314,684
91700 Legal Expense		\$154,264	\$6,073			\$1,179	\$813,844		\$0	\$1,110,575		\$1,110,575
91800 Travel		\$14,079				\$10	\$114,784		\$0	\$134,616		\$134,616
91810 Allocated Overhead		\$7,987,495	\$521,305			\$51,247	-\$9,047,571		\$27,951	\$880,870	-\$880,872	-\$2
91900 Other		\$369,610	\$67,452			\$1,868	\$2,542,504	\$17	\$261	\$4,140,540	-\$116,073	\$4,024,467
91000 Total Operating - Administrative	\$58,612	\$16,160,368	\$1,278,010	\$0	\$0	\$95,108	\$13,357,852	\$17	\$56,108	\$36,053,593	-\$1,018,740	\$35,034,853
92000 Asset Management Fee									\$0			
92100 Tenant Services - Salaries		\$817,122					\$103,942	\$3,938	\$0	\$1,037,726		\$1,037,726
92200 Relocation Costs		\$10,556					\$71,857		\$0	\$505,435		\$505,435
92300 Employee Benefit Contributions - Tenant Services		\$270,958					\$23,435	\$1,421	\$0	\$317,740		\$317,740
92400 Tenant Services - Other		\$32,482				\$3	\$67,957		\$0	\$210,585		\$210,585
92500 Total Tenant Services	\$0	\$1,131,118	\$0	\$0	\$0	\$3	\$267,191	\$5,359	\$0	\$2,071,486	\$0	\$2,071,486
93100 Water						\$6,147	\$342,292		\$0	\$1,254,775		\$1,254,775
93200 Electricity						\$3,218	\$649,970		\$0	\$1,062,980		\$1,062,980
93300 Gas						\$6,462	\$131,234		\$0	\$378,180		\$378,180
93400 Fuel									\$0			
93500 Labor									\$0			
93600 Sewer						\$5,261	\$283,383		\$0	\$983,139		\$983,139
93700 Employee Benefit Contributions - Utilities									\$0			
93800 Other Utilities Expense							\$23,014		\$0	\$29,952		\$29,952
93000 Total Utilities	\$0	\$0	\$0	\$0	\$0	\$21,088	\$1,429,893	\$0	\$0	\$3,709,026	\$0	\$3,709,026
94100 Ordinary Maintenance and Operations - Labor						\$1,297	\$440,087		\$0	\$1,212,051		\$1,212,051
94200 Ordinary Maintenance and Operations - Materials and Other						-\$3	\$238,836		\$0	\$558,656		\$558,656
94300 Ordinary Maintenance and Operations Contracts						\$27,881	\$2,606,717		\$0	\$8,990,555		\$8,990,555
94500 Employee Benefit Contributions - Ordinary Maintenance						\$241	\$194,640		\$0	\$379,683		\$379,683

**San Diego Housing Commission (CA063)**  
**San Diego, California**  
**Entity Wide Revenue and Expense Summary**  
**Fiscal Year End: 06/30/2017**

Submission Type: Audited/Single Audit

	Project Total	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	14.267 Continuum of Care Program	14.OPS MTW Demonstration Program for Low Rent	94.019 Social Innovation Fund	14.CFP MTW Demonstration Program for Capital Fund	14.218 Community Development Block Grants/Entitlement Grants	14.HCV MTW Demonstration Program for HCV program	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit Discretely Presented	6.2 Component Unit Blended	14.880 Family Unification Program (FUP)
94000 Total Maintenance	\$363,951	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$859,170	\$6,408,128	\$0
95100 Protective Services - Labor										\$4,205		
95200 Protective Services - Other Contract Costs	\$52,122									\$231,113	\$105,539	
95300 Protective Services - Other										\$18,149		
95500 Employee Benefit Contributions - Protective Services												
95000 Total Protective Services	\$52,122	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$253,467	\$105,539	\$0
96110 Property Insurance	\$7,121										\$77,980	
96120 Liability Insurance	\$5,827									\$119,973	\$44,053	\$396
96130 Workmen's Compensation	\$8,338	\$65	\$3,245				\$1,737		\$877	\$65,087	\$38,194	\$504
96140 All Other Insurance	\$10,296									\$10,879	\$74,251	\$3
96100 Total Insurance Premiums	\$31,582	\$65	\$3,245	\$0	\$0	\$0	\$1,737	\$0	\$877	\$195,939	\$234,478	\$903
96200 Other General Expenses	\$1	\$136,733	\$836,792				\$1,768,710		\$2,776	\$521,081	\$76,075	\$182
96210 Compensated Absences	\$15,252	\$427					\$232				\$29,518	\$2,161
96300 Payments in Lieu of Taxes	\$34									\$65,037	\$47,829	
96400 Bad debt - Tenant Rents	\$4,468										\$82,592	
96500 Bad debt - Mortgages							\$45,616					
96600 Bad debt - Other	\$4,394									\$10,225	\$79,408	\$1,512
96800 Severance Expense												
96000 Total Other General Expenses	\$24,149	\$137,160	\$836,792	\$0	\$0	\$0	\$1,814,558	\$0	\$2,776	\$596,343	\$315,422	\$3,855
96710 Interest of Mortgage (or Bonds) Payable	\$136,635									\$1,819,611	\$4,687,211	
96720 Interest on Notes Payable (Short and Long Term)												
96730 Amortization of Bond Issue Costs												
96700 Total Interest Expense and Amortization Cost	\$136,635	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,819,611	\$4,687,211	\$0
96900 Total Operating Expenses	\$1,783,653	\$150,175	\$1,123,824	\$0	\$0	\$0	\$1,994,195	\$0	\$87,106	\$6,293,714	\$15,327,231	\$99,195
97000 Excess of Operating Revenue over Operating Expenses	-\$899,406	\$0	\$2,696,673	\$249,395	\$0	\$4,068,537	-\$114,402	\$169,076,377	\$3	\$467,017	\$3,176,198	\$912,599
97100 Extraordinary Maintenance										\$7,986		
97200 Casualty Losses - Non-capitalized												
97300 Housing Assistance Payments			\$2,696,673									\$896,567
97350 HAP Portability-In												
97400 Depreciation Expense	\$490,831									\$2,673,525	\$1,614,589	
97500 Fraud Losses												
97600 Capital Outlays - Governmental Funds												
97700 Debt Principal Payment - Governmental Funds												
97800 Dwelling Units Rent Expense												
90000 Total Expenses	\$2,274,484	\$150,175	\$3,820,497	\$0	\$0	\$0	\$1,994,195	\$0	\$87,106	\$8,975,225	\$16,941,820	\$995,762
10010 Operating Transfer In	\$14,320,131						\$19,906				\$0	
10020 Operating transfer Out	-\$9,271,085			-\$249,395		-\$4,068,537	\$0	-\$169,076,377	-\$3		-\$5,310,593	
10030 Operating Transfers from/to Primary Government												
10040 Operating Transfers from/to Component Unit												
10050 Proceeds from Notes, Loans and Bonds												
10060 Proceeds from Property Sales												
10070 Extraordinary Items, Net Gain/Loss												
10080 Special Items (Net Gain/Loss)										\$2,927,169		
10091 Inter Project Excess Cash Transfer In												
10092 Inter Project Excess Cash Transfer Out												
10093 Transfers between Program and Project - In												
10094 Transfers between Project and Program - Out												
10100 Total Other financing Sources (Uses)	\$5,049,046	\$0	\$0	-\$249,395	\$0	-\$4,068,537	\$19,906	-\$169,076,377	-\$3	\$2,927,169	-\$5,310,593	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$3,658,809	\$0	\$0	\$0	\$0	\$0	-\$94,496	\$0	\$0	\$712,675	-\$3,748,984	\$16,032

