



SAN DIEGO
HOUSING
COMMISSION

San Diego Housing Commission Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2015

San Diego Housing Commission
Financial Services Department
1122 Broadway, Suite 300
San Diego, CA 92101
www.sdhc.org



San Diego Housing Commission

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

Comprehensive Annual Financial Report

**For the Year Ended
June 30, 2015**

**Prepared by:
Financial Services Department**

Table of Contents

	PAGE
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	6
GFOA Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year 2014	15
Organizational Chart	16
Roster of Officials	17
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	19
Management's Discussion and Analysis	22
Basic Financial Statements	
Statement of Net Position	32
Statement of Revenues, Expenses and Changes in Net Position	34
Statement of Cash Flows	35
Notes to Financial Statements	37
Supplementary Information	
Combining Schedule of Net Position - Enterprise Funds	97
Combining Schedule of Revenues, Expenses and Changes in Net Position - Enterprise Funds	99
Combining Schedule of Cash Flows - Enterprise Funds	101
Financial Data Schedule	
Entity Wide Balance Sheet Summary	105
Entity Wide Revenue and Expense Summary	109

Table of Contents - Continued

	PAGE
<u>STATISTICAL SECTION (UNAUDITED)</u>	
Net Position by Component	118
Revenue, Expenses and Changes in Net Position	119
Capital Assets by Category	120
Revenue on a Gross Basis	122
Outstanding Debt Related to Capital Assets	124
Demographic Statistics	126
Demographic and Economic Statistics for the City of San Diego	127
Principal Employers for the City of San Diego	128
Resident Household Information - Housing Choice Voucher Program	129
Resident Income Information - Housing Choice Voucher Program	129
Length of Residency - Housing Choice Voucher Program	130
Property Characteristics and Dwelling Units	132
Employee Demographics	138
Number of Employees by Department	139



SAN DIEGO
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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 including as a provider of federal rental assistance to more than 14,700 families; a partner in addressing homelessness; and an affordable housing developer.





November 4, 2015

Mayor Kevin Faulconer,
Council President Sherri Lightner,
Members of the San Diego City Council,
San Diego Housing Commission (SDHC) Chairman of the Board Gary Gramling,
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, 2015.

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 the independent audit was to provide reasonable assurance that SDHC's financial statements for the fiscal year that ended on June 30, 2015, 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, 2015, 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 separately issued Single Audit Report.

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, the San Diego Housing Commission (SDHC) is an award-winning public agency dedicated to preserving and increasing affordable housing within the City of San Diego. We provide a variety of award-winning affordable housing programs and services that stimulate the local economy, revitalize neighborhoods, and help improve the lives of low-income 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, 2014. This was the seventh consecutive year that SDHC has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

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 2014. This was the fifth consecutive year that SDHC has received this prestigious award.

In April, 2015, SDHC received the Outstanding Government Agency of the Year Ruby Award from the San Diego Housing Federation for the creation of HOUSING FIRST-SAN DIEGO, a three-year homelessness action plan to create additional affordable housing with supportive services.

Governing Body and Strategic Guidance

Established in 1979, SDHC is governed by the San Diego City Council, sitting as the Housing Authority of the City of San Diego (Housing Authority).

SDHC President & Chief Executive Officer (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 SDHC Board of Commissioners (Board) is appointed by the Mayor. The San Diego City Council confirms them.

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. The Board's actions are advisory to the Housing Authority.

SDHC Mission

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

The SDHC Strategic Plan provides SDHC with a framework to identify how it can have the greatest possible impact with limited financial resources in the years ahead.

SDHC's 2014-2016 Strategic Plan identifies three major Goals:

- Create and Preserve Quality Affordable Housing;
- Provide Housing Choice Voucher families with Opportunities for Them to Become More Financially Self-reliant; and
- Foster a Culture of Excellence and Innovation

HOUSING FIRST - SAN DIEGO

On November 12, 2014, SDHC announced HOUSING FIRST - SAN DIEGO, SDHC's three-year Homelessness Action Plan to create additional affordable housing with permanent supportive services that will impact the lives of up to 1,500 homeless San Diegans.

HOUSING FIRST - SAN DIEGO, a five-point strategic action plan:

- 1) Awards up to \$30 million over the next three years to create Permanent Supportive Housing that will remain affordable for 55 years.
- 2) Commits up to 1,500 Federal rental housing vouchers to provide housing to homeless individuals and families.

- 3) Renovates the historical Hotel Churchill to create 72 affordable studios for homeless Veterans, youth aging out of foster care, and adults exiting the corrections system who also need supportive services.
- 4) Invests up to \$15 million from the Federal “Moving to Work” rental assistance program to acquire a property that will set aside 20 percent of its units for permanent supportive housing for homeless San Diegans.
- 5) Dedicates 25 of SDHC’s own affordable units year-round to provide homes for homeless individuals and families through a Rapid Re-housing model. SDHC is one of the first public housing agencies in the nation to commit affordable rental housing that it owns for this purpose.

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 (HCV) Program, which provides rental assistance to more than 14,700 low-income families in the City of San Diego.

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

SDHC is one of only 39 public housing authorities nationwide, out of 3,400, to receive a “Moving to Work” (MTW) designation from HUD. As an MTW agency, SDHC designs innovative, cost-effective ways of providing housing assistance to low-income families, using a combination of Federal funding allocated to SDHC for public housing and HCV rental assistance.

HOUSING FIRST - SAN DIEGO, utilizes SDHC’s MTW designation to ensure the success of the goals contained within the action plan. The following was accomplished in Fiscal Year 2015:

- 1) Created additional affordable housing:

SDHC committed 62 MTW project-based vouchers to Imperial Apartments, which will be leased up during Fiscal Year 2017, a new construction development providing 62 permanent supportive housing units in Downtown San Diego.

SDHC committed 59 MTW Project-Based Vouchers to Talmadge Gateway, which will be leased up in Fiscal Year 2018, a new construction development providing 59 permanent supportive housing units for homeless seniors in the City Heights neighborhood of the City of San Diego.

SDHC committed 79 MTW project-based vouchers to New Palace Hotel, a SDHC-owned development serving homeless adults in the City of San Diego.

The anticipated acquisition date of the existing development is September 2015 with the lease up process ensuing rapidly thereafter.

2) Provided housing to homeless individuals and families:

Celadon, a new construction development of 248 affordable apartments, commemorated its grand opening on May 1, 2015. SDHC awarded 88 MTW project-based vouchers to provide rental assistance at Celadon.

3) Commenced renovation of the historical Hotel Churchill to create 72 affordable studios for homeless Veterans, youth aging out of the foster care system, and adults who will also need supportive services.

SDHC has invested more than \$9.2 million in MTW funds toward the \$20.5 million rehabilitation costs. Seventy-two sponsor-based subsidies were previously committed to the Hotel Churchill. The U.S. Department of Veterans Affairs will provide supportive services for 56 housing units for homeless veterans. In addition, \$1.8 million from the State Mental Health Services Act, administered by the County of San Diego Mental Health Department, will provide permanent supportive services for the 16 non-Veterans adults.

4) On May 1, 2015, SDHC acquired Village North Senior Garden Apartments (Village North), a 120 unit apartment complex for seniors. SDHC invested \$15 million in MTW funds to acquire Village North. SDHC designated 24 units at Village North as permanent supportive housing for homeless seniors. The units will be assisted by project-based vouchers.

SDHC's MTW operating budget in Fiscal Year 2015 was \$161,034,808. Examples of MTW initiatives implemented by SDHC are:

- **Choice Communities.** Since SDHC's Choice Communities program began on January 1, 2010, approximately 264 low-income families in the City of San Diego have been able to move to areas with more transportation, school and employment opportunities. This MTW program helps HCV participants move 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.** As an MTW agency, SDHC on July 1, 2010, became one of the first housing agencies in the nation to receive approval from HUD to use Federal Sponsor-Based Housing Vouchers to provide long-term housing for chronically homeless individuals. SDHC awards Federal Sponsor-Based Housing Vouchers to nonprofit organizations, or "sponsors", that provide supportive services to homeless San Diegans. Since January 1, 2010, SDHC has committed 401 Sponsor-Based Housing Vouchers with an estimated annual value of \$4,532,904.

- **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 link rental assistance to specific housing programs, including transitional housing. SDHC has committed 580 Project-Based Housing Vouchers with an estimated annual value of \$5,728,080.
- **SDHC Achievement Academy.** Located at SDHC's downtown San Diego headquarters, the 9,600-square-foot SDHC Achievement Academy is a state-of-the-art learning and resource center and computer lab available at no charge to families receiving HCV rental assistance and public housing residents. The SDHC Achievement Academy provides programs that emphasize career planning, job skills and personal financial education. In Fiscal Year 2015, more than 1,600 SDHC Achievement Academy participants attended 252 workshops addressing various topics, such as Financial Education, Life Skills, Workforce Readiness, Computer Literacy and Job Recruitments. In addition to attending workshops, 1,160 participants received core services, including benefits screening and meeting with a certified financial counselor; 165 participants were placed in jobs; and 237 increased their earnings. In Fiscal Year 2015 the average hourly wage earned by SDHC Achievement Academy participants was \$11.49. From recruitment fairs and employer presentations to small business classes to industry-specific trainings, the SDHC Achievement Academy offers an array of services to meet the varying need levels of its participants.
- **Path to Success.** This SDHC program modifies the monthly rent payment amounts for Housing Choice Voucher (Section 8) and public housing participants. Implemented on July 1, 2013, Path to Success also sets minimum monthly rent payment amounts for HCV and public housing participants who are able to work (Work-Able). The initial minimum monthly rent payment amounts are based on California's minimum wage standards - \$8/hour at the time the program was implemented. SDHC guides Work-Able families to become more financially self-reliant through enrollment at the SDHC Achievement Academy. As this Work-Able population contributes more toward their rents, SDHC's goal is to expand the Housing Choice Voucher (Section 8) program to those families on the waiting list if it is financially feasible to do so.

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.

Addressing Homelessness

SDHC also supports programs to address homelessness in the City of San Diego. These programs serve single adults, families, youth, Veterans and seniors. The 2015 Point-in-Time Count conducted the morning of January 23, 2015, by the Regional Task Force on the Homeless identified 8,742 homeless individuals in San Diego County, including 5,538 homeless individuals in the City of San Diego. About 49 percent or 2,765 of the City of San Diego's homeless residents, lacked shelter, living on the streets or in canyons, riverbeds, parks and beaches. Approximately 51 percent, or 2,773 had roofs over their heads temporarily at emergency shelters, hotels and motels, safe havens or transitional housing.

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 919 VASH vouchers, with an estimated annual value of \$8,226,888.

SDHC also supports Connections Housing Downtown, the City of San Diego's first-ever collaborative venture into the Housing First model for addressing homelessness. Connections Housing Downtown celebrated its grand opening on March 11, 2013. During Fiscal Year 2015, 350 formerly homeless individuals who received help in stabilizing their lives at Connections Housing Downtown had moved into permanent or longer-term housing. SDHC supports Connections Housing Downtown with Federal Project-Based Housing Vouchers that provide rental assistance for 73 studio apartments and 16 interim special needs units. 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 to serve the public is also 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 583 clients in Fiscal Year 2015, funded through Federal Community Development Block Grant (CDBG), Federal Emergency Solutions Grant (ESG), City General Funds (GF) and SDHC locally generated funds, such as lease or rental revenue, for a total of \$688,838.

In addition, SDHC administers the City of San Diego's (City) Homeless Shelters and Services Programs based on a Memorandum of Understanding between SDHC and the City that first took effect on July 1, 2010. Historically, this has included the Single Adult Emergency Winter Shelter and the Veterans Emergency Winter Shelter, temporary structures providing shelter for San Diego's homeless men and women during the winter months. The City's Single Adult Emergency Winter Shelter, located in downtown San Diego, provided 200 beds per night from November 1, 2014, to April 1, 2015, and was operated by Alpha Project for the Homeless. The City's Veterans Emergency Winter Shelter, located in the Midway area, provided 150 beds per night from November 8, 2014, to April 1, 2015, and was operated by Veterans Village of San Diego. On April 1, 2015, the City's new 350-bed, year-round interim housing program, operated by St. Vincent de Paul Village, was phased in, with 102 winter shelter residents filling the

available interim housing beds. The interim housing program will replace the City's emergency winter shelter tents. SDHC's Homeless Housing Innovations Department ensured the successful operation of the two shelters and a smooth transition to the interim housing program. As of July 1, 2015, all 350 beds at the Paul Mirabile Center were available for use as year-round interim housing. The year-round interim housing will assist as many as 2,835 homeless individuals - three times the minimum of 800 individuals served annually by the City's winter tents. There will be a minimum of 350 beds for homeless men and women (ages 18 and up), which is equal to the number of beds that were provided by the City's Single Adult and Veterans Emergency Winter Shelter tents.

SDHC also administers the City's family shelter program, Cortez Hill Family Center, which provides housing units for 45 homeless families at a time, who are able to reside at Cortez Hill for 120 days, and Neil Good Day Center, which 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 2015, SDHC also supported more than 600 transitional housing beds with City of San Diego Housing Trust Funds. With Federal ESG and Continuum of Care funds, SDHC partnered with several local nonprofit agencies to provide Rapid Re-housing Programs. The programs help to pay security deposits and short-term rents. Additionally, the programs provide services to help clients find housing and not return to homelessness.

Creating Affordable Housing

SDHC owns 155 properties with 2,260 affordable housing rental units and operates 154 Federal public housing units in the City of San Diego (City).

In addition, SDHC's nonprofit affiliate, Housing Development Partners (HDP), has developed 1,053 affordable rental housing units in the City at properties it has acquired and through partnership developments. HDP partnership developments include two properties owned by SDHC: Parker-Kier Apartments (33 affordable units and one manager's unit) and Hotel Churchill (72 affordable units and one manager's unit).

SDHC is an active and innovative developer of new affordable housing and is rapidly moving forward on buying additional multifamily properties. The agency's hallmark has been its ability to foster affordable housing projects by forging partnership both with the City of San Diego's redevelopment agencies and non-profit/for-profit developers.