**San Diego Housing Commission (CA063)**  
**San Diego, California**  
**Entity Wide Revenue and Expense Summary**  
**Fiscal Year End: 06/30/2017**

Submission Type: Audited/Single Audit

	14,231 Emergency Shelter Grants Program	14,881 Moving to Work Demonstration Program	14,239 HOME Investment Partnerships Program	93,602 New Assets for Independence Demonstration Program	9 Other Federal Program 2	2 State/Local	1 Business Activities	8 Other Federal Program 1	14,856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
94000 Total Maintenance	\$0	\$0	\$0	\$0	\$0	\$29,416	\$3,480,280	\$0	\$0	\$11,140,945	\$0	\$11,140,945
95100 Protective Services - Labor									\$0	\$4,205		\$4,205
95200 Protective Services - Other Contract Costs							\$420,872		\$0	\$809,646		\$809,646
95300 Protective Services - Other							\$834		\$0	\$18,983		\$18,983
95500 Employee Benefit Contributions - Protective Services									\$0			
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$421,706	\$0	\$0	\$832,834	\$0	\$832,834
96110 Property Insurance						\$1,263	\$88,872		\$0	\$175,236		\$175,236
96120 Liability Insurance		\$57,916				\$963	\$84,851		\$224	\$314,203		\$314,203
96130 Workmen's Compensation	\$338	\$80,490	\$6,515			\$396	\$171,918	\$15	\$318	\$378,037		\$378,037
96140 All Other Insurance		\$468				\$770	\$288,482		\$1	\$385,150		\$385,150
96100 Total Insurance Premiums	\$338	\$138,874	\$6,515	\$0	\$0	\$3,392	\$634,123	\$15	\$543	\$1,252,626	\$0	\$1,252,626
96200 Other General Expenses	\$913,414	\$1,543,452	\$213,627	\$40,431		\$35,123	\$7,289,757	\$755	\$0	\$13,378,909		\$13,378,909
96210 Compensated Absences		\$128,336	\$29,130			\$1,103	\$520,799		\$1,180	\$728,138		\$728,138
96300 Payments in Lieu of Taxes							\$5,382			\$118,282		\$118,282
96400 Bad debt - Tenant Rents		\$98				\$2,140	\$53,357		\$0	\$142,655		\$142,655
96500 Bad debt - Mortgages			-\$429,824			-\$26,584	-\$135,740		\$0	-\$546,532		-\$546,532
96600 Bad debt - Other		-\$9,949				\$874	\$406,387		\$0	\$492,851		\$492,851
96800 Severance Expense									\$0			
96000 Total Other General Expenses	\$913,414	\$1,661,937	-\$187,067	\$40,431	\$0	\$12,656	\$8,139,942	\$755	\$1,180	\$14,314,303	\$0	\$14,314,303
96710 Interest of Mortgage (or Bonds) Payable							\$520,162		\$0	\$7,163,619		\$7,163,619
96720 Interest on Notes Payable (Short and Long Term)									\$0			
96730 Amortization of Bond Issue Costs									\$0			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$520,162	\$0	\$0	\$7,163,619	\$0	\$7,163,619
96900 Total Operating Expenses	\$972,364	\$19,092,297	\$1,097,458	\$40,431	\$0	\$161,663	\$28,251,149	\$6,146	\$57,831	\$76,538,432	-\$1,018,740	\$75,519,692
97000 Excess of Operating Revenue over Operating Expenses	\$0	-\$17,483,439	\$7,937,599	\$1	\$0	\$946,284	\$27,872,806	\$0	\$413,702	\$199,319,944	\$0	\$199,319,944
97100 Extraordinary Maintenance							\$8,450		\$0	\$16,436		\$16,436
97200 Casualty Losses - Non-capitalized									\$0			
97300 Housing Assistance Payments		\$139,260,958					\$54,971		\$419,863	\$143,329,032		\$143,329,032
97350 HAP Portability-In		\$1,228,958							\$0	\$1,228,958		\$1,228,958
97400 Depreciation Expense						\$18,899	\$3,640,086		\$0	\$8,437,930		\$8,437,930
97500 Fraud Losses									\$0			
97600 Capital Outlays - Governmental Funds									\$0			
97700 Debt Principal Payment - Governmental Funds									\$0			
97800 Dwelling Units Rent Expense									\$0			
90000 Total Expenses	\$972,364	\$159,582,213	\$1,097,458	\$40,431	\$0	\$180,562	\$31,954,656	\$6,146	\$477,694	\$229,550,788	-\$1,018,740	\$228,532,048
10010 Operating Transfer In		\$173,394,309	\$354,034			\$158,846	\$19,256,097		\$0	\$207,503,323	-\$207,503,323	\$0
10020 Operating transfer Out		-\$13,933,846	\$0	-\$1		-\$122,901	-\$5,470,585		\$0	-\$207,503,323	\$207,503,323	\$0
10030 Operating Transfers from/to Primary Government									\$0			
10040 Operating Transfers from/to Component Unit									\$0			
10050 Proceeds from Notes, Loans and Bonds									\$0			
10060 Proceeds from Property Sales									\$0			
10070 Extraordinary Items, Net Gain/Loss									\$0			
10080 Special Items (Net Gain/Loss)									\$0	\$2,927,169		\$2,927,169
10091 Inter Project Excess Cash Transfer In									\$0			
10092 Inter Project Excess Cash Transfer Out									\$0			
10093 Transfers between Program and Project - In									\$0			
10094 Transfers between Project and Program - Out									\$0			
10100 Total Other financing Sources (Uses)	\$0	\$159,460,463	\$354,034	-\$1	\$0	\$35,945	\$13,785,512	\$0	\$0	\$2,927,169	\$0	\$2,927,169
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$1,487,108	\$8,291,633	\$0	\$0	\$963,330	\$37,954,811	\$0	-\$6,161	\$49,234,757	\$0	\$49,234,757

**San Diego Housing Commission (CA063)**  
**San Diego, California**  
**Entity Wide Revenue and Expense Summary**  
**Fiscal Year End: 06/30/2017**

Submission Type: Audited/Single Audit

	Project Total	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	14.267 Continuum of Care Program	14.OPS MTW Demonstration Program for Low Rent	94.019 Social Innovation Fund	14.CFP MTW Demonstration Program for Capital Fund	14.218 Community Development Block Grants/Entitlement Grants	14.HCV MTW Demonstration Program for HCV program	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit Discretely Presented	6.2 Component Unit Blended	14.880 Family Unification Program (FUP)
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$375,773	\$1,667,851	\$0
11030 Beginning Equity	\$16,900,089	\$0	\$0	\$0	\$0	\$0	\$9,979,192	\$0	\$0	\$10,477,773	-\$35,479,842	\$385,978
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors												
11050 Changes in Compensated Absence Balance												
11060 Changes in Contingent Liability Balance												
11070 Changes in Unrecognized Pension Transition Liability												
11080 Changes in Special Term/Severance Benefits Liability												
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents												
11100 Changes in Allowance for Doubtful Accounts - Other												
11170 Administrative Fee Equity												
11180 Housing Assistance Payments Equity												
11190 Unit Months Available	1918									5268	15060	1200
11210 Number of Unit Months Leased	1862									5010	14891	886
11270 Excess Cash	\$7,931,272											
11610 Land Purchases	\$0											
11620 Building Purchases	\$0											
11630 Furniture & Equipment - Dwelling Purchases	\$0											
11640 Furniture & Equipment - Administrative Purchases	\$0											
11650 Leasehold Improvements Purchases	\$0											
11660 Infrastructure Purchases	\$0											
13510 CFFP Debt Service Payments	\$0											
13901 Replacement Housing Factor Funds	\$0											

**San Diego Housing Commission (CA063)**  
**San Diego, California**  
**Entity Wide Revenue and Expense Summary**  
**Fiscal Year End: 06/30/2017**

Submission Type: Audited/Single Audit

	14.231 Emergency Shelter Grants Program	14.881 Moving to Work Demonstration Program	14.239 HOME Investment Partnerships Program	93.602 New Assets for Independence Demonstration Program	9 Other Federal Program 2	2 State/Local	1 Business Activities	8 Other Federal Program 1	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$790,115	\$0	\$0	\$2,833,739		\$2,833,739
11030 Beginning Equity	\$0	\$7,419,853	\$179,964,007	\$0	\$21,625	\$10,377,753	\$328,863,907	\$0	\$132,168	\$529,042,503		\$529,042,503
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors									\$0			
11050 Changes in Compensated Absence Balance									\$0			
11060 Changes in Contingent Liability Balance									\$0			
11070 Changes in Unrecognized Pension Transition Liability									\$0			
11080 Changes in Special Term/Severance Benefits Liability									\$0			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									\$0			
11100 Changes in Allowance for Doubtful Accounts - Other									\$0			
11170 Administrative Fee Equity									\$0			
11180 Housing Assistance Payments Equity									\$0			
11190 Unit Months Available		181675				350	11225		552	217248		217248
11210 Number of Unit Months Leased		173009				350	10658		480	207146		207146
11270 Excess Cash									\$0	\$7,931,272		\$7,931,272
11610 Land Purchases									\$0	\$0		\$0
11620 Building Purchases									\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases									\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases									\$0	\$0		\$0
11650 Leasehold Improvements Purchases									\$0	\$0		\$0
11660 Infrastructure Purchases									\$0	\$0		\$0
13510 CFFP Debt Service Payments									\$0	\$0		\$0
13901 Replacement Housing Factor Funds									\$0	\$0		\$0





SAN DIEGO  
HOUSING  
COMMISSION

# Statistical Section (Unaudited)



## *We're About People*

The SDHC Achievement Academy provides participants opportunities for a better financial future. It is a state-of-the-art learning and skills center and computer lab that offers workshops emphasizing career planning and job skills.

Pictured above is the first “Power of One” graduating class. “Power of One” is a year-long program that helps single parents set goals, find employment and become financially self-reliant. Of the 48 adults completing the program in the first year, 25 found employment, 23 completed or are meeting education goals and 36 have achieved financial improvement by either increased wages or improved credit scores.





San Diego Housing Commission

Statistical Section (Unaudited)

This part of the Comprehensive Annual Financial Report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about SDHC's overall financial health. These schedules are for the Primary Government only and do not include activity of the discretely presented component units of HDP. The following are the categories of the schedules that are included in this Section:

**Financial Trends**

These schedules contain trend information to help the reader understand how SDHC's financial performance and well-being have changed over time. These schedules can be viewed on pages 124 - 126.