SDHC completed several affordable housing partnership developments in 2015 throughout the City of San Diego:

- Mesa Commons, College Area, 77 apartments for low-income families.
- Fairbanks Square, Black Mountain Ranch, 98 apartments for seniors.
- City Heights Ten, rehabilitation of 129 apartments for low- and very low-income households.

- Celadon at 9th and Broadway, Downtown San Diego, 248 apartments for low- to extremely low-income renters.
- COMM 22, Logan Heights, 200 apartments for seniors and families.

35 apartments at five locations in City Heights and Old Town are expected to become part of SDHC's federal public housing by March 31, 2016, after renovations with an estimated cost of \$3.9 million are completed. The California Department of Housing and Community Development is deferring payments due on loans for the original construction of these apartments for an additional 55 years.

Management's Discussion & Analysis

In addition to 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.



Richard C. Gentry
President and Chief Executive Officer



Leslie R. Levinson
Vice President and Chief Financial Officer



Government Finance Officers Association


**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**San Diego Housing Commission
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

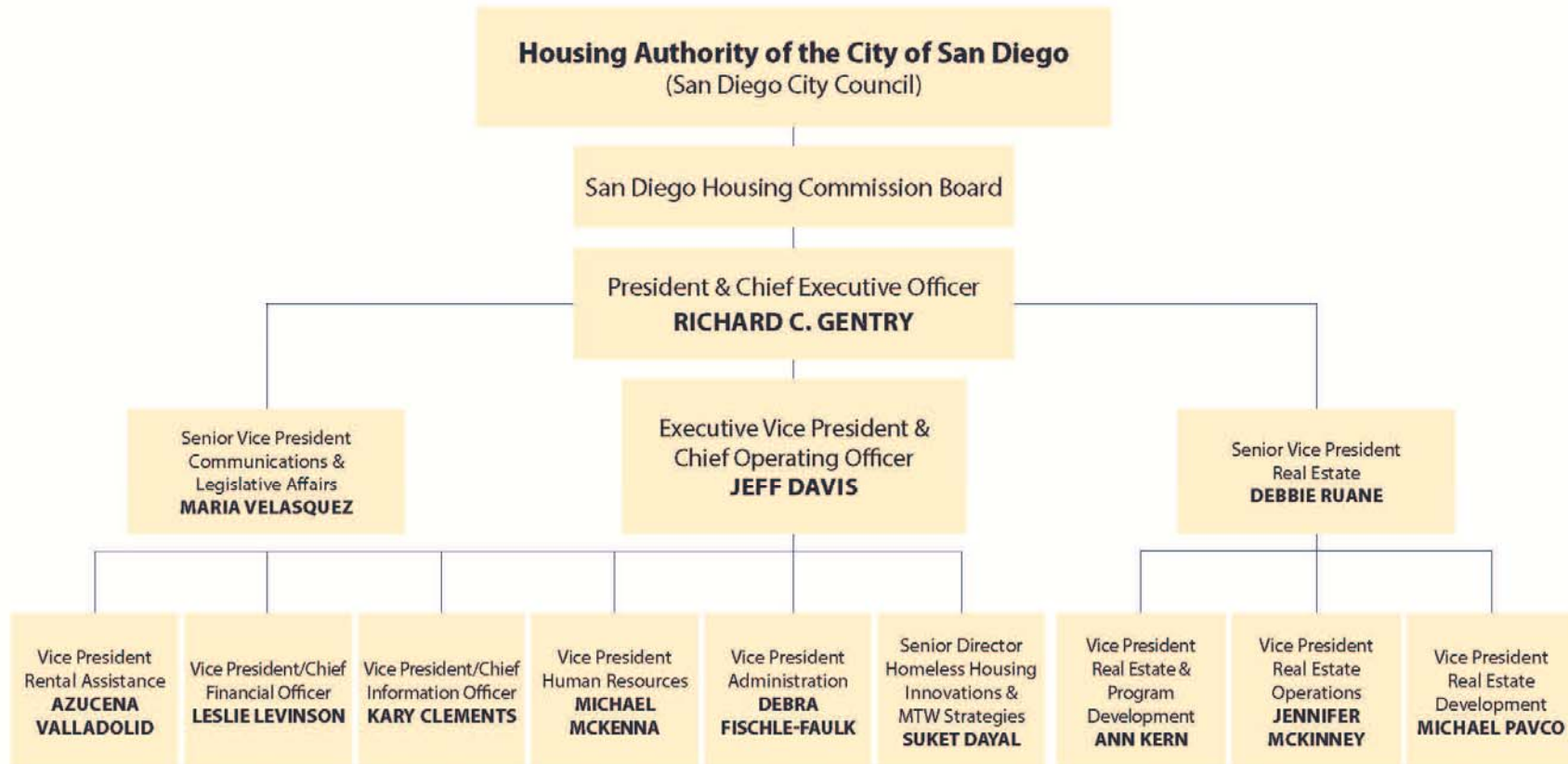
June 30, 2014



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 1	Sherri Lightner
Council President Pro Tem - District 9	Marti Emerald
Councilmember - District 2	Lorie Zapf
Councilmember - District 3	Todd Gloria
Councilmember - District 4	Myrtle Cole
Councilmember - District 5	Mark Kersey
Councilmember - District 6	Chris Cate
Councilmember - District 7	Scott Sherman
Councilmember - District 8	David Alvarez

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	Gary Gramling
Vice Chair	Roberta Spoon
Commissioner	Margaret Davis
Commissioner	Kellee Hubbard
Commissioner	Ben Moraga
Commissioner	Dorothy Surdi
Commissioner	Frank Urtasun



SAN DIEGO
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Financial Section



We're About People

SDHC's Financial Services Department received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for "transparency and full disclosure" in government agencies' annual financial reports. In addition, SDHC's Financial Services Department, on July 10, 2015, received the prestigious national Award for Outstanding Achievement in Popular Financial Reporting for the fiscal year ended June 30, 2014. This award, from GFOA, is based on standards for "creativity, presentation, understandability, and reader appeal."



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, 2015, and the related notes to the financial statements, which collectively comprise SDHC's basic financial statements as listed in the table of contents. 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 thereon has 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.

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 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 SDHC'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 SDHC'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. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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, 2015, 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 22 to 30 be presented to supplement the basic financial statements. Such information, although not a required 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 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 by us and the other auditor 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. In our opinion, based on our audit 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 4, 2015 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 grants agreements, and other matters. The purpose of the 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 cursive script that reads "Cohn Reznick LLP".

Sacramento, California
November 4, 2015



San Diego Housing Commission

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

This section of the San Diego Housing Commission's ("SDHC") component unit financial statements presents an analysis of SDHC's financial performance for the fiscal year that ended on June 30, 2015. As such, it 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 following represents a brief discussion highlighting selected changes in SDHC's net position, comparing fiscal year 2015 to the previous fiscal year 2014:

- SDHC's net position increased from \$456.9 million to \$483.7 million due to a \$26.8 million surplus generated during fiscal year 2015. The fiscal year 2015 surplus is \$13.9 million (108%) more than the fiscal year 2014 surplus of \$12.9 million, primarily due to a decrease of \$7.3 million in operating expense which includes \$6.0 million in grant expense and an increase of \$5.5 million in nonoperating revenues of which \$4.7 million is related to grant revenue.
- Total assets increased by \$23.8 million primarily due to the increase in notes receivable and related interest of \$13.3 million for financing affordable housing and other new loans. In addition, an increase in accounts receivable - funding sources of \$7.4 million is due to an increase in fourth quarter developer fees recognized.
- Total liabilities decreased \$3.0 million due to required debt payments and the optional pay down of \$1.1 million in loan principal for the Smart Corner office building.
- Operating revenues increased \$1.2 million (4%), from \$33.2 million in fiscal year 2014 to \$34.4 million in fiscal year 2015. This increase is mostly due to increases of \$2.2 million from dwelling rental income, fee revenues and other revenue offset by decrease of \$1.1 million from Housing Choice Voucher (Section 8) Moving to Work (MTW) program voucher portability fees.
- Operating expenses decreased \$7.3 million (4%), from \$205.8 million in fiscal year 2014 to \$198.5 million in fiscal year 2015. This decrease is primarily due to the previously mentioned decrease of \$6.0 million grant expense and also a \$1.2 million decrease in general expense related to a reduction in loan loss allowance.
- Other nonoperating income and expenses, net increased \$5.5 million (3%) primarily due to a net increase of \$4.7 million of grant revenue. This increase is



mainly related to a \$10.3 million increase in affordable housing fund revenue, offset by a decrease of \$5.0 million in federal MTW revenue.

Overview of the Financial Statements

SDHC provides a variety of affordable housing and supportive services to individuals within the City of San Diego. The component unit 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, 2015, 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, 2015. 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, 2015. 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 Schedules 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 as a Whole

The following analysis summarizes SDHC's net position (Table 1) and changes in net position (Table 2) during the fiscal years ended June 30, 2015 and June 30, 2014.

Table 1
Net Position
(in thousands of dollars)

	June 30, 2015	June 30, 2014	Change \$	Change %
<u>Assets</u>				
Current assets	\$ 69,757	\$ 54,882	\$ 14,875	27%
Noncurrent assets	361,738	364,503	(2,765)	-1%
Capital assets net of depreciation	174,818	163,137	11,681	7%
Total assets	\$ 606,313	\$ 582,522	\$ 23,791	4%
<u>Liabilities</u>				
Current liabilities	\$ 13,966	\$ 13,997	\$ (31)	0%
Notes payable and non-current liabilities	108,635	111,597	(2,962)	-3%
Total liabilities	122,601	125,594	(2,993)	-2%
<u>Net Position</u>				
Net investment in capital assets	68,871	54,862	14,009	26%
Restricted	170,195	160,498	9,697	6%
Unrestricted	244,646	241,568	3,078	1%
Total net position	483,712	456,928	26,784	6%
Total liabilities and net position	\$ 606,313	\$ 582,522	\$ 23,791	4%

Net position is a useful indicator of an entity's overall financial health and as of June 30, 2015, SDHC's total assets exceeded total liabilities by \$483.7 million. During the fiscal year ended June 30, 2015, SDHC generated an operating surplus of \$26.8 million.

Current assets increased by \$14.9 million in the fiscal year ended June 30, 2015, as a result of a transfer from long-term investments to cash and cash equivalents, and an increase in accounts receivable - funding sources of \$7.4 million due as a result of timing of receipts from the City of San Diego in relation to the fourth quarter developer fees.



Total liabilities decreased \$3.0 million due to required debt payments and the optional pay down of \$1.1 million in loan principal for the Smart Corner office building.

Net position increased a total of \$26.8 million. Net investments in capital assets increased \$14.0 million, primarily due to the acquisition of Village Senior North for \$14.8 million.

Restricted net position increased \$9.7 million, primarily due to an additional \$9.0 million in reserves for HOME notes receivable and related accrued interest. Payments received by SDHC, including interest, net of administrative expenses allowances, are required to be recycled and used for future HOME Program and Neighborhood Stabilization Program ("NSP") purposes, and therefore must continue to meet the applicable grant requirements. Restricted net position includes 90% of the principal amount of loans made and accrued notes receivable interest.

Restricted net position also includes \$3.6 million in replacement reserves set aside to meet lender requirements applicable to the debts of the six LLCs. Other activity in restricted net position includes unspent Veterans Affairs Supportive Housing ("VASH") funds and Family Unification Program ("FUP") funds. Additional information can be found in Note 14 to the Basic Financial Statements.

Unrestricted net position increased \$3.1 million to \$244.6 million as of June 30, 2015. 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, available Federal Housing Association ("FHA") and Fannie Mae loan proceeds, funds reserved for future MTW program initiatives and unrestricted reserve funds available for operations and contingencies.



TABLE 2
Changes in Net Position
(in thousands of dollars)

	June 30, 2015	June 30, 2014	Change \$	Change %
Operating revenues				
Dwelling rental income	\$ 26,450	\$ 25,751	\$ 699	3%
Land lease and other rental income	2,245	2,119	126	6%
Fee revenue	2,947	2,146	801	37%
Other revenue	2,768	3,223	(455)	-14%
Total operating revenues	34,410	33,239	1,171	4%
Operating expenses	198,471	205,789	(7,318)	-4%
Deficit before depreciation and other nonoperating income and expenses	(164,061)	(172,550)	8,489	-5%
Depreciation	4,917	4,801	116	2%
Deficit before other non- operating income and expenses	(168,978)	(177,351)	8,373	-5%
Other nonoperating income and expense, net	195,762	190,226	5,536	3%
Change in net position	<u>\$ 26,784</u>	<u>\$ 12,875</u>	<u>\$ 13,909</u>	<u>108%</u>

This year's overall surplus of \$26.8 million represents an increase of 108%, or \$13.9 million, from fiscal year 2014, mainly due to a decrease of \$7.3 million in operating expenses, an increase of \$5.5 million in other nonoperating income and expenses and \$1.1 million in operating revenue.

Operating revenues increased by \$1.1 million, mostly due to increased income from dwelling rental income, fee revenue and other revenue offset by a decrease in Section 8/MTW program voucher portability fees.

Operating expenses decreased \$7.3 million, from \$205.8 million during fiscal year 2014 to \$198.5 million in fiscal year 2015. This is mainly due to a decrease of \$6.0 million in grant expense as fiscal year 2014 included \$8.3 million of grant expense for the rehabilitation and lease of Hotel Churchill. Of the remaining decrease, the majority was due to a \$1.1 million reduction in general expense related to a decrease in the loan loss reserve based upon a detailed analysis of the collectability of the loan portfolio.



Other nonoperating income and expenses, net increased \$5.5 million primarily due to an increase of \$4.7 million in grant revenue. This increase is related to a \$10.3 million increase in affordable housing fund revenue (please see Note 17 to the Basic Financial Statements for more information), offset by a decrease of \$5.1 million in federal MTW revenue as it relates primarily to reduced expenses which correlates to reduced funding. Ultimately, this savings will be available for use in other MTW programs in the future.

Capital Assets

SDHC's capital assets, net of depreciation, as of June 30, 2015, totaled \$174.8 million which is a net increase of \$11.7 million. This figure includes land, buildings, building improvements, vehicles, equipment and construction-in-progress.