**Revenue Capacity**

This schedule contains information to help the reader assess SDHC's most significant revenue source. This schedule can be viewed on page 128.

**Debt Capacity**

This schedule presents information to help the reader assess the affordability of SDHC's current level of outstanding debt. This schedule can be viewed on page 130.

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which SDHC's financial activities take place. These schedules can be viewed on pages 132 - 135.

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in SDHC's financial report relates to the services SDHC provides and the activities it performs. These schedules can be viewed on pages 138 to 144.

## **FINACIAL TRENDS**



San Diego Housing Commission  
 Net Position by Component (Unaudited)  
 Ten Years Ending June 30, 2017

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2008	\$ 68,982,385	\$ 122,520,904	\$ 137,314,102	\$ 328,817,391
2009	69,458,302	128,863,010	152,042,313	350,363,625
2010	39,788,284	129,062,731	213,986,961	382,837,976
2011	43,092,084	137,161,661	224,260,898	404,514,643
2012	54,768,792	142,430,835	225,494,849	422,694,476
2013	55,992,979	151,444,156	237,319,083	444,756,218
2014	54,862,209	160,498,486	241,567,614	456,928,309
2015	68,871,666	170,194,739	244,645,686	483,712,091
2016	73,122,616	176,980,821	268,461,293	518,564,730
2017	95,953,834	182,546,323	288,586,654	567,086,811

Source: Annual Financial Statements



San Diego Housing Commission  
 Revenues, Expenses and Changes in Net Position (Unaudited)  
 Last Ten Years Ending June 30, 2017

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Operating revenues</b>										
Dwelling rental income	\$ 30,079,966	\$ 28,090,296	\$ 26,450,075	\$ 25,750,939	\$ 25,669,589	\$ 25,082,830	\$ 24,309,910	\$ 21,193,199	\$ 21,431,650	\$ 15,001,921
Land lease and other rental income	2,492,779	2,668,438	2,245,059	2,119,188	2,023,344	1,892,027	1,970,080	1,233,941	1,368,541	1,292,869
Fee revenue	4,511,918	3,866,857	2,947,588	2,145,715	2,030,042	1,886,252	2,867,606	1,813,413	1,648,597	2,085,358
Shared equity income	-	-	-	-	-	171,422	158,270	181,535	206,068	694,263
Other revenue	4,407,790	3,777,214	2,767,714	3,222,683	1,927,430	1,120,603	2,076,205	3,365,390	1,439,749	845,374
Total operating revenues	41,492,453	38,402,805	34,410,436	33,238,525	31,650,405	30,153,134	31,382,071	27,787,478	26,094,605	19,919,785
<b>Operating expenses</b>										
Administrative expenses	34,542,960	31,826,310	29,500,978	28,839,617	28,713,564	26,870,807	24,686,591	23,208,287	19,959,913	18,974,670
Tenant services	1,988,632	1,626,314	1,541,169	1,370,247	1,919,200	2,207,747	2,450,010	1,862,540	1,687,646	1,809,223
Asset management	14,170,505	8,895,547	9,505,111	8,885,279	7,790,710	7,470,695	10,130,088	7,074,276	6,664,735	7,779,665
General expenses	1,435,332	2,072,713	985,363	2,266,935	1,201,718	2,615,886	3,840,050	4,587,653	3,286,471	2,428,251
Grant expense	11,752,995	15,753,280	11,103,144	17,115,718	6,650,674	5,879,572	4,698,932	5,065,696	4,561,061	5,618,803
Housing assistance	144,557,990	146,570,467	145,836,071	147,311,387	150,905,154	147,823,240	145,876,110	144,790,881	139,234,699	126,587,352
Depreciation	5,764,403	5,130,888	4,916,809	4,800,693	4,113,552	3,920,321	4,047,879	2,595,635	2,367,288	2,980,926
Total operating expenses	214,212,817	211,875,519	203,388,645	210,589,876	201,294,572	196,788,268	195,729,660	189,184,968	177,761,813	166,178,890
Operating loss	(172,720,364)	(173,472,714)	(168,978,209)	(177,351,351)	(169,644,167)	(166,635,134)	(164,347,589)	(161,397,490)	(151,667,208)	(146,259,106)
<b>Nonoperating revenues (expenses):</b>										
Grant revenue	217,487,187	200,005,483	191,703,603	186,987,313	188,240,947	182,353,583	184,749,521	189,101,021	169,455,958	172,108,621
Investment income	9,099,264	9,988,417	9,742,843	9,118,073	8,637,551	8,774,498	6,974,862	7,312,333	6,374,263	6,858,050
Gain/loss on sale of capital assets	-	3,844,578	-	-	38,220	(49,695)	(683)	-	-	(132,480)
Gain on fair market value of interest swap	-	-	-	-	-	-	859,125	459,836	(831,228)	-
Interest expense	(5,344,008)	(5,513,125)	(5,684,425)	(5,879,510)	(5,913,243)	(6,263,417)	(6,558,569)	(3,001,349)	(1,785,551)	(1,772,989)
Net nonoperating revenues	221,242,443	208,325,353	195,762,021	190,225,876	191,003,475	184,814,969	186,024,256	193,871,841	173,213,442	177,061,202
Total revenues and expenses	48,522,079	34,852,639	26,783,812	12,874,525	21,359,308	18,179,835	21,676,667	32,474,351	21,546,234	30,802,097
Capital grants	-	-	-	-	-	-	-	-	-	1,219,877
Change in net position	\$ 48,522,079	\$ 34,852,639	\$ 26,783,812	\$ 12,874,525	\$ 21,359,308	\$ 18,179,835	\$ 21,676,667	\$ 32,474,351	\$ 21,546,234	\$ 32,021,974

Source: Annual Financial Statements



San Diego Housing Commission  
 Capital Assets by Category (Unaudited)  
 Last Ten Years Ending June 30, 2017