The \$10.3 million increase in land and buildings from fiscal year 2014 is primarily due to the acquisition of an additional rental property, Village Senior North for \$14.8 million offset by depreciation expense of \$4.9 million. Construction in progress increased by \$1.5 million as a result of rehabilitation projects at the Scattered Sites, Picador and Park Crest properties.

The following summarizes SDHC's capital assets, net of accumulated depreciation, and changes therein (Table 3) for the years ended June 30, 2015 and June 30, 2014.

TABLE 3
Net Capital Assets
(in thousands of dollars)

	June 30, 2015	June 30, 2014	Change \$	Change %
Land and buildings	\$ 171,945	\$ 161,648	\$ 10,297	6%
Construction-in-progress	2,267	751	1,516	202%
Equipment	606	738	(132)	-18%
Total	\$ 174,818	\$ 163,137	\$ 11,681	7%

Additional information on SDHC's capital assets can be found in Note 7 to the Basic Financial Statements.

Current and Long-Term Debt

On June 30, 2015, notes payable including current and noncurrent, totaled \$109.9 million.

Fannie Mae and FHA loans comprised \$88.9 million of this balance. These loans are non-recourse obligations of the LLCs only and not of SDHC.



The GE Capital loan for the Smart Corner office building located at 1122 Broadway, San Diego, California 92101, made up an additional \$9.7 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. In November 2014, SDHC exercised the annual option to pay down the loan in the amount of \$1.1 million.

Two loans payable to the City of San Diego, originally to the Redevelopment Agency of the City of San Diego, comprised \$6.7 million of the notes payable balance. The first of these loans, with a balance on June 30, 2015 of \$6.0 million, is forgivable in 2065. The second loan, with a remaining balance of \$0.7 million, is forgivable in 2022.

Two loans from the State of California, originally made to finance the acquisition of the Otay Villas Apartments and Scattered Sites properties, constituted \$4.6 million of this balance. These loans were renegotiated through the Housing Loan Conversion Program, 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.

Debt additions and payments during the fiscal year and further detail related to these debt obligations can be found in Note 9 to the Basic Financial Statements.

Financial Reporting Entity

In accordance with Governmental Accounting Standards Board ("GASB") Statement 61, Housing Development Partners ("HDP") is incorporated into the accompanying financial statements. HDP is a nonprofit public benefit corporation established by SDHC in 1990. Its primary mission is to facilitate the development of affordable housing for low- and moderate-income persons by pursuing opportunities in collaboration with affordable housing developers or by pursuing unique opportunities that require a public/private partnership. HDP has been audited by Leaf & Cole LLP. Note 18 to the Basic Financial Statements includes the December 31, 2014, HDP 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 2015, SDHC received 77% of its revenue from HUD, most of which was awarded to SDHC for MTW initiatives. SDHC's budget and financial condition are greatly affected by the financial condition of the federal government and Congress's 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 tax payer's money, it is our 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 2015 and projects a balanced budget in fiscal year 2016.



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 fiscal year 2015 MTW Plan on January 26, 2015. HUD's fiscal year runs from October to September. HUD approved the 2016 MTW Plan on August 24, 2015. The plans can be viewed at <http://www.sdhc.org/Rental-Assistance.aspx?id=5424>.

City of San Diego economic conditions have shown solid improvements over the past year as indicated by the increase in local housing market values, low inflation rates, low rental vacancies, increasing rents, and improvement in the labor market. Low inflation rates and an improved job market should benefit the low- and moderate-income population the SDHC serves. However, some of the other economic conditions, such as increased housing costs, may have an adverse effect on low- and moderate-income individuals.

Local residential real estate prices continue to increase with higher home values and low mortgage rates. July 2015 saw home prices increase 5.6% more than prices of a year earlier. Additionally, over the same time period, home sales increased 22.4% in San Diego County.¹ Nationally, inflation is expected to remain low for the foreseeable future, with economists forecasting the core consumer price index for inflation to be at approximately 1.8% for calendar year 2015 and 1.9% for 2016.²

According to the San Diego County Apartment Association's spring survey, the vacancy rate in the rental housing market in City of San Diego is 4.2%, an increase from the 2.7% vacancy rate this time last year. The cause of the increased vacancy rate may be linked to new development of several large apartment complexes in San Diego. Average overall rental rates increased to \$1,514 in June 2015, compared to \$1,260, 12 months earlier. The San Diego Apartment Association cited "pent-up demand" for rental units in the San Diego area, as the primary reason for the rental rate increase.³ These trends also result in increased rental rates in SDHC-owned and operated units.

The continued increase in San Diego residential real estate purchases is due to the combination of high housing demand and low mortgage rates. The low mortgage rates may continue to provide additional opportunities in fiscal year 2016 for low- and moderate-income homebuyers to purchase a home with assistance from SDHC's First-Time Homebuyer Program.

Another indication that the local economy is continuing to improve is the Index of Leading Economic Indicators. These include factors such as unemployment, stock prices, building permits and the national economy. The Index for the region was 140.1

¹ San Diego Home Prices Increase in July, <https://kpbs.org> August 18, 2015

² U.S. Economic Forecast, Wells Fargo Securities Economic Forecast, <https://www08.wellsfargomedia.com> August 12, 2015

³ New Units Drive up Rental Vacancies, San Diego County Apartment Association Spring Survey, <http://www.sdcaa.com> June 3, 2015



in June 2015, which is the highest level in the past 8 years. Additionally, local unemployment fell to 4.8% in June 2015, compared to 6.1% in June 2014. This is the first time the local unemployment rate has dropped below 5% since 2008.⁴

At the same time that the local economy is improving, the San Diego City Council declared an affordable housing emergency for the 12th year in a row in August 2015. HUD's 2014 Annual Homeless Assessment Report to Congress showed that San Diego County had the fifth-largest homeless population in the nation.⁵ According to the annual Point-in-Time Count of homeless individuals, conducted by the Regional Task Force on the Homeless, homelessness throughout San Diego County has increased from April 2014 to April 2015, from 8,506 to 8,742 homeless persons, an increase of approximately 2.8%.⁶

SDHC has awarded more than 1,900 federal housing vouchers since 2010 to address homelessness in the City of San Diego. In addition, SDHC administers the City of San Diego's Homeless Shelters and Services Programs.

SDHC is committed to providing affordable, safe and quality homes for low- and moderate-income families and individuals in the City of San Diego. The need for affordable housing in the San Diego area remains very high in comparison to the rest of the nation. The number of people served and the level of service SDHC provides are constrained only by the amount of resources available for those services. SDHC's Board-approved fiscal year 2016 budget of \$325.0 million will continue to provide a high level of services for SDHC's clients.

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 Leslie Levinson, Chief Financial Officer and Vice President of Financial Services, San Diego Housing Commission, 1122 Broadway, Suite 300, San Diego, California 92101.

⁴ Professor Alan Gin, Leading Economic Indicators up in June, San Diego Burnham-Moores Center for Real Estate, <http://home.sandiego.edu/~agin.usdlei> June 2015

⁵ CoCs with the Largest Numbers of Homeless People, The 2014 Annual Homeless Assessment Report to Congress: Part 1, www.hugexchange.info December 2014

⁶ San Diego County Estimates of Homelessness, 2015 We ALL Count Data & Results, <http://www.rtfhsd.org> July 2, 2015



SAN DIEGO
HOUSING
COMMISSION

Basic Financial Statements



We're About People

On November 12, 2014, the San Diego Housing Commission (SDHC) announced HOUSING FIRST–SAN DIEGO, a three-year homelessness action plan to create additional permanent supportive housing. The five-point plan will impact the lives of up to 1,500 homeless San Diegans.

Faith (pictured above) a Gulf War Veteran and mother of five, is one of the programs first successes.





San Diego Housing Commission

STATEMENT OF NET POSITION

June 30, 2015

	Primary Government	Component Units
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 25,694,920	\$ 10,401,712
Restricted cash and cash equivalents	4,303,022	5,558,874
Short-term investments	22,091,481	-
Accounts receivable - tenants, net	322,244	79,684
Accounts receivable - funding sources	14,021,394	-
Accounts receivable - other	1,564,679	184,950
Notes and mortgages receivable, current portion	1,215,779	-
Accrued interest receivable - investments	90,147	-
Prepaid items and other assets	453,057	326,037
Total current assets	69,756,723	16,551,257
Noncurrent assets		
Restricted cash and cash equivalents	-	865,151
Long-term investments	58,232,408	-
Accrued interest receivable - notes and mortgages receivable	37,308,068	-
Notes and mortgages receivable, net of allowance for loan losses	264,438,551	-
Investment in partnerships	-	30,059
Other assets	1,760,065	5,058,952
Capital assets not being depreciated	70,636,512	4,498,392
Capital assets, net of accumulated depreciation	104,181,089	20,509,137
Total noncurrent assets	536,556,693	30,961,691
Total assets	\$ 606,313,416	\$ 47,512,948
Deferred outflows of resources	\$ -	\$ -

(continued)



San Diego Housing Commission

STATEMENT OF NET POSITION - CONTINUED

June 30, 2015

	Primary Government	Component Units
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 3,961,855	\$ 318,289
Accounts payable - funding sources	237,819	-
Accrued payroll and benefits	1,505,703	31,636
Accrued compensated absences	1,832,476	-
Accrued interest payable	511,857	96,612
Notes payable, current portion	2,103,902	345,670
Deposits payable	1,499,325	113,487
Unearned revenue	2,306,856	9,655
Other current liabilities	6,967	-
Total current liabilities	13,966,760	915,349
Noncurrent liabilities		
Accrued interest payable - noncurrent	231,782	1,797,714
Notes payable, net of current portion	107,810,010	32,158,886
Other liabilities	592,773	8,296,409
Total noncurrent liabilities	108,634,565	42,253,009
Total liabilities	\$ 122,601,325	\$ 43,168,358
Deferred inflows of resources	\$ -	\$ -
<u>Net Position</u>		
Net investment in capital assets	\$ 68,871,666	\$ -
Restricted		
HOME notes receivable reserve	157,895,503	-
NSP notes receivable reserve	7,531,442	-
Replacement reserves	3,562,983	-
VASH and FUP housing assistance reserve	1,204,811	-
Total restricted	170,194,739	-
Unrestricted	244,645,686	4,344,590
Total net position	\$ 483,712,091	\$ 4,344,590
Total liabilities and net position	\$ 606,313,416	\$ 47,512,948

See notes to financial statements



San Diego Housing Commission

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2015

	Primary Government	Component Units
Operating revenues		
Dwelling rental income	\$ 26,450,075	\$ 3,778,832
Land lease and other rental income	2,245,059	73,839
Fee revenue	2,947,558	108,382
Other revenue	2,767,714	159,120
Total operating revenues	34,410,406	4,120,173
Operating expenses		
Administrative expenses	29,500,978	1,581,824
Tenant services	1,541,169	63,001
Asset management	9,505,111	1,354,789
General expenses	985,363	153,417
Grant expense	11,103,144	-
Housing assistance	145,836,071	-
Depreciation	4,916,809	952,365
Total operating expenses	203,388,645	4,105,396
Operating (loss) income	(168,978,239)	14,777
Nonoperating revenues (expenses)		
Grant revenue	191,703,603	-
Interest income on investments and notes receivable	9,742,843	6,304
Interest expense	(5,684,425)	(1,044,691)
Total nonoperating revenues (expenses)	195,762,021	(1,038,387)
Change in net position before capital transactions	26,783,782	(1,023,610)
Contributions, net of distributions	-	3,753,802
Change in net position	26,783,782	2,730,192
Net position		
Beginning of year	456,928,309	1,614,398
End of year	\$ 483,712,091	\$ 4,344,590

See notes to financial statements



San Diego Housing Commission

STATEMENT OF CASH FLOWS

Year ended June 30, 2015

	Primary Government
Cash flows from operating activities	
Cash received from tenants and operations	\$ 34,965,827
Cash payments to suppliers for operations	(173,625,611)
Cash payments for general and administrative expenses	(31,668,309)
Net cash used for operating activities	(170,328,093)
Cash flows from capital and related financing activities	
Principal paid on notes payable	(3,079,610)
Acquisition and construction of capital assets	(16,597,079)
Interest payments	(5,542,396)
Net cash used for capital and related financing activities	(25,219,085)
Cash flows from noncapital financing activities	
Cash received from grants	189,851,857
Net cash provided by noncapital financing activities	189,851,857
Cash flows from investing activities	
Interest on investments and notes receivable	3,611,733
Collections of notes receivable	5,581,632
Cash loaned on notes receivable	(12,315,650)
Purchases of investments	(22,365,899)
Proceeds from sale of investments	47,065,147
Net cash provided by investing activities	21,576,963
Net increase in cash and cash equivalents	15,881,642
Cash and cash equivalents	
Beginning of year	14,116,300
End of year	\$ 29,997,942
Financial statement presentation	
Cash and cash equivalents	\$ 25,694,920
Restricted cash and cash equivalents	4,303,022
Total cash and cash equivalents	\$ 29,997,942

(continued)



San Diego Housing Commission

STATEMENT OF CASH FLOWS - CONTINUED

Year ended June 30, 2015

	<u>Primary Government</u>
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	\$ (168,978,239)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	4,916,809
Amortization	74,418
Provision for loan losses	(710,313)
Changes in operating assets and liabilities:	
(Increase) decrease in tenant receivables	40,403
(Increase) decrease in other receivables	(162,887)
(Increase) decrease in prepaid items and other assets	116,604
Increase (decrease) in accounts payable	(5,706,759)
Increase (decrease) in accrued payroll and benefits	321,443
Increase (decrease) in deposits payable	(27,424)
Increase (decrease) in unearned revenues	(81,421)
Increase (decrease) in other liabilities	(130,727)
Net cash used for operating activities	<u><u>\$ (170,328,093)</u></u>

See notes to financial statements



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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 serves low and moderate income families by providing rental assistance payments, rental housing, loans and grants to individuals and not-for-profit organizations. 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 also an integral part (component unit) of the City as a financial reporting entity. The accounts of SDHC have been included within the scope of the basic financial statements of the City.