CATEGORY	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Land	\$ 69,340,679	\$ 68,081,575	\$ 68,369,250	\$ 63,186,873	\$ 63,036,133	\$ 60,563,275	\$ 60,440,951	\$ 39,022,937	\$ 29,543,943	\$ 29,651,723
Construction in progress	2,772,651	8,296,759	2,267,262	751,305	1,854,210	9,831,387	465,800	4,319,426	7,000,730	11,611,732
Buildings	107,701,541	98,468,109	98,468,109	88,811,413	88,811,413	84,722,349	84,722,349	60,954,269	56,403,458	56,372,153
Building improvements	57,589,992	36,008,102	33,581,403	33,581,403	30,811,213	17,719,475	17,719,475	12,227,363	12,368,642	7,901,115
Furniture and equipment	4,821,310	4,495,410	4,347,152	4,105,103	3,781,552	3,494,073	3,213,224	2,930,854	2,844,786	2,463,141
<b>Total capital assets</b>	<b>242,226,173</b>	<b>215,349,955</b>	<b>207,033,176</b>	<b>190,436,097</b>	<b>188,294,521</b>	<b>176,330,559</b>	<b>166,561,799</b>	<b>119,454,849</b>	<b>108,161,559</b>	<b>107,999,864</b>
Less accumulated depreciation										
Buildings	23,542,214	20,922,471	18,418,147	16,115,003	13,852,095	11,620,965	9,464,032	8,059,821	7,521,776	6,105,932
Building improvements	15,194,653	12,332,422	10,056,086	7,816,863	5,678,975	4,087,090	2,774,997	2,233,130	2,048,503	1,521,762
Furniture and equipment	4,119,438	3,960,054	3,741,342	3,366,900	2,967,003	2,731,187	2,309,871	1,904,844	1,363,573	938,870
<b>Total accumulated depreciation</b>	<b>42,856,305</b>	<b>37,214,947</b>	<b>32,215,575</b>	<b>27,298,766</b>	<b>22,498,073</b>	<b>18,439,242</b>	<b>14,548,900</b>	<b>12,197,795</b>	<b>10,933,852</b>	<b>8,566,564</b>
<b>Net capital assets</b>	<b>199,369,868</b>	<b>178,135,008</b>	<b>174,817,601</b>	<b>163,137,331</b>	<b>165,796,448</b>	<b>157,891,317</b>	<b>152,012,899</b>	<b>107,257,054</b>	<b>97,227,707</b>	<b>99,433,300</b>
Related debt	103,416,034	105,012,392	105,945,935	108,275,122	110,505,903	103,122,525	108,920,815	67,468,770	27,769,404	30,450,915
Invested in capital assets, net of related debt	\$ 95,953,834	\$ 73,122,616	\$ 68,871,666	\$ 54,862,209	\$ 55,290,545	\$ 54,768,792	\$ 43,092,084	\$ 39,788,284	\$ 69,458,303	\$ 68,982,385

Source: Annual Financial Statements

## **REVENUE CAPACITY**



San Diego Housing Commission  
 Revenue on a Gross Basis (Unaudited)  
 Last Ten Years Ending June 30, 2017

DESCRIPTION	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues (gross):										
Operating revenues	\$ 41,492,453	\$ 38,402,805	\$ 34,410,406	\$ 33,238,525	\$ 31,650,405	\$ 30,153,134	\$ 31,382,071	\$ 27,787,478	\$ 26,094,605	\$ 19,919,784
Subsidies and grants	217,487,187	200,005,483	191,703,603	186,987,313	188,240,947	182,353,583	184,749,521	189,101,021	169,455,958	173,328,498
Investment income	9,099,264	9,988,417	9,742,843	9,118,073	8,637,551	8,774,498	6,974,862	7,312,333	6,374,263	6,858,080
Gain/loss on sale of capital assets	-	3,844,578	-	-	38,220	(49,695)	(683)	-	-	(132,480)
Other	-	-	-	-	-	-	859,125	459,836	-	-
<b>Total revenues</b>	<b>\$ 268,078,904</b>	<b>\$ 252,241,283</b>	<b>\$ 235,856,852</b>	<b>\$ 229,343,911</b>	<b>\$ 228,567,123</b>	<b>\$ 221,231,520</b>	<b>\$ 223,964,896</b>	<b>\$ 224,660,668</b>	<b>\$ 201,924,826</b>	<b>\$ 199,973,882</b>

Source: Annual Financial Statements



## **DEBT CAPACITY**



San Diego Housing Commission

Outstanding Debt Related to Capital Assets (Unaudited)

Last Ten Years Ending June 30, 2017

<u>Fiscal year</u>	<u>Notes Payable</u>		<u>Capital Assets Less Accumulated Depreciation</u>	<u>Ratio of total debt to capital assets*</u>
2008	\$ 30,450,915		\$ 99,433,300	30.62%
2009	27,769,404		97,227,707	28.56%
2010	67,468,770		107,257,057	62.90%
2011	125,321,940	**	152,012,899	71.65%
2012	117,326,102	***	157,891,317	74.31%
2013	115,500,409	****	165,796,448	69.66%
2014	112,993,522	*****	163,137,331	69.26%
2015	109,913,912	*****	174,814,601	62.87%
2016	106,884,501	*****	178,135,008	60.00%
2017	103,813,347	*****	199,369,868	52.07%

Source: Annual Financial Statements

\* Percentage of personal income is not available

\*\* The total notes payable of \$125 million includes \$16 million of unspent loan proceeds.

\*\*\* The total notes payable of \$117 million includes \$14 million of unspent loan proceeds.

\*\*\*\* The total notes payable of \$115 million includes \$5 million of unspent loan proceeds.

\*\*\*\*\* The total notes payable of \$113 million includes \$5 million of unspent loan proceeds.

\*\*\*\*\* The total notes payable of \$110 million includes \$4 million of unspent loan proceeds.

\*\*\*\*\* The total notes payable of \$107 million includes \$2 million of unspent loan proceeds.

\*\*\*\*\* The total notes payable of \$103 million includes \$398,000 of unspent loan proceeds.

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**



**San Diego Housing Commission  
Demographic Statistics - Ten Year Trend**

**Population**

<u>Year</u>	<u>United States</u>	<u>Change from Prior Period</u>	<u>City of San Diego</u>	<u>Change from Prior Period</u>
2006-07	301,621,157	0.96%	1,316,837	0.86%
2007-08	304,059,724	0.81%	1,336,865	1.52%
2008-09	307,006,550	0.97%	1,333,617	-0.24%
2009-10	308,745,538	0.57%	1,359,132	1.91%
2010-11	311,591,917	0.92%	1,311,882	-3.48%
2011-12	312,780,968	0.38%	1,321,315	0.72%
2012-13	316,122,143	1.07%	1,326,238	0.37%
2013-14	318,853,648	0.86%	1,345,895	1.48%
2014-15	321,188,034	0.73%	1,368,061	1.65%
2015-16	323,882,704	0.84%	1,391,676	1.73%
2016-17	325,337,675	0.45%	1,406,318	1.05%

Source: U.S. Department of Commerce, Bureau of Economic Analysis  
MuniServices, LLC, and Comprehensive Annual Financial Reports



**San Diego Housing Commission  
Demographic and Economic Statistics for the City of San Diego  
Ten Years Ended June 30, 2017**

**Population and Personal Income - City of San Diego**

<u>Year</u>	<u>Population<sup>1</sup></u>	<u>Personal Income<sup>2</sup> (1,000s)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate<sup>3</sup>(%)</u>
2006-07	1,316,837	\$ 39,302,317	\$ 29,846	4.0
2007-08	1,336,865	42,678,078	31,924	4.6
2008-09	1,333,617	42,857,116	32,136	6.0
2009-10	1,376,173	43,522,125	31,625	9.7
2010-11	1,311,882	40,336,435	30,747	10.2
2011-12	1,321,315	42,754,529	32,358	9.5
2012-13	1,326,238	43,540,765	32,830	8.9
2013-14	1,345,895	45,869,487	34,081	7.5
2014-15	1,368,061	46,297,920	33,842	4.6
2015-16	1,391,676	47,718,552	34,289	4.9
2016-17	1,406,318	50,542,056	35,939	4.4

Footnotes:

<sup>1</sup>Population projections are provided by the California Department of Financial Projections

<sup>2</sup>Income data is provided by the United States Census Data and is adjusted for inflation

<sup>3</sup>Unemployment data is provided by the EDD's Bureau of Labor Statistics Department

Sources: MuniServices, LLC, and City of San Diego Comprehensive Annual Financial Reports



**CITY OF SAN DIEGO  
PRINCIPAL EMPLOYERS (UNAUDITED)  
Current Year and Nine Years Ago**

<b>Employer</b>	<b>Number of Employees</b>	<b>Percentage of Total Employment <sup>1</sup></b>
<b>For the Fiscal Year Ended June 30, 2017</b>		
Naval Base San Diego(1)	34,185	4.85%
University of California San Diego (2)	30,130	4.27%
County of San Diego	19,131	2.71%
Sharp Health Care (3)	17,976	2.55%
San Diego Unified School District	13,815	1.96%
Qualcomm Inc (4)	11,830	1.68%
Scripps Health (5)	11,807	1.67%
City of San Diego	11,454	1.62%
Kaiser Permanente (6)	9,066	1.29%
San Diego Community College District (7)	6,564	0.93%
<b>Total Top Employers</b>	<b>165,958</b>	<b>23.53%</b>
<b>For the Fiscal Year Ended June 30, 2008</b>		
Naval Base San Diego (1)	45,500	6.61%
University of California San Diego (2)	26,011	3.78%
County of San Diego	17,000	2.47%
Sharp Health Care (3)	13,872	2.01%
San Diego Unified School District	24,000	3.49%
Qualcomm Inc (4)	6,000	0.87%
Scripps Health (5)	12,000	1.74%
City of San Diego	10,789	1.57%
Kaiser Permanente (6)	6,970	1.01%
Sempra Energy	5,000	0.73%
<b>Total Top Employers</b>	<b>167,142</b>	<b>24.28%</b>

Source: MuniServices, LLC, and Fiscal Year 2008 Prior published CAFR

Results based on direct correspondence with city's local businesses.

(1) Includes Active Duty Navy and Marine, and Civil Services employees.

(2) Includes full and part time, academic and support, and UCSD Medical Center, School of Medic

(3) Employee count is countywide

(4) Excludes temps and interns

(5) Scripps Health employees within city limits, not including Mercy hospital in Chula Vista

(6) Count includes physicians

(7) Not including out of state military instructors



**San Diego Housing Commission  
Resident Household Information - Unaudited  
Housing Choice Voucher Program**

<u>Resident Members Per Household</u>			<u>Number Bedrooms Per Household</u>		
<u>Categories</u>	<u>Households</u>	<u>Percent</u>	<u>Categories</u>	<u>Households</u>	<u>Percent</u>
1 Member	6,322	42.3%	Studio	1,233	8.2%
2 Members	3,454	23.0%	1 Bedroom	3,903	26.0%
3 Members	1,808	12.1%	2 Bedrooms	5,338	35.6%
4 Members	1,444	9.6%	3 Bedrooms	3,265	21.8%
5 Members	978	6.5%	4 Bedrooms	1,058	7.1%
6 Member	499	3.3%	5 Bedrooms	180	1.2%
7 Members	243	1.6%	6 Bedrooms	18	0.1%
8 Members	120	0.8%	7 Bedrooms	-	0.0%
9 Member	65	0.4%	8 Bedrooms	-	0.0%
10 + Members	63	0.4%	9 Bedrooms	1	0.0%
<b>Total</b>	<b>14,996</b>	<b>100.0%</b>	<b>Total</b>	<b>14,996</b>	<b>100.0%</b>