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.

Blended Component Units

The blended component units are legally separate entities, however are, in substance, part of SDHC's operations. Therefore the financial information of these entities is combined with the financial information of SDHC.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

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 in its business-type activities' financial statements. See Note 18 for additional information about the blended component units.

Discretely Presented Component Units

The discretely presented component units are reported in a separate column in the basic financial statements to emphasize they are operationally as well as legally separate from the primary government.

SDHC has nine discretely presented component units which are financially and legally separate entities from SDHC: 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"), Logan Development Management LLC ("Logan Mgmt") and HDP Broadway Management LLC ("Broadway Mgmt").

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. The corporation shares staff and board of directors with the SDHC. The corporation's by-laws state that two of HDP's board members are also SDHC's board members and a third member is the Chief Executive Officer of SDHC. In accordance with Governmental Accounting Standards Board ("GASB") Statement 61, HDP is incorporated into the accompanying financial statements. HDP has been audited by Leaf & Cole LLP.

The financial statements of Mason, Casa Colina, Logan II, Broadway, Churchill, Parker Kier, Logan Mgmt and Broadway Mgmt have been consolidated in HDP's audited financial statements and are presented in a separate column from the financial information of SDHC. All discretely presented component units report on a calendar year. See Note 19 for additional information about the discretely presented component units.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Note 2 - Summary of Significant Accounting Policies

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.

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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

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, 2015, SDHC has implemented the following new accounting standards issued by the GASB:

Statement No. 72, “Fair Value Measurement and Application”: GASB Statement No. 72 improves financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, and providing additional fair value application guidance. The adoption of this statement is reflected in note 3 on SDHC's financial statements for the year ending June 30, 2015.

Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”: GASB Statement No. 73 improves the information provided in government financial reports when employees are provided pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 73 improves information about the effects of pension-related transactions and other events on the elements of the basic financial statements. The adoption of this statement has no effect on SDHC's financial statements for the year ending June 30, 2015.

Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”: GASB Statement No. 74 establishes standards of financial reporting for postemployment benefits other than pensions included in the financial reports. These benefits are referred to as other postemployment benefits ("OPEB"). The adoption of this statement has no effect on SDHC's financial statements for the year ending June 30, 2015.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”: GASB Statement No. 75 improves the usefulness of information in financial reports of governments whose employees are provided with OPEB other than pensions. The Statement establishes standards for government employer recognition, measurement, and presentation of information about OPEB. The adoption of this statement has no effect on SDHC's financial statements for the year ending June 30, 2015.

Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”: GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative GAAP. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The adoption of this statement has no effect on SDHC's financial statements for the year ending June 30, 2015.

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, security deposit and residual receipt accounts.

Investments

All investments are stated at fair value, except for some certificates of deposit. These investments are instead stated at amortized cost.

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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

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. Net interest costs are capitalized on projects during the construction period. The capitalization threshold for all capital assets is \$5,000.

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:

	<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 add to the value of the asset or materially extend asset lives 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, 2015, 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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

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 \$1,832,476 at June 30, 2015.

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 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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

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, 2015.

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, 2015.

Net Position

In the Statement of Net Position, net assets are 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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Note 3 - Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments at June 30, 2015 consist of the following:

Deposits and petty cash	\$ 25,694,920
Local Agency Investment Fund	2,037,713
San Diego County Investment Pool	7,051,697
Certificate of deposits	2,454,708
Agency bonds	<u>68,779,771</u>
Total unrestricted cash and investments	106,018,809
Restricted cash and cash equivalents	<u>4,303,022</u>
Total	<u><u>\$ 110,321,831</u></u>

Deposits

The fair value of SDHC's cash deposits and petty cash are \$25,694,920 at June 30, 2015. Bank balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 and for amounts over \$250,000, collateralized with securities held by 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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

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 safekept 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, 2015, was \$69.6 billion. PMIA is not registered with the Securities and Exchange Commission ("SEC") but is required to invest in accordance with California State Code. The average maturity of PMIA investments was 239 days as of June 30, 2015.

As of June 30, 2015, SDHC had \$2,037,713 invested in LAIF. At that date, LAIF fair value factor of 1.000375979 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, 2015 was \$7.521 million and had a weighted average yield to maturity of 0.52%, a weighted average days to maturity of 356 days and an effective duration of 0.81 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 (39.59%), public schools (39.07%), community colleges (11.91%) and non-County funds (2.60%). Voluntary depositors make up only 6.83% of the invested funds as of June 30, 2015.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

As of June 30, 2015, SDHC had \$7,051,697 invested in SDCIP. More information on SDCIP can be found at <http://www.sdtrestax.com/investment-results.html>.

Certificates of Deposit

As of June 30, 2015, SDHC had \$2,454,708 in negotiable certificates of deposit in its investment portfolio, of which \$980,000 is held at amortized cost. Each certificate of deposit is issued through a separate legal entity and purchased in an amount under the \$250,000 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 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, 2015, SDHC had \$68,779,771 invested in Agency MBS bonds.

Fair Value Classification

Management has determined that investments in LAIF and SDCIP are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency or the underlying investments are being traded on an active exchange.

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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

The following table summarized the valuation of SDHC's fair value measurements in accordance with authoritative guidance at June 30, 2015:

	Level 1	Level 2	Level 3	Total
LAIF	\$ 2,037,713	\$ -	\$ -	\$ 2,037,713
SDCIP	7,051,697	-	-	7,051,697
MBS	-	68,779,771	-	68,779,771
Certificates of Deposit	-	1,474,708	-	1,474,708
	<u>\$ 9,098,410</u>	<u>\$ 70,254,479</u>	<u>\$ -</u>	<u>\$ 79,343,889</u>

Note 4 - Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as credit risk, custodial risk, concentration of credit risk and market risk, may affect both equity and fixed income securities. 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. The investment policy of SDHC is to invest substantially all of its funds in fixed income securities, which limits SDHC's exposure to most types of risk.

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 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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

The exposure of SDHC's debt securities to credit risk and custodial risk as of June 30, 2015 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	\$ 25,682,155	\$ -	\$ -	\$ -	\$ 25,682,155
Restricted cash and cash equivalents	4,303,022	-	-	-	4,303,022
Total cash and cash equivalents	<u>\$ 29,985,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,985,177</u>
Short-term investments					
Local Agency Investment Fund	\$ 2,037,713	\$ -	\$ -	\$ -	\$ 2,037,713
San Diego County Investment Pool	7,051,697	7,051,697	-	-	-
Agency bonds	11,527,363	-	-	-	11,527,363
Certificates of deposit (fair value)	1,474,708	-	-	-	1,474,708
Total short-term investments	<u>\$ 22,091,481</u>	<u>\$ 7,051,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,039,784</u>
Long-term investment securities:					
Agency bonds	\$ 57,252,408	\$ -	\$ -	\$ -	\$ 57,252,408
Certificates of deposit (at cost)	980,000	-	-	-	980,000
Total long-term investments	<u>\$ 58,232,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,232,408</u>

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. 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 \$68,779,771 invested in Agency MBS and debentures as of June 30, 2015, 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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

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, 2015, SDHC had \$2,454,708 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.

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.

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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

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, 2015, is as follows:

	Total fair value	Investment maturities as of June 30, 2015		
		Less than 3 months	4 - 12 months	1 - 5 years
Cash and cash equivalents				
Deposits	\$ 25,682,155	\$ 25,682,155	\$ -	\$ -
Petty cash	12,765	12,765	-	-
Total cash and cash equivalents	<u>\$ 25,694,920</u>	<u>\$ 25,694,920</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted cash and cash equivalents	<u>\$ 4,303,022</u>	<u>\$ 4,303,022</u>	<u>\$ -</u>	<u>\$ -</u>
Short-term investments				
Local Agency Investment Fund	\$ 2,037,713	\$ 2,037,713	\$ -	\$ -
San Diego County Investment Pool	7,051,697	7,051,697	-	-
Agency bonds	11,527,363	383,375	11,143,988	-
Certificates of deposit (fair value)	1,474,708	245,698	1,229,010	-
Total short-term investments	<u>\$ 22,091,481</u>	<u>\$ 9,718,483</u>	<u>\$ 12,372,998</u>	<u>\$ -</u>
Long-term investments				
Agency bonds	\$ 57,252,408	\$ -	\$ -	\$ 57,252,408
Certificates of deposit (at cost)	980,000	-	-	980,000
Total long-term investments	<u>\$ 58,232,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,232,408</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Note 5 - Accounts Receivable - Funding Sources

At June 30, 2015, amounts due from funding sources consist of the following:

Source	Program	Amount
Business Activities	City of San Diego	\$ 10,945,111
Business Activities	Various	167,010
		<u>11,112,121</u>
Federal	MTW	1,130,167
Federal	Continuum of Care	422,008
Federal	HOME Investment Partnerships ("HOME")	285,584
Federal	Capital Fund	281,573
Federal	Emergency Shelter Grant	270,416
Federal	Lead Programs	156,537
Federal	Community Development Block Grant ("CDBG")	142,698
Federal	Shelter Plus Care	94,575
Federal	Various	100,063
		<u>2,883,621</u>
State	Various	25,652
Total		<u><u>\$ 14,021,394</u></u>

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

Note 6 - Notes, Mortgages and Interest Receivable

Loans made by SDHC are 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 years to 55 years;
2. Deferred payment notes with interest rates ranging from 0% to 10% and lengths of maturity ranging from 3 to 55 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, 2015

Notes, mortgages and interest receivable at June 30, 2015, 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%	7/1/2062	\$ 9,794,384
Steadfast Villa Nueva, L.P.	3604 Beyer Blvd. San Diego, CA 92173	3.00%	5/1/2062	9,200,000
Vietnam Veterans Of San Diego	Veterans Village San Diego, CA 92110	3.00%	5/15/2070	8,829,904
Mercado Cic, L.P.	Cesar E. Chavez Parkway San Diego, CA 92113	5.00%	5/1/2068	7,000,000
Florida Street Housing Association	3783 - 3825 Florida Street San Diego, CA 92104	3.00%	2/1/2067	6,965,583
Ten, L.P., City Heights	10 non-contiguous parcels San Diego, CA 92105	3.56%	3/31/2069	6,452,364
Dawson Avenue Senior Apts	4321-52nd Street San Diego, CA 92115	2.00%	12/1/2063	6,440,111
Delta Village Housing Association	4316-4368 Delta Street San Diego, CA 92113	3.00%	5/1/2036	6,100,000
Linc Arbor Village Apartments	4914-4998 Logan Avenue San Diego, CA 92113	3.00%	5/1/2067	5,460,000
Georgia Street, L.P.	4105 Georgia Street San Diego, CA 92104	3.00%	7/1/2066	5,110,753
Chicano Federation	5052 Wightman Street San Diego, CA 92105	3.00%	7/1/2054	4,763,952
San Diego Commons, L.P.	6456 El Cajon Blvd. San Diego, CA 92115	3.00%	4/30/2069	4,414,500
Island Palms Apt. L.P.	1245 Market Street San Diego, CA 92101	3.00%	12/1/2056	4,400,000
Beyer Blvd Apts. L.P.	3412-3466 Beyer Blvd. San Diego, CA 92154	3.00%	10/22/2059	4,200,000
Comm22 Senior Housing, L.P.	Commercial & 22nd St. San Diego, CA 92113	3.00%	5/1/2069	4,200,000
Del Sol Apts, L.P.	Del Sol Apartments San Diego, CA 92154	3.00%	8/31/2061	4,126,000
Affirmed Family Hsg Partners	2125-2155 Coronado Avenue San Diego, CA 92154	4.79%	6/30/2035	4,033,858
Alabama Manor Hsg Association	3822-3836 Alabama Street San Diego, CA 92104	0.00%	12/31/2063	3,793,128
Golden Age Garden Housing	740 South 36th Street San Diego, CA 92113	3.00%	12/31/2067	3,661,000
15th & Commercial, L.P.	1506 Commercial Street San Diego, CA 92101	3.00%	1/1/2066	3,463,813
Villa Harvey Mandel, L.P.	72 17th Avenue San Diego, CA 92101	5.60%	2/1/2057	3,424,505
Nestor Family Housing Partner	1150 Tesoro Grove Way San Diego, CA 92154-3114	5.60%	2/1/2057	3,453,665
Renaissance Sr Housing	4330 30th Street San Diego, CA 92104	4.65%	4/12/2059	3,151,572
Market Square Manor Association	525 14th Street San Diego, CA 92113	5.60%	3/1/2057	3,094,897
Wakeland Vista Grande Apts	5391-5411-5425 Santa Margarita St San Diego, CA 92114	3.00%	5/1/2067	2,967,000
34th Street Project, LLC	4637 34th Street San Diego, CA 92116	3.00%	2/24/2077	2,920,000
Juniper Gardens, L.P.	4251 Juniper Street San Diego, CA 92105	3.00%	12/31/2068	2,839,132
Amcal Mission Fund L.P.	1815-1875 Hancock St San Diego, CA 92110	3.00%	1/1/2068	2,498,730
Mesa Family Villas, L.P.	2061-2073 Avenida Del Mexico San Diego, CA 92154	5.60%	5/1/2057	2,371,285
Housing Development Partners	1337-1345 Fifth Avenue San Diego, CA 92101	3.00%	2/28/2068	2,365,284
Riverwalk Apartments, L.P.	1194 Hollister St San Diego, CA 92154	3.00%	3/1/2065	2,275,145
San Diego Fox Hollow L.P.	4366 Home Avenue San Diego, CA 92105	3.00%	4/1/2032	2,200,000
Wakeland Village Green Apts	4140-4155 Bonillo Dr San Diego, CA 92115	3.00%	4/1/2065	2,165,000
Winona Gardens Housing Association	3810 Winona Avenue San Diego, CA 92105	3.00%	7/1/2055	2,100,000
Palm Terrace Interfaith	2885 Palm Avenue San Diego, CA 92154	3.00%	4/30/2054	2,079,740
Mountain View Properties	4066 Messina Drive San Diego, CA 92113	6.00%	4/1/2033	2,065,897
Mission Terrace Associates	10210 San Diego Mission Road San Diego, CA 92108	3.00%	9/1/2054	2,055,000
Hacienda Townhomes, Ltd	350 17th Street San Diego, CA 92101	4.50%	7/1/2048	2,050,186
Pathfinders Of San Diego	2621-2625 University Avenue San Diego, CA 92104	3.00%	7/15/2065	2,050,000
Terramar Cic, L.P.	13481-13483 Silver Ivy Lane San Diego, CA	3.00%	5/1/2066	2,035,000
Connections Housing Downtown	1250 Sixth Avenue San Diego, CA 92101	3.00%	6/1/2069	2,000,000
WJJ CIC, L.P.	327 S. Willie James Jones Ave. San Diego, CA 92113	4.00%	1/31/2071	1,875,000
YWCA of San Diego County	CONFIDENTIAL San Diego, CA 92109	0.00%	3/1/2061	1,786,000
Metro Villas Housing Partners	4031-4081 39th Street San Diego, CA 92105	4.85%	2/1/2058	1,716,770
New Palace Associates	1814 5th Avenue San Diego, CA 92101	8.44%	3/1/2021	1,657,128
Townpeople, A CA Nonprofit	4242 - 4260 51st Street San Diego, CA 92115	3.00%	5/1/2062	1,570,000
Wakeland Atmosphere, L.P.	5th Avenue & Beech St San Diego, CA 92101	4.00%	3/1/2070	1,973,537
Casa Colina, L.P.	5207 52nd Place San Diego, CA 92105	3.00%	2/1/2059	1,516,662
Canyon Rim Limited Partners	10931 Gerana Street San Diego, CA 92129	3.00%	6/20/2055	1,458,627
The Stratton, L.P.	5765 Mount Alifan Drive San Diego, CA 92111	3.00%	6/20/2055	1,457,203
Metropolitan Area Advisors	2001 - 2097 Newton Avenue San Diego, CA 92101	6.00%	12/1/2047	1,425,000
Bolt Housing Partners L.P.	4010 - 4050 Parkhaven Ct. San Diego, CA 92113	3.00%	4/1/2056	1,418,838
Logan Development L.P.	4720-4768 Logan Ave. San Diego, CA 92113	6.00%	11/30/2050	1,400,000
St. Stephens Housing Partners	5641 Imperial Avenue San Diego, CA 92114	4.79%	5/1/2036	1,391,701
Tachs Cove Apts LLC	5288 El Cajon Blvd San Diego, CA 92115	3.00%	5/1/2062	982,000
Logan Square Housing Partners	4742 Solola Avenue San Diego, CA 92113	3.00%	3/1/2048	941,643
Sd Lgbt Community Center,	1640 Broadway San Diego, CA 92101	0.00%	11/1/2060	934,000
Catholic Charities	798 Ninth Avenue San Diego, CA 92101	0.00%	10/31/2058	927,500
Harbor View Associates	404-424 N. 47th Street San Diego, CA 92102	3.00%	4/1/2034	900,000
Carmel Valley/Torrey Del	13875 Carmel Valley Road San Diego, CA 92130	3.00%	1/1/2057	892,111



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Borrower	Project Address	Interest Rate	Maturity Date	Principal Amount
Urban Housing/Grant Heights	2651-2663 J Street San Diego, CA 92102	3.00%	2/1/2057	\$ 867,279
Urban Council Development	4227 52nd St./ San Diego, CA 92115	3.00%	7/1/2052	741,884
Lillian Place, L.P.	1401 & 1437 J Street San Diego, CA 92101	3.00%	12/31/2060	731,000
Bayview CDC	4058 National Avenue San Diego, CA 92113	3.00%	3/1/2053	696,000
Mayberry Townhomes	4328-4490 Mayberry Street San Diego, CA 92113	3.00%	3/1/2029	670,000
Hope CDC	4910 - 4920 Ocean View Blvd. San Diego, CA 92113	3.00%	12/22/2048	647,056
South Bay Community Services	135 Averil Road San Ysidro, CA 92173	3.00%	12/1/2059	630,700
3137 El Cajon Boulevard	3137 El Cajon Blvd San Diego, CA 92104	3.00%	12/31/2063	600,000
The Association For Community	1851-1865 Titus Street San Diego, CA 92103	3.00%	10/20/2058	572,781
Comm22 Family Housing L.P.	Commercial & 22nd St. San Diego, CA 92113	3.00%	5/1/2069	500,000
Santaluz Family Apts. L.P.	16775 Saintsbury Glen San Diego, CA 92130	3.00%	4/1/2060	500,000
Home ownership loans (under \$500,000)				49,606,261
Housing rehabilitation loans (under \$500,000)				15,672,931
Development loans with rehab / acquisition (under \$500,000)				6,825,564
Rehab loans (under \$500,000)				381,756
Allowance for loan losses				(4,783,991)
Total notes receivable at June 30, 2015				265,654,330
Deferred cumulative interest receivable at June 30, 2015				37,308,068
Total notes and interest receivable at June 30, 2015				<u>\$ 302,962,398</u>

Notes and mortgages receivable due in less than one year amounted to \$1,215,779 at June 30, 2015.

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

Balance, July 1, 2014	Losses/ write-offs	Additions/ Adjustments	Balance, June 30, 2015
<u>\$ 5,573,371</u>	<u>\$ (277,969)</u>	<u>\$ (511,411)</u>	<u>\$ 4,783,991</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 55 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 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, 2015, total is \$59,640,634.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Note 7 - Capital Assets

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

	Balance, June 30, 2014	Additions	Transfers / Retirements	Balance, June 30, 2015
Capital assets, not being depreciated				
Land	\$ 63,186,873	\$ 5,182,377	\$ -	\$ 68,369,250
Construction in progress	751,305	1,515,957	-	2,267,262
Total capital assets, not being depreciated	63,938,178	6,698,334	-	70,636,512
Capital assets, being depreciated				
Buildings	88,811,413	9,656,696	-	98,468,109
Building improvements	33,581,403	-	-	33,581,403
Office furniture and equipment	4,105,103	242,049	-	4,347,152
Total capital assets, being depreciated	126,497,919	9,898,745	-	136,396,664
Less accumulated depreciation for:				
Buildings	(16,115,003)	(2,303,144)	-	(18,418,147)
Building improvements	(7,816,863)	(2,239,223)	-	(10,056,086)
Office furniture and equipment	(3,366,900)	(374,442)	-	(3,741,342)
Total accumulated depreciation	(27,298,766)	(4,916,809)	-	(32,215,575)
Total capital assets, being depreciated, net	99,199,153	4,981,936	-	104,181,089
Total capital assets, net	\$163,137,331	\$ 11,680,270	\$ -	\$174,817,601

The increase in land and buildings is related to the acquisition of Village Senior North for a total of \$14,839,072 in fiscal year 2015.

Depreciation expense for the year ended June 30, 2015 was \$4,916,809.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Note 8 - Prepaid Items and Other Assets**Prepaid Items and Other Current Assets**

As of June 30, 2015 prepaid and other items consisted of the following:

Prepaid insurance	\$	84,924
Prepaid mortgage insurance		94,697
Prepaid software licenses		70,173
Escrow deposits - mortgage insurance premiums		<u>203,263</u>
Total prepaids and other assets	\$	<u><u>453,057</u></u>

Other Noncurrent Assets

The financing costs associated with the LLC loans totaled \$2,119,833. Under guidance issued by the GASB, these fees would be expensed immediately. However, as the LLCs are not governmental agencies, they instead follow the standards issued by the FASB. In accordance with these standards loan fees are capitalized and amortized over the life of the loan using the effective yield method.

For fiscal year 2015 amortization totaled \$74,419. Annual amortization expense for each of the next five years for the LLCs is:

Year ending June 30, 2016	\$	75,285
2017		76,074
2018		76,776
2019		77,379
2020		77,871
Thereafter		<u>1,376,680</u>
	\$	<u><u>1,760,065</u></u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Note 9 - Notes Payable

A summary of notes payable at June 30, 2015 is as follows:

Type of Obligation	Interest Rate	Maturity Date	Balance, 6/30/2014	Additions	Payments	Balance, 6/30/2015	Due Within One Year
<u>Debts of the Commission</u>							
GE Capital - Smart Corner, Maya Linda	6.08%	2027	\$ 11,344,454	\$ -	\$ (1,643,461)	\$ 9,700,993	\$ 594,775
City of San Diego - Parker Kier	0.00%	2022	695,628	-	-	695,628	-
City of San Diego - Hotel Sandford	1.00%	2065	6,030,122	-	-	6,030,122	-
State of California - Housing Loan Conv Program 12-HLCP-0004	3.00%	2068	1,404,849	-	-	1,404,849	-
State of California - Housing Loan Conv Program 12-HLCP-0003	3.00%	2068	3,150,000	-	-	3,150,000	-
<u>Debts of the LLCs</u>							
Greystone Servicing Corp, Inc. - Belden SDHC FNMA, LLC	7.32%	2040	11,729,074	-	(162,365)	11,566,709	174,658
Greystone Servicing Corp, Inc. - Northern SDHC FNMA, LLC	7.32%	2040	10,291,501	-	(142,465)	10,149,036	153,251
Greystone Servicing Corp, Inc. - Central SDHC FNMA, LLC	7.32%	2040	13,338,013	-	(184,638)	13,153,375	198,616
PNC Bank, NA FHA - Southern SDHC FHA, LLC	3.76%	2046	23,627,127	-	(404,915)	23,222,212	420,404
PNC Bank, NA FHA - Northern SDHC FHA, LLC	3.76%	2046	16,527,873	-	(283,250)	16,244,623	294,086
PNC Bank, NA FHA - Central SDHC FHA, LLC	3.65%	2046	14,854,881	-	(258,516)	14,596,365	268,112
Total			<u>\$ 112,993,522</u>	<u>\$ -</u>	<u>\$ (3,079,610)</u>	<u>\$ 109,913,912</u>	<u>\$ 2,103,902</u>

At June 30, 2015, the current portion of notes payable was \$2,103,902 and the noncurrent portion of notes payable was \$107,810,010.

In November 2011, SDHC entered into a loan agreement with GE Commercial Finance to refinance the Smart Corner Building, which houses the administrative offices of SDHC. 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 November 2014, SDHC exercised the annual option to pay down the loan principal in the amount of \$1.1 million.

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 \$6,095,000, with the loan being fully disbursed as of June 30, 2015 with the exception of \$49,944. This remaining amount was disbursed in July 2015 after approval from the California Department of Finance. The project incurred savings



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

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, 2015 \$201,919 of cost savings were returned with \$186,985 applied to interest and \$14,934 to principal.

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 \$37.1 million. 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 \$58.2 million. 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.

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 \$744,289 in fiscal year 2015.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

The projected annual principal and interest payment requirements for all of SDHC's notes payable are noted in the table below. These amounts exclude forgivable loans of \$695,628 and \$6,030,122 which are forgiven at maturity in 2022 and 2065 respectively.

	Notes Payable		
	Principal	Interest	Total
Year(s) ending June 30, 2016	\$ 2,103,902	\$ 5,127,877	\$ 7,231,779
2017	2,220,363	5,010,858	7,231,221
2018	2,342,152	4,888,482	7,230,634
2019	2,471,207	4,758,805	7,230,012
2020	2,606,862	4,622,493	7,229,355
2021-2025	15,397,727	20,737,493	36,135,220
2026-2030	15,763,736	16,285,349	32,049,085
2031-2035	18,418,181	11,813,586	30,231,767
2036-2040	23,053,710	5,879,823	28,933,533
2041-2045	13,448,860	1,518,166	14,967,026
2046-2068	5,361,462	6,808,490	12,169,952
Total	<u>\$ 103,188,162</u>	<u>\$ 87,451,422</u>	<u>\$ 190,639,584</u>

Note 10 - Lease Commitments**Lease Revenue**

SDHC receives revenue from long-term land leases and commercial tenants. Land lease terms include annual payments ranging from \$1 to \$562,506 for periods of one to 55 years in addition to contingent payments based upon available surplus. SDHC also receives income from commercial leases at the Smart Corner building and Hotel Sandford. For fiscal year 2015, SDHC received land lease and other rental income of \$2,245,059 that comprised of the following:

Land leases	\$ 828,471
Commercial leases	810,542
Parking and other rental income	<u>606,046</u>
	<u>\$ 2,245,059</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Aggregate future minimum lease revenues are as follows:

Year(s) ending June 30, 2016	\$ 1,687,493
2017	1,708,039
2018	1,816,466
2019	1,884,882
2020	1,916,005
2021-2025	7,286,231
2026-2030	6,389,485
2031-2035	5,484,680
2036-2040	2,952,650
	<u>\$ 31,125,931</u>

Operating Leases

SDHC accounts for all lease arrangements as operating leases. SDHC does not hold any leases payable at June 30, 2015.

Note 11 - Defined Contribution Pension Plan

SDHC provides pension benefits for all its full-time employees through a defined contribution plan. The Plan is a qualified pension plan under Section 401 of the Internal Revenue Service ("IRS") Code and is therefore exempt from all Federal income and California franchise taxes. The Plan is an alternative to Social Security under the Omnibus Budget Reconciliation Act of 1991, and includes both a pension provision and a voluntary tax sheltered annuity provision under §401(a) (1) and §401(a) (4) of the IRS Code.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate on the first day of their employment. SDHC's contributions for each employee (and interest allocated to the employee's account) are fully vested after four years of continuous service. SDHC's contributions for, and interest forfeited by, employees who leave employment before four years of service are used to reduce SDHC's current-period contribution requirement.

The Plan is administered by SDHC, with outside recordkeeping performed by 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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

report can be obtained by contacting the San Diego Housing Commission at 1122 Broadway, Suite 300, San Diego, California 92101.

SDHC made its required 14% contribution, in the amount of \$2,316,146 and plan members contributed \$144,315 for the fiscal year ended June 30, 2015.

Note 12 - Deferred Compensation Plan

SDHC offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, *State and Local Government Deferred Compensation Plans*. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, disability or an unforeseeable emergency.