**San Diego Housing Commission  
Resident Income Information - Unaudited  
Housing Choice Voucher Programs**

**Income Ranges (All Sources)**

<u>Annual Income Ranges</u>	<u>No. of Households</u>	<u>Percentage</u>
\$ 0-.99	346	2.3%
\$ 1-9,999	1,852	12.3%
\$ 10,000-19,999	8,050	53.8%
\$ 20,000-29,999	2,616	17.4%
\$ 30,000-39,999	1,236	8.2%
\$ 40,000-49,999	565	3.8%
\$ 50,000 +	331	2.2%
<b>Total</b>	<b>14,996</b>	<b>100.0%</b>

Source: San Diego Housing Commission Statistics



**San Diego Housing Commission  
Years in Housing Choice Voucher Program**

**Length of Residency - Current**

<u>Years in Housing</u>	<u>Households</u>	<u>Quantity</u>
<1	372	2.5%
1	941	6.3%
2	1,257	8.4%
3	955	6.4%
4	275	1.8%
5	764	5.1%
6	761	5.1%
7	333	2.2%
8	474	3.2%
9	377	2.5%
10	1,873	12.4%
11	371	2.5%
12	896	6.0%
13	476	3.2%
14	303	2.0%
15	702	4.7%
16	1,336	8.9%
17	363	2.4%
18	364	2.4%
19	302	2.0%
20+	<u>1,501</u>	<u>10.0%</u>
Total	<u><u>14,996</u></u>	<u><u>100.0%</u></u>

Source: San Diego Housing Commission Statistics



## **OPERATING INFORMATION**



**San Diego Housing Commission  
Operating Information  
Property Characteristic and Dwelling Units**

**San Diego Housing Commission Owned**

<b>Address</b>	<b>No. Units</b>	<b>Year Built</b>
4720 - 4722 34th Street	3	1982
4756 - 4758 35th Street	4	1982
3010 #A - B 39th Street	2	1975
3617 - 3619 42nd Street	4	1984
2716 - 2718 44th Street	4	1983
2734 - 2736 44th Street	4	1983
4078 #A - D 47th Street	4	1964
4286 - 4292 48th Street	4	1960
3280 A Street	2	1982
4207 - 4209 Altadena Avenue	2	1984
4123 Arey Drive	1	1970
4080 Arizona Street	4	1987
2766 Cardinal Road	2	1982
4314 Darwin way	1	1970
2326 - 2332 East Jewett Street	4	1944
4334 Ebersole Drive	1	1970
4181 Enero Street	1	1970
2477 - 2477 1/2 Fairmount Avenue	4	1967
2479 - 2481		
3081 - 3083 Hawthorn Street	4	1983
1170 Ilexey Avenue	1	1970
1366 Ilexey Avenue	1	1970
4230 Kimsue Way	1	1970
1255 Kostner Drive	1	1970
4259 Layla Court	1	1970
4276 Layla Court	1	1970
4256 Layla Way	1	1970
4269 Layla Way	1	1970
4274 Layla Way	1	1970



**San Diego Housing Commission Owned - Continued**

<b>Address</b>	<b>No. Units</b>	<b>Year Built</b>
4339	1	1970
4074	1	1970
4150	1	1970
4186	1	1970
4293	1	1970
4239	1	1971
4331	1	1970
4334	1	1970
4890	4	1982
1152	1	1970
8505	1	1975
4050 - 4056	4	1960
5974	1	1941
4034	1	1970
1232	1	1970
1327	1	1970
1405	1	1970
1506	1	1970
1530	1	1970
4024	1	1970
2325	3	1982
1128	1	1970
1145	1	1970
1169	1	1970
5955 #1 - 4	4	1963
4233	1	1970
3755 - 3757	4	1997
6511 - 6517	4	1952
1041	1	1970
1144	1	1970
1250	1	1970
1317	1	1970
3630 - 3632	4	1982
10101 - 10191	132	1978
2052 - 2098	84	1984
4262-4268	4	2009
4395	33	2009
6847	172	1989
1301	130	1914
5330	71	1985
7720-7780	120	1986
4066	145	1981
2170-2172	34	1913 Operated by HDP
827	73	1910 Operated by HDP
<b>Total SDHC Owned</b>	<b>1115</b>	



**Belden SDHC FNMA, LLC**

Address	No. Units	Year Built
7705 - 7795 Belden Street	243	1983
<b>Total Belden SDHC FNMA, LLC</b>	<b>243</b>	

**Northern SDHC FNMA, LLC**

Address	No. Units	Year Built
3501 1st Avenue	22	1976
7105 - 7120 Eastman Street	36	1989
7085 - 7095 Levant Street	14	1989
7526 - 7580 Fulton Street	31	1996
2615 - 2665 Genesee Avenue	11	1983
4131 Maryland Street	24	1982
<b>Total Northern SDHC FNMA, LLC</b>	<b>138</b>	

**Central SDHC FNMA, LLC**

Address	No. Units	Year Built
2932 30th street	5	1986
3012 30th street	5	1986
3030 30th street	5	1988
3217 30th street	5	1986
4729 32nd street	5	1985
4541 #1 - 8 33rd street	8	1965
4632 33rd street	5	1986
4751 33rd street	8	1968
4254 36th street	5	1988
4164 #1 - 8 37th street	8	1962
4343 38th street	5	1989
4575 - 4579 38th street	8	1985
3755 - 3761 Alabama Street	8	1985
3974 - 3984 Bancroft Street	14	1988
3850 Cherokee Avenue	5	1986
4054 - 4060 1/2 Cherokee Avenue	8	1961
4360 Cherokee Avenue	5	1986
4081 - 4087 1/2 Florida Street	8	1960
4450 - 4456 1/2 Georgia Street	8	1966
7891 - 7899 Golfcrest Drive	9	1997
3350 - 3356 1/2 Grim Avenue	8	1959
4637 - 4643 1/2 Hamilton Street	8	1956
3125 Ivy Street	5	1988
4381 - 4387 Louisiana Street	8	1968
2727 - 2729 Meade Avenue	6	1964
4352 #1 - 8 Oregon Street	8	1960
4043 Wilson Avenue	5	1986
<b>Total Central SDHC FNMA, LLC</b>	<b>185</b>	