SDHC contributes 1% of earnings for qualified employees. An additional employer match of up to a maximum of 1.5% is available for similarly qualified employees at a matching rate of one to one. SDHC made its required contribution in the amount of \$405,926 and plan members contributed \$776,412 for the fiscal year ended June 30, 2015.

SDHC funds the deferred compensation through investments in various mutual funds administered by Empower Retirement (formerly Great-West Life & Annuity Insurance Company). Since the plan is managed and assets are held in trust by a third party administrator, the assets are not included in SDHC's basic financial statements. The assets held by the plan administrator had a market value of \$13,102,831 at June 30, 2015.

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.

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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

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. There are no claims and deductibles payable at June 30, 2015. 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, 2015

Note 14 - Restricted Net Position

Restricted net position includes \$157,895,503, related to HOME-funded notes receivable, and \$7,531,442 for 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 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, 90% of the net position associated with the HOME loans are treated as restricted net position, with the exception of the First Time Homebuyer program where the entire related balance is 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 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, 90% of the net position associated with the NSP loans are treated as 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, \$3,562,983 is restricted for the replacement reserves required by the debt obligations on the LLCs.

The remaining restricted balance, amounting to \$1,204,811, consists of \$1,103,132 of restricted funds for the HUD VASH operating reserve and \$101,679 of the FUP reserves. These restricted balances are administered in accordance with Housing Choice Voucher program requirements.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Note 15 - Economic Dependency

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, 2015, SDHC's original budget included \$228,485,504 of estimated HUD funding. A reduction in funding from HUD could significantly change the services provided by SDHC.

Note 16 - Commitments and Contingencies

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.

Loan Commitments

SDHC has committed funds for loans and grants to various individuals and entities as of June 30, 2015. The amount of loans and grants SDHC has committed to fund, but has not funded as of June 30, 2015, is \$33,320,290.

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.

Note 17 - Affordable Housing

The San Diego Housing Trust Fund has been in existence since 1990. On June 3, 2003, the Housing Trust Fund Ordinance was amended to create the Affordable Housing Fund ("AHF"). The AHF is a permanent, annually renewable source of funds to help meet the City of San Diego housing assistance needs for very low, low and median income households.

The AHF contains two main revenue accounts: the Housing Trust Fund ("HTF") and the Inclusionary Housing Fund ("IHF"). The HTF revenues are generated from commercial linkage fees and fees assessed on non-residential developments on a square-foot basis. IHF revenues are generated when developers satisfy the City's



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

affordable housing requirements through payment of an “in-lieu” fee. The IHF program requires that 10% of the new construction resident units be set aside as affordable housing for families earning no more than 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 assets as of the fiscal year ended June 30, 2015 for IHF and HTF as required by the AHF Ordinance (San Diego Municipal Code Section 98.0515).

	Inclusionary Housing Fund	Housing Trust Fund
Operating revenues		
Fee revenue	\$ 101,260	\$ 29,255
Other revenue	32,677	22,128
Total operating revenue	133,937	51,383
Operating expenses		
Administrative expenses	501,125	187,347
General expenses	(19,177)	27,356
Grant expense	109,839	1,327,986
Total operating expenses	591,787	1,542,689
Operating loss	(457,850)	(1,491,306)
Nonoperating revenues		
Grant revenue	15,735,092	1,356,022
Interest income on notes receivable	601,887	733,943
Investment income	368,313	76,281
Total nonoperating revenues	16,705,292	2,166,246
Change in net assets	\$ 16,247,442	\$ 674,940



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

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 (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, 2015:



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

San Diego Housing Commission - Blended Component Units

Balance Sheet

June 30, 2015

	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
Assets								
Current assets								
Operating cash	\$ 631,297	\$ 319,847	\$ 446,491	\$ 1,127,721	\$ 1,514,330	\$ 836,590	\$ -	\$ 4,876,276
Security deposit account	95,490	74,418	113,555	86,286	175,933	129,731	-	675,413
Restricted cash	313,766	199,693	312,207	811,269	730,332	1,195,716	-	3,562,983
Accounts receivable	16,034	17,133	38,876	39,807	14,634	59,701	1,800	187,985
Allowance for doubtful accounts	-	(4,128)	(737)	(4,176)	(1,717)	(11,181)	-	(21,939)
Prepaid mortgage insurance	-	-	-	25,828	37,519	31,351	-	94,698
Escrow account - MIP	-	-	-	61,148	90,717	51,399	-	203,264
Total current assets	1,056,587	606,963	910,392	2,147,883	2,561,748	2,293,307	1,800	9,578,680
Fixed assets								
Land	2,226,253	2,984,726	3,217,419	3,690,974	3,682,655	3,852,360	29,897	\$ 19,684,284
Building	1,815,264	3,251,837	3,928,724	5,097,807	3,901,237	3,857,391	-	21,852,260
Building improvements	302,843	543,403	2,440,072	2,209,932	2,636,664	1,675,719	-	9,808,633
Accumulated depreciation	(375,283)	(683,612)	(1,605,011)	(1,541,720)	(1,555,788)	(1,152,720)	-	(6,914,134)
Total fixed assets	3,969,077	6,096,354	7,981,204	9,456,993	8,664,768	8,232,750	29,897	44,431,043
Intangible assets								
Loan fees, net	114,355	103,166	194,550	410,439	562,504	375,050	-	1,760,064
Total assets	\$ 5,140,019	\$ 6,806,483	\$ 9,086,146	\$ 12,015,315	\$ 11,789,020	\$ 10,901,107	\$ 31,697	\$ 55,769,787



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

San Diego Housing Commission - Blended Component Units

Balance Sheet - Continued

June 30, 2015

	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
<u>Liabilities</u>								
Current liabilities								
Accounts payable	\$ 100,221	\$ 71,757	\$ 72,369	\$ 72,344	\$ 133,259	\$ 117,192	\$ 1,800	\$ 568,942
Related party payable	-	14,048	-	-	-	-	-	14,048
Accrued interest payable	70,557	61,909	80,236	50,900	72,763	44,397	-	380,762
First mortgage - current portion	174,658	153,251	198,616	294,086	420,405	268,112	-	1,509,128
Prepaid revenue	20,902	10,233	8,780	7,497	11,875	6,897	-	66,184
Tenant security deposits	95,990	74,418	113,554	86,286	175,931	130,794	-	676,973
Total current liabilities	462,328	385,616	473,555	511,113	814,233	567,392	1,800	3,216,037
Longterm liabilities								
First mortgage payable	11,392,051	9,995,784	12,954,758	15,950,538	22,801,808	14,328,254	-	87,423,193
Total liabilities	11,854,379	10,381,400	13,428,313	16,461,651	23,616,041	14,895,646	1,800	90,639,230
<u>Equity</u>								
Net investment in capital assets	(7,597,632)	(4,052,681)	(5,172,170)	(6,787,630)	(11,068,612)	(5,884,469)	29,897	\$ (40,533,297)
Restricted net assets	313,766	199,693	312,207	811,269	730,332	1,195,716	-	3,562,983
Unrestricted net assets	569,506	278,071	517,796	1,530,025	(1,488,741)	694,214	-	2,100,871
Total equity	(6,714,360)	(3,574,917)	(4,342,167)	(4,446,336)	(11,827,021)	(3,994,539)	29,897	(34,869,443)
Total liabilities and equity	\$ 5,140,019	\$ 6,806,483	\$ 9,086,146	\$ 12,015,315	\$ 11,789,020	\$ 10,901,107	\$ 31,697	\$ 55,769,787



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

San Diego Housing Commission - Blended Component Units

Statement of Operations

For the period ended June 30, 2015

	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
<u>Income</u>								
Rental income	\$ 2,362,087	\$ 1,887,012	\$ 2,544,657	\$ 2,619,569	\$ 3,934,411	\$ 3,042,065	\$ -	\$ 16,389,801
Other income	450,527	28,553	18,890	240,830	350,608	30,665	41	1,120,114
Total income	2,812,614	1,915,565	2,563,547	2,860,399	4,285,019	3,072,730	41	17,509,915
<u>Expenses</u>								
Operating expenses								
Salaries and benefits	153,192	121,149	141,222	148,771	292,061	341,378	-	1,197,773
Management fee	119,072	95,773	128,238	133,157	200,115	154,074	-	830,429
Other admin	42,182	36,598	19,133	31,998	35,709	52,105	1,650	219,375
Utilities	192,385	180,334	183,107	211,083	376,529	323,071	-	1,466,509
Repairs and maintenance	439,909	233,963	313,804	252,730	488,218	468,878	-	2,197,502
Protective services	43,777	1,337	5,225	1,515	51,217	29,551	-	132,622
Insurance	38,645	16,176	19,040	22,182	36,361	23,626	304	156,334
Total operating expenses	1,029,162	685,330	809,769	801,436	1,480,210	1,392,683	1,954	6,200,544
Other expenses								
Interest expense	852,202	747,752	969,103	615,712	880,181	537,121	-	4,602,071
Mortgage insurance	-	-	-	73,579	105,184	66,086	-	244,849
Depreciation	69,397	125,751	292,556	320,140	323,193	242,259	-	1,373,296
Amortization	4,559	4,113	7,732	17,661	24,218	16,135	-	74,418
Bad debt expense	13,390	31,404	28,317	46,770	17,155	58,459	-	195,495
Other expenses	63,279	20,246	11,482	9,217	7,400	28,627	-	140,251
Total other expenses	1,002,827	929,266	1,309,190	1,083,079	1,357,331	948,687	-	6,630,380
Total expenses	2,031,989	1,614,596	2,118,959	1,884,515	2,837,541	2,341,370	1,954	12,830,924
Net income	780,625	300,969	444,588	975,884	1,447,478	731,360	(1,913)	4,678,991
Operating transfer in	8,339,578	7,575,147	9,217,287	9,545,609	17,206,968	9,777,654	1,792	61,664,035
Operating transfer out	(8,611,247)	(7,692,026)	(9,461,014)	(9,813,363)	(17,734,701)	(10,094,366)	(12,608)	(63,419,325)
Net operating transfers	(271,669)	(116,879)	(243,727)	(267,754)	(527,733)	(316,712)	(10,816)	(1,755,290)
Net income (loss) net of financing sources	\$ 508,956	\$ 184,090	\$ 200,861	\$ 708,130	\$ 919,745	\$ 414,648	\$ (12,729)	\$ 2,923,701



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Note 19 - Discretely Presented Component Units

The discretely presented component units include the consolidated financial statements of Housing Development Partners of San Diego ("HDP"). The entities consolidated within HDP's financial statements include: HDP Mason Housing Corporation, Casa Colina, LP, Logan Development II, LP, HDP Broadway LP, HDP Churchill LLC, HDP Parkier Kier, LLC, Logan Development Management LLC and HDP Broadway Management. 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, 2014 is presented below along with the Notes to the Financial Statements.

In July of 2015 HDP was selected by the Internal Revenue Service for an audit of its 2013 tax return. As of the date of this audit report, the examination is still in progress and the outcome cannot be determined.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

San Diego Housing Commission - Discretely Presented Component Units
Consolidating Schedule of Financial Position
December 31, 2014

	ASSETS									
	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, LLC	HDP Parker Kier, LLC	Other Consolidated Companies	Eliminations	Consolidated
Current Assets:										
Cash and cash equivalents	\$ 3,402,495	\$ 21,012	\$ 156,137	\$ 125,582	\$ 5,590,869	\$ 6,419,677	\$ 125,276	\$ 100	\$ -	\$ 15,841,148
Tenant security deposits	-	8,601	23,711	25,652	45,771	-	15,703	-	-	119,438
Accounts receivable, net	390,379	1,062	40,741	28,152	161,247	374	2,232	15,000	(374,553)	264,634
Related party advances	133,350	-	-	-	-	-	-	11,731	(145,081)	-
Prepaid expenses	2,687	3,550	15,875	5,214	10,415	-	6,797	-	-	44,538
Prepaid ground leases	-	-	10,798	-	270,701	-	-	-	-	281,499
Total Current Assets	3,928,911	34,225	247,262	184,600	6,079,003	6,420,051	150,008	26,831	(519,634)	16,551,257
Noncurrent Assets:										
Accounts receivable, net	598,733	-	-	-	-	-	-	-	(349,819)	248,914
Deposits	10,680	10,469	-	6,500	-	-	-	-	-	27,649
Note receivable	9,481,208	-	-	-	-	-	-	-	(9,481,208)	-
Interest receivable	39,620	-	-	-	-	-	-	-	(39,620)	-
Escrow deposits	-	-	15,795	4,653	42,506	-	-	-	-	62,954
Replacement reserves	-	36,141	237,640	65,241	-	-	11,553	-	-	350,575
Operating reserves	-	-	118,399	305,582	-	-	-	-	-	423,981
Operating expense reserve	-	27,641	-	-	-	-	-	-	-	27,641
Investment in partnerships	49,665	-	-	-	-	-	-	40	(19,646)	30,059
Prepaid ground leases, less current portion	-	-	572,279	-	3,697,344	-	-	-	-	4,269,623
Property and equipment, net	11,226	5,470,461	3,827,176	8,494,239	19,173,250	2,080,413	9,955	-	(14,059,191)	25,007,529
Capitalized costs, net	-	17,333	315,819	170,614	-	9,000	-	-	-	512,766
Total Noncurrent Assets	10,191,132	5,562,045	5,087,108	9,046,829	22,913,100	2,089,413	21,508	40	(23,949,484)	30,961,691
TOTAL ASSETS	\$ 14,120,043	\$ 5,596,270	\$ 5,334,370	\$ 9,231,429	\$ 28,992,103	\$ 8,509,464	\$ 171,516	\$ 26,871	\$ (24,469,118)	\$ 47,512,948



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

San Diego Housing Commission - Discretely Presented Component Units
Consolidating Schedule of Financial Position - Continued
December 31, 2014

LIABILITIES AND NET ASSETS

	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, LLC	HDP Parker Kier, LLC	Other Consolidated Companies	Eliminations	Consolidated
Current Liabilities:										
Accounts payable and accrued expenses	\$ 37,404	\$ 24,326	\$ 25,104	\$ 25,094	\$ 53,114	\$ -	\$ 23,526	\$ -	\$ (12,368)	\$ 176,200
Construction costs payable	-	-	-	-	69,089	28,251	-	-	-	97,340
Accrued interest payable	-	-	14,183	21,342	100,707	-	-	-	(39,620)	96,612
Ground lease payable	-	-	-	-	-	-	17,609	-	-	17,609
Related party advances	67,888	468,051	22,500	320,894	57,039	-	69,058	2,052	(948,706)	58,776
Prepaid revenue	-	1,370	41	4,227	1,952	-	2,065	-	-	9,655
Tenant security deposits	-	8,500	21,534	24,999	43,954	-	14,500	-	-	113,487
Current portion of notes payable	-	23,000	59,560	48,091	215,019	-	-	-	-	345,670
Total Current Liabilities	105,292	525,247	142,922	444,647	540,874	28,251	126,758	2,052	(1,000,694)	915,349
Noncurrent Liabilities:										
Deferred grant revenue	-	-	-	-	-	8,296,409	-	-	-	8,296,409
Accrued interest payable	-	413,914	34,848	1,341,477	-	7,475	-	-	-	1,797,714
Notes payable, less current portion	-	5,094,832	4,463,245	5,187,605	26,679,981	214,431	-	-	(9,481,208)	32,158,886
Total Noncurrent Liabilities	-	5,508,746	4,498,093	6,529,082	26,679,981	8,518,315	-	-	(9,481,208)	42,253,009
Total Liabilities	105,292	6,033,993	4,641,015	6,973,729	27,220,855	8,546,566	126,758	2,052	(10,481,902)	43,168,358
Unrestricted Net Assets, Non-Controlling Interest	-	-	693,356	2,257,656	1,771,252	-	-	5,212	-	4,727,476
Unrestricted Net Assets, Controlling Interest	14,014,751	(437,723)	(1)	44	(4)	(37,102)	44,758	19,607	(13,987,216)	(382,886)
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,120,043</u>	<u>\$ 5,596,270</u>	<u>\$ 5,334,370</u>	<u>\$ 9,231,429</u>	<u>\$ 28,992,103</u>	<u>\$ 8,509,464</u>	<u>\$ 171,516</u>	<u>\$ 26,871</u>	<u>\$ (24,469,118)</u>	<u>\$ 47,512,948</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

San Diego Housing Commission - Discretely Presented Component Units
Consolidating Schedule of Activities
For the Year Ended December 31, 2014

	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, LLC	HDP Parker Kier, LLC	Other Consolidated Companies	Eliminations	Consolidated
Revenue and Support:										
Rental income	\$ 1,449,038	\$ 241,073	\$ 905,449	\$ 689,528	\$ 254,893	\$ -	\$ 393,884	\$ -	\$ (13,200)	\$ 3,920,665
Management fees	141,715	-	-	-	-	-	-	15,000	(48,333)	108,382
Resident services	-	-	71,814	-	-	-	-	-	-	71,814
Miscellaneous income	12,863	-	-	-	-	-	-	-	-	12,863
Share of income from partnerships	26,079	-	-	-	-	-	-	(42)	(19,588)	6,449
Interest income	50,651	80	719	493	-	2,628	33	-	(48,300)	6,304
Developer fees	451,619	-	-	-	-	-	-	-	(451,619)	-
Gain on disposal of property and equipment	10,361,579	-	-	-	-	-	-	-	(10,361,579)	-
Total Revenue and Support	12,493,544	241,153	977,982	690,021	254,893	2,628	393,917	14,958	(10,942,619)	4,126,477
Expenses:										
Program Services	1,793,435	376,006	787,744	945,442	266,210	71	202,529	-	(112,443)	4,258,994
Total Program Services	1,793,435	376,006	787,744	945,442	266,210	71	202,529	-	(112,443)	4,258,994
Supporting Services:										
Management and general	296,398	93,962	222,610	119,403	27,444	32,538	108,518	3,553	(13,333)	891,093
Total Supporting Services	296,398	93,962	222,610	119,403	27,444	32,538	108,518	3,553	(13,333)	891,093
Total Expenses	2,089,833	469,968	1,010,354	1,064,845	293,654	32,609	311,047	3,553	(125,776)	5,150,087
Change in Unrestricted Net Assets Before Loss Attributable to Non-Controlling Interest	10,403,711	(228,815)	(32,372)	(374,824)	(38,761)	(29,981)	82,870	11,405	(10,816,843)	(1,023,610)
Loss (Income) Attributable to Non-Controlling Interest	-	-	32,356	374,786	38,757	-	-	(2,416)	-	443,483
Change in Unrestricted Net Assets	10,403,711	(228,815)	(16)	(38)	(4)	(29,981)	82,870	8,989	(10,816,843)	(580,127)
Unrestricted Net Assets at Beginning of Year	3,611,040	(208,908)	15	82	-	(7,121)	(38,112)	10,618	(3,170,373)	197,241
UNRESTRICTED NET ASSETS AT END OF YEAR	\$ 14,014,751	\$ (437,723)	\$ (1)	\$ 44	\$ (4)	\$ (37,102)	\$ 44,758	\$ 19,607	\$ (13,987,216)	\$ (382,886)



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

HDP - Note 1 - Organization and Significant Accounting Policies:

Organization

The consolidated financial statements of the Corporation include the following entities:

Housing Development Partners of San Diego

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

HDP oversees the management of 980 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 (the "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.

On February 13, 2014, HDP acquired San Diego Square for \$7,707,123 and became the sole owner of the leasehold improvements. The City of San Diego remained the owner of the land. This acquisition was financed by a bridge loan in the amount of \$7,900,000 from Local Initiatives Support Corporation. San Diego Square was sold to HDP Broadway, LP on November 25, 2014 and the entire outstanding principal and interest was paid in full.

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.

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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

.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 rental housing project. The project consists of 54 units 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 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, had a 1% general partnership interest and HDP had a 99% limited partnership interest in the partnership. All profits and losses were allocated 1% to HDP Broadway Management, LLC and 99% to HDP. Effective November 1, 2014, HDP withdrew as the limited partner. All profits and losses are allocated .01% to HDP Broadway Management, LLC, 99.99% to the Investment Limited Partner and 0.00% to the Special Limited Partner.

HDP Churchill, LLC

HDP Churchill, LLC ("HDP Churchill") 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 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,



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

corporations, limited liability companies, or other legal entities engaged in rental housing projects. HDP is the sole member of HDP Parker Kier, LLC.

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 0.01% of Logan Development II, L.P. HDP is the 79% managing member of Logan Development Management, LLC.

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.

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, Logan Development Management, LLC and HDP Broadway Management, LLC. All material intercompany transactions have been eliminated in consolidation.

Method of Accounting

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 (GAAP) and, accordingly, reflects all significant receivables, payables, and other liabilities.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Financial Statement Presentation

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

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, 2014.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. The allowance for doubtful accounts totaled \$258,813 at December 31, 2014.

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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

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 \$820,893 for the year ended December 31, 2014.

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 2014.

Amortization

Capitalized costs are amortized over the term of the related assets using the straight-line method. Amortization totaled \$24,678 for the year ended December 31, 2014.

Related Party Advances

The Commission, Casa Colina and Logan have advanced funds to HDP. Related party advances are non-interest bearing, due upon demand and totaled \$58,776 at December 31, 2014.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Prepaid Revenue

Prepaid revenue is defined as income received prior to the performance or to which the income is earned and is recorded as a liability. Prepaid revenue is reduced and recorded as income as the income is earned. Advance receipts of rental income are deferred or classified as liabilities until earned.

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 \$8,296,409 at December 31, 2014.

Tenant Security Deposits

Tenant security deposits are held in separate bank accounts in the name of HDP Mason, Casa Colina, Logan, HDP Broadway and HDP Parker Kier. These funds are restricted to the extent of the tenant security deposit liability of \$113,487 at December 31, 2014.

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.

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, 2015, and Casa Colina has requested and expects an extension of the contract. The amount earned on the contract totaled \$641,283 for the year ended December 31, 2014 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 \$121,063 for the year ended December 31, 2014 and is included in rental income.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

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, 2014, 2013, 2012 and 2011 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 and HDP Broadway were formed as limited partnerships and HDP Churchill, HDP Parker Kier, Logan Development Management, LLC, and HDP Broadway Management, LLC were established as limited liability companies under the laws of the State of California. Casa Colina, Logan, HDP Broadway, HDP Churchill, HDP Parker Kier, Logan Development Management, LLC and HDP Broadway 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.

Casa Colina, Logan, HDP Broadway, HDP Churchill, HDP Parker Kier, Logan Development Management, LLC, and HDP Broadway Management, LLC's tax returns for the years ended December 31, 2014, 2013, 2012 and 2011 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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

HDP, HDP Mason, Casa Colina, Logan, HDP Broadway and HDP Parker Kier's operations are concentrated in the multi-family real estate market. In addition, HDP Mason and Casa Colina operate in a heavily regulated environment. The operations of HDP Mason and Casa Colina 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.

HDP - Note 2 - Accounts Receivable:

Accounts receivable consist of the following at December 31, 2014:

Related Parties:

Island Palm Apartments, LP	\$ 258,813
Studio 15 Housing Partners, LLC	248,914
Dawson Avenue Senior Apartments, LP	19,990
Less: Allowance for doubtful accounts	<u>(258,813)</u>
Subtotal	<u>268,904</u>

Other:

Performance deposit	89,125
Rent receivable	79,712
Resident services	36,578
Logan property tax refund	28,019
Parker Kier administrative fee	10,500
Other receivables	<u>710</u>
Subtotal	<u>244,644</u>
Total Accounts Receivable, Net	<u><u>\$ 513,548</u></u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Financial Statement Presentation:

Current	\$ 264,634
Noncurrent	<u>248,914</u>
Total	<u>\$ 513,548</u>

HDP - Note 3 - Escrow Deposits:**Casa Colina**

Restricted funds are held by Red Mortgage Capital, Inc. to be used for the payment of mortgage and property insurance. The annual activity is summarized as follows for the year ended December 31, 2014:

Balance at Beginning of Year	\$ 17,749
Add: Monthly deposits	32,864
Less: Withdrawals:	
Mortgage insurance	(15,065)
Property Insurance	<u>(19,753)</u>
Total	<u>\$ 15,795</u>

Logan

Restricted funds are held by JP Morgan Chase Bank, N.A. to be used for the payment of property taxes and insurance. The annual activity is summarized as follows for the year ended December 31, 2014:

Balance at Beginning of Year	\$ -
Add: Initial deposit	5,580
Monthly deposits	8,620
Less: Insurance	(8,938)
Property Insurance	<u>(609)</u>
Balance at End of Year	<u>\$ 4,653</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

HDP Broadway

Restricted funds are held by Berkadia Commercial Mortgage to be used for the payment of mortgage and property insurance. The annual activity is summarized as follows for the year ended December 31, 2014:

Balance at Beginning of Year	\$ -
Add: Initial deposit	42,506
	<hr/>
Balance at End of Year	<u>\$ 42,506</u>

HDP - Note 4 - Replacement Reserves:**HDP Mason**

HDP Mason is required to establish and maintain a replacement reserve in the initial amount of \$17,000 with the proceeds of the CalHFA mortgage payable commencing on the CalHFA loan closing date. The reserve is held by HDP Mason and is required to be funded in an annual amount of \$8,500. Expenditures are subject to the supervision and approval of CalHFA. The annual activity is summarized as follows for the year ended December 31, 2014:

Balance at Beginning of Year	\$ 27,625
Add: Monthly deposits	8,500
Interest income	16
	<hr/>
Balance at End of Year	<u>\$ 36,141</u>

Casa Colina

Casa Colina is required to maintain a replacement reserve account in accordance with the partnership and regulatory agreements. Restricted funds are held by Red Mortgage Capital, Inc. to be used for replacement of property with the approval of HUD. The annual activity is summarized as follows for the year ended December 31, 2014:

Balance at Beginning of Year	\$ 207,198
Add: Monthly deposits	14,626
Interest income	187
Additional deposits	15,629
	<hr/>
Balance at End of Year	<u>\$ 237,640</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Logan

Logan is required to maintain a replacement reserve account in the initial amount of \$54,000 in accordance with the partnership agreement and the promissory notes payable with the Housing Authority of the City of San Diego. Logan is required to deposit \$18,900 annually from cash flow, into the replacement reserve. The replacement reserve is held by JP Morgan Chase Bank, N.A. and Logan. The annual activity is summarized as follows for the year ended December 31, 2014:

Balance at Beginning of Year	\$	54,119
Add: Initial deposit		54,000
Monthly deposits		15,750
Interest		59
Less: Withdrawals		(58,687)
Balance at End of Year	\$	<u>65,241</u>

HDP Broadway

HDP Broadway is required to establish and maintain a replacement reserve in accordance with the partnership agreement in the initial amount of \$156,000 with the proceeds of the limited partner's contribution. The reserve is required to be funded in an annual amount of \$56,500. Withdrawals are subject to the consent of the Special Limited Partner. The replacement reserve had not been funded at December 31, 2014.