**Northern SDHC FHA, LLC**

<b>Address</b>	<b>No. Units</b>	<b>Year Built</b>
12643 - 12687 El Camino Real	45	1995
2701 - 2711 Figueroa Boulevard	6	1966
8637 - 8643 Glenhaven Street	4	1971
8649 - 8655 Glenhaven Street	4	1962
8661 - 8667 Glenhaven Street	4	1962
8701 - 8707 Glenhaven Street	4	1962
2045 - 2049 Grand Avenue	6	1990
2644 Hornblend Street	5	1989
8714 - 8720 Hurlbut Street	4	1962
8726 - 8732 Hurlbut Street	4	1971
8792 Mira Mesa Boulevard	5	1978
8816 Mira Mesa Boulevard	5	1978
5071 - 5077 1/2 Muir Avenue	8	1960
4055 - 4083 Pulitzer Place	50	1985
<b>Total Northern SDHC FHA, LLC</b>	<b>154</b>	

**Southern SDHC FHA, LLC**

<b>Address</b>	<b>No. Units</b>	<b>Year Built</b>
2005 - 2065 Alaquinas Drive	66	1983
121-125 Averil Road	14	1993
178 - 190 Calle Primera	71	1984
2381 - 2389 Grove Avenue	41	1985
1351 - 1359 Hollister Street	20	1983
402 - 412 Sycamore Road (East)	24	1985
281 - 289 Sycamore Road (North)	24	1985
391 - 417 Sycamore Road (West)	41	1985
<b>Total Southern SDHC FHA, LLC</b>	<b>301</b>	

**Central SDHC FHA, LLC**

<b>Address</b>	<b>No. Units</b>	<b>Year Built</b>
2628 - 2630 44th street	8	1983
4225 44th street	6	1990
4261 45th street	6	1989
4566 51st street	5	1988
3051 54th street	7	1989
4164 Altadena Avenue	6	1961
4479 - 4481 Altadena Avenue	8	1989
4560 Altadena Avenue	8	1960
2883 Boston Avenue	5	1993
2955 Boston Avenue	5	1993
4147 - 4157 Chamoune Avenue	6	1983
4416 #1 - 8 Highland Avenue	8	1980
4205 - 4215 Juniper Street	20	1983
4273 - 4283 Juniper Street	24	1982
4390 Maple Street	6	1983
4451 - 4459 Market Street	20	1989
5316 Meade Avenue	30	1981
4180 - 4182 Poplar Street	9	1985
5326 - 5328 Rex Avenue	4	1984
5330 - 5332 1/2 Rex Avenue	4	1967
5359 - 5389 Santa Margarita	32	1983
7281 - 7289 Saranac Street	7	1996
<b>Total Central SDHC FHA, LLC</b>	<b>234</b>	



**Public Housing Units**

Address		No. Units	Year Built
2420 #A - H	44th Street	8	1982
3222 - 24	Camulos Street	12	1982
3919 #1 - 8	Mason Street	8	1982
5385 - 5389	Trojan Avenue	3	1982
4095 #A - D	Valeta Street	4	1982
605 - 695	Picador Boulevard	78	1984
325-415	South 33rd Street	40	1999
2055 - 2095	Via Las Cumbres	36	1984
<b>Total Public Housing</b>		<b>189</b>	

**Total SDHC, LLC and Public Housing Units** **2,559**

**Other Program Housing Units - Partnerships\***

Address		No. Units	Development/Partner
4914-98	Logan Avenue	112	Arbor Village/LINC Housing
4321	52nd Street	88	Dawson Avenue/Chelsea/HDP
5207	52nd Place	75	Casa Colina/HDP
1194	Hollister St	50	Riverwalk Apts/Affirmed Housing Group
5391 & 5411-25	Santa Margarita St	49	Vista Grande/Wakeland
1985	National Ave	92	Estrella del Mercado/Chelsea
1815-1874	Hancock Street	85	Mission Apts/AMCAL Multi Housing Inc.
13481-13483	Silver Ivy Lane	21	Park Terramar/Chelsea
<b>Total Partnership Units</b>		<b>572</b>	

**Combined total units** **3,131**

\*SDHC owns the land and has the option to purchase the building at the end of the tax credit compliance period



**San Diego Housing Commission  
Employee Demographics - Unaudited  
As of June 30, 2017**

Seniority of Employees			Racial Composition		
Categories	Number	Percent	Categories	Number	Percent
Less than 3 years	122	40%	American Indian or Alaska Native, White	1	0%
3 to 5 years	38	12%	Asian	8	3%
6 to 9 years	44	14%	Black or African American	33	11%
10 to 19 years	54	18%	Hispanic or Latino	110	36%
20 to 29 years	32	10%	Native Hawaiian or Other Pacific Islander	19	6%
30 years and over	<u>16</u>	5%	Two or More Races	3	1%
Grand Total	<u><u>306</u></u>		White	114	37%
			Other	<u>18</u>	6%
			Grand Total	<u><u>306</u></u>	

*Source: Information provided by San Diego Housing Commission HR Department includes Direct hires*



**San Diego Housing Commission  
Number of Employees by Department**

<b>Department:</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Board & Executive Functions	9	7	6	8	5	4	17	16	8	3
Business Services	40	44	41	37	35	26	23	23	23	18
Community Relations & Communications	7	8	6	7	5	7	4	4	4	0
Development & Asset Management	0	0	0	0	0	0	0	0	0	60
External Affairs	0	0	0	12	12	11	0	0	0	0
Financial Services	26	22	24	25	24	25	21	20	19	17
Housing Finance	16	12	0	0	0	0	0	0	0	40
Housing Innovations	20	12	6	0	0	0	0	0	0	0
Housing Development Partners	5	4	3	3	3	3	0	0	0	0
Policy & Public Affairs	0	0	0	0	0	5	0	0	0	7
Real Estate Development	77	70	75	75	80	77	92	90	87	0
Rental Assistance Program	106	115	105	107	109	110	105	106	109	91
	<b>306</b>	<b>294</b>	<b>266</b>	<b>274</b>	<b>273</b>	<b>268</b>	<b>262</b>	<b>259</b>	<b>250</b>	<b>236</b>

Source: Information provided by San Diego Housing Commission Human Resources Department