HDP Parker Kier

HDP Parker Kier is required to maintain a replacement reserve account in accordance with the ground lease with the San Diego Housing Commission and is to be funded in an annual amount of \$9,900, as defined. The annual activity is summarized as follows for the year ended December 31, 2014:

Balance at Beginning of Year	\$	-
Add: Initial deposit		11,550
Interest income		3
Balance at End of Year	\$	<u>11,553</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

HDP - Note 5 - Operating Reserves:**Casa Colina**

Casa Colina is required to maintain an operating reserve account in accordance with the partnership agreement. The annual activity is summarized as follows for the year ended December 31, 2014:

Balance at Beginning of Year	\$ 117,927
Add: Interest income	<u>472</u>
Balance at End of Year	<u><u>\$ 118,399</u></u>

Logan

Logan is required to fund an operating reserve with limited partner contributions in an initial amount of \$305,236 at conversion to the permanent loan. The annual activity is summarized as follows for the year ended December 31, 2014:

Balance at Beginning of Year	\$ -
Add: Initial deposit	305,236
Interest income	<u>346</u>
Balance at End of Year	<u><u>\$ 305,582</u></u>

HDP Broadway

HDP Broadway is required to fund an operating reserve in accordance with the partnership agreement in an initial amount of \$1,161,335. The operating reserve had not been funded at December 31, 2014.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

HDP Parker Kier

HDP Parker Kier is required to maintain an operating reserve account in accordance with the ground lease with the San Diego Housing Commission in an initial amount of \$51,227. Per the ground lease, the operating reserve requirement was waived in August 2014, six months after the project was 100% leased. The annual activity is summarized as follows for the year ended December 31, 2014:

Balance at Beginning of Year	\$ 51,236
Add: Interest income	30
Less: Funds released	<u>(51,266)</u>
Balance at End of Year	<u>\$ -</u>

HDP - Note 6 - Operating Expense Reserve:**HDP Mason**

HDP Mason is required to establish and maintain an operating expense reserve in the initial amount of \$27,440 with the proceeds of the CalHFA mortgage payable. The reserve is to cover shortfalls in unit income available for payment of approved operating expenses. The annual activity is summarized as follows for the year ended December 31, 2014:

Balance at Beginning of Year	\$ 27,577
Add: Interest income	<u>64</u>
Balance at End of Year	<u>\$ 27,641</u>

HDP - Note 7 - 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, 2014:

Dawson Avenue Senior Apartments, LP	\$ 34,219
Island Palms Apartments, LP	(2,969)
Studio 15 Housing Partners, LLC	<u>(1,191)</u>
Total Investment in Partnerships	<u>\$ 30,059</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

The Corporation provided management services to these and other entities for which it earned the following amounts for the year ended December 31, 2014:

Dawson Avenue Senior Apartments, LP	\$ 24,227
Studio 15 Housing Partners, LLC	20,280
Island Palms Apartments, LP	19,250
Other management fees	<u>44,625</u>
Total Management Fees	<u>\$ 108,382</u>

HDP - Note 8 - Property and Equipment:

Property and equipment consist of the following at December 31, 2014:

Land	\$ 1,655,329
Buildings and improvements	23,300,113
Furniture and equipment	412,756
Furnishings	96,464
Construction in progress	<u>2,843,063</u>
Subtotal	28,307,725
Less: Accumulated depreciation	<u>(3,300,196)</u>
Total Property and Equipment, Net	<u>\$ 25,007,529</u>

Interest totaling \$6,234 was capitalized and is included in construction in progress for the year ended December 31, 2014.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

HDP - Note 9 - Capitalized Costs:

The costs incurred to obtain financing of HDP Mason, Casa Colina, Logan and HDP Churchill have been capitalized and are being amortized as described below at December 31, 2014:

	<u>Amortization Period</u>		
Financing fees	30-55 years	\$	637,197
Tax credit fees	10 years		<u>61,948</u>
Subtotal			699,145
Less: Accumulated amortization			<u>(186,379)</u>
Capitalized Costs, Net		\$	<u><u>512,766</u></u>

HDP - Note 10 - Notes Payable:

Notes payable consist of the following at December 31, 2014:

HDP Mason

Note payable is held by the San Diego Housing Commission in the original amount of \$2,365,284. The note bears interest at 3% per annum. Beginning May 1, 2014 and annually on May 1 of each year thereafter, principal and interest are due and payable from 47.8% of "residual receipts" as defined in the loan agreement through February 2068. The note is secured by a deed of trust on the Mason Hotel. Accrued interest totaled \$186,318 at December 31, 2014.

\$ 2,365,283

Note payable is held by Civic San Diego, the Successor Agency to the former Redevelopment Agency of the City of San Diego in the original amount of \$1,318,964. The note bears interest at 5% per annum. Principal and interest are due and payable from 26.6% of "residual receipts" each operating year as defined in the loan agreement note through May 2057. The note is secured by a deed of trust on the Mason Hotel. Accrued interest totaled \$119,845 at December 31, 2014.

1,318,964



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Note payable is held by California Housing Finance Agency in the original amount of \$1,180,727. The note bears interest at 3% per annum. Annual payments of principal and interest are payable from 23.9% of the Development's "residual receipts," as defined in the loan agreement through December 2066. The note is secured by a deed of trust on the Mason Hotel. Accrued interest totaled \$84,813 at December 31, 2014.

1,180,727

Note payable is held by the San Diego Housing Commission in the original amount of \$226,000. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from 1.7% of "residual receipts," as defined in the loan agreement through May 2057. The note is secured by a deed of trust on the Mason Hotel. Accrued interest totaled \$22,938 at December 31, 2014.

68,858

Note payable is held by the San Diego Housing Commission in the original amount of \$230,000. The note is noninterest bearing. The note shall be incrementally forgiven beginning May 2013 at 10% per year provided the Corporation has complied with all provisions of the note. The note is secured by a deed of trust on the Mason Hotel. Forgiveness of debt totaled \$23,000 for the year ended December 31, 2014.

184,000

Total HDP Mason

5,117,832

Casa Colina

Note payable is held by Red Mortgage Capital, Inc. in the original amount of \$3,465,000. Monthly payments of \$19,018 including principal and interest at 5.68% are due through February 1, 2039. The note is secured by a deed of trust on Casa Colina. Accrued interest totaled \$14,183 at December 31, 2014.

2,996,352

Note payable is held by the San Diego Housing Commission in the original amount of \$1,600,000. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from 50% of "residual Receipts," as defined in the loan agreement through February 2059. The note is secured by a deed of trust on Casa Colina. Accrued interest totaled \$34,848 at December 31, 2014.

1,526,453

Total Casa Colina

4,522,805



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Logan

Series A-1 and Series A-2 promissory notes payable to the Housing Authority of the City of San Diego (Housing Authority) totaling \$5,025,000 were originated on November 7, 2012 in connection with the Housing Authority's issuance of Multifamily Housing Revenue Bonds in the amount of \$5,300,000. The Series A-1 note in the amount of \$3,311,103 and the Series A-2 note in the amount of \$1,713,897 are being serviced by JP Morgan Chase Bank, N.A. Interest on the notes is payable monthly at the one-month LIBOR rate quoted by JP Morgan Chase Bank, N.A. plus 2.17%. Principal and interest on the Series A-2 note was paid in February 2014 at which time the Series A-1 note converted to a permanent loan. The permanent loan bears interest at a fixed rate of 5.58% and is payable in monthly installments of principal and interest through February 2032. The note is secured by a deed of trust on Knox Glen Townhomes. Accrued interest totaled \$15,734 at December 31, 2014.

3,274,488

Mortgage note is held by the San Diego Housing Commission in the original amount of \$1,400,000 was originated on November 30, 1995 and bears interest at 6% per annum. Payments of principal and interest are payable annually from residual receipts, as defined in the note. Principal and accrued interest are due November 20, 2050. The note is secured by a deed of trust on Knox Glen Townhomes. Accrued interest totaled \$1,278,658 at December 31, 2014.

1,400,000

Mortgage note is held by Civic San Diego, the Successor Agency to the former Redevelopment Agency of the City of San Diego in the original amount of \$150,000 was originated on December 1, 1995. The note bears interest at 3% per annum. Principal and accrued interest are due in December, 2050. The note is secured by a deed of trust on Knox Glen Townhomes. Accrued interest totaled \$62,819 at December 31, 2014.

150,000

Total Logan

4,824,488



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

HDP Broadway

Multifamily note payable to the Housing Authority of the City of San Diego with a maximum principal sum of \$17,825,000 was originated on November 25, 2014. The note is being serviced by Berkadia Commercial Mortgage and bears interest at 4.49%. The note is payable in monthly installments of principal and interest of \$84,248 through maturity on December 1, 2044. The note is secured by a deed of trust on San Diego Square. Accrued interest totaled \$66,695 at December 31, 2014.

17,825,000
HDP Churchill

Note payable is held by the San Diego Housing Commission in the original amount of \$3,800,000. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from 75% of residual receipts as defined in the loan agreement through July 2068. The note is secured by a deed of trust on Hotel Churchill. Accrued interest totaled \$7,475 at December 31, 2014.

214,432

Total Notes Payable
Less: Current Portion

32,504,557
(345,670)

Notes Payable, Net of Current Portion

\$ 32,158,887

The future principal payments on the notes payable for each of the next five years and thereafter subsequent to December 31, 2014 are as follows:

2015	\$	345,670
2016		361,750
2017		378,643
2018		396,390
2019		415,034
Thereafter		<u>30,607,070</u>
Total	\$	<u><u>32,504,557</u></u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

HDP - Note 11 - 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 2¼% 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 ground lease expense totaled \$30,889 for the year ended December 31, 2014.

Financial Statement Presentation:

Current	\$ 10,798
Noncurrent	572,279
	<hr/>
Total	\$ 583,077
	<hr/>

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 4½% 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 ground lease expense totaled \$31,955 for the year ended December 31, 2014.

Financial Statement Presentation:

Current	\$ 270,701
Noncurrent	3,697,344
	<hr/>
Total	\$ 3,968,045
	<hr/>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

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 4½% 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 \$17,609 at December 31, 2014. The ground lease expense totaled \$17,609 for the year ended December 31, 2014.

HDP - Note 12 - Unrestricted Net Assets, 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, 2014:

Casa Colina

	HDP General Partner	Non-Controlling Interest Limited Partner
Partners' Equity, at Beginning of Year	\$ 16	\$ 854,574
Partner distributions	-	(128,862)
Net loss	(16)	(32,356)
Partners' Equity, at End of Year	<u>\$ (1)</u>	<u>\$ 693,356</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

Logan

	Logan Development Management, LLC General Partner	Non-Controlling Interest Limited Partner
Partners' Equity, at Beginning of Year	\$ 82	\$ 559,787
Partner distributions	-	2,072,655
Net loss	(38)	(374,786)
Partners' Equity, at End of Year	<u>\$ 44</u>	<u>\$ 2,257,656</u>

HDP Broadway

	HDP Broadway Management, LLC General Partner	Non-Controlling Interest Limited Partner
Partners' Equity, at Beginning of Year	\$ -	\$ -
Partner distributions	-	1,810,009
Net loss	(4)	(38,757)
Partners' Equity, at End of Year	<u>\$ (4)</u>	<u>\$ 1,771,252</u>

Logan Development Management, LLC

	HDP Managing Member	Non-Controlling Interest Limited Partner
Members' Equity, at Beginning of Year	\$ 10,618	\$ 2,796
Net income	10,534	2,827
Members' Equity, at End of Year	<u>\$ 21,152</u>	<u>\$ 5,623</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015

HDP Broadway Management, LLC

	HDP Managing Member	Non-Controlling Interest Limited Partner
Members' Equity (Deficit), at Beginning of Year	\$ -	\$ -
Net income	(1,545)	(411)
Members' Equity (Deficit), at End of Year	<u>\$ (1,545)</u>	<u>\$ (411)</u>

HDP - Note 13 - Subsequent Events:

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. The annual rent payment is 4.5% of gross income commencing no later than May 1, 2017. HDP Churchill is responsible for all real estate taxes and maintenance of any improvements during the term of the lease.

On May 11, 2015 construction commenced for the rehabilitation at HDP Churchill. HDP Churchill will have 72 restricted single room occupancy ("SRO") units that will be affordable to tenants with income levels ranging from 50 percent area median income ("AMI") to 80 percent AMI.

Note 20 - Subsequent Events

Management evaluated all activity of SDHC through November 4, 2015 and concluded that no subsequent event has occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.



SAN DIEGO
HOUSING
COMMISSION

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 28, 2015, 456 volunteers and 86 service providers came together for the 9th Project Homeless Connect to offer services, information and support to 1,145 homeless individuals and families.





San Diego Housing Commission
COMBINING SCHEDULE OF NET POSITION - ENTERPRISE FUNDS
June 30, 2015

	Business activities	Federal funds	State funds	Eliminations	Primary Government
<u>Assets</u>					
Current assets					
Cash and cash equivalents	\$ 25,694,920	\$ -	\$ -	\$ -	\$ 25,694,920
Restricted cash and cash equivalents	4,297,917	5,105	-	-	4,303,022
Short-term investments	14,940,029	6,601,269	550,183	-	22,091,481
Accounts receivable - tenants, net	236,919	84,119	1,206	-	322,244
Accounts receivable - funding sources	11,839,954	2,883,621	25,652	(727,833)	14,021,394
Accounts receivable - other	1,508,413	134,395	-	(78,129)	1,564,679
Notes and mortgages receivable, current portion	656,808	557,199	1,772	-	1,215,779
Accrued interest receivable - investments	72,860	16,099	1,188	-	90,147
Prepaid items and other assets	453,057	-	-	-	453,057
Total current assets	59,700,877	10,281,807	580,001	(805,962)	69,756,723
Noncurrent assets					
Long-term investments	47,065,749	10,458,245	708,414	-	58,232,408
Accrued interest receivable - notes and mortgages receivable	15,668,869	20,772,400	866,799	-	37,308,068
Notes and mortgages receivable, net of allowance for loan losses	94,490,115	161,537,333	8,411,103	-	264,438,551
Other assets	1,760,065	-	-	-	1,760,065
Capital assets not being depreciated	66,454,792	3,258,639	923,081	-	70,636,512
Capital assets, net of accumulated depreciation	97,889,403	6,112,155	179,531	-	104,181,089
Total noncurrent assets	323,328,993	202,138,772	11,088,928	-	536,556,693
Total assets	\$ 383,029,870	\$ 212,420,579	\$ 11,668,929	\$ (805,962)	\$ 606,313,416
Deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -



San Diego Housing Commission

COMBINING SCHEDULE OF NET POSITION - ENTERPRISE FUNDS - CONTINUED

June 30, 2015

	Business activities	Federal funds	State funds	Eliminations	Primary Government
<u>Liabilities</u>					
Current liabilities					
Accounts payable	\$ 3,157,352	\$ 873,141	\$ 9,491	\$ (78,129)	\$ 3,961,855
Accounts payable - funding sources	13,154	946,348	6,150	(727,833)	237,819
Accrued payroll and benefits	874,901	621,323	9,479	-	1,505,703
Accrued compensated absences	1,832,476	-	-	-	1,832,476
Accrued interest payable	492,727	13,230	5,900	-	511,857
Notes payable, current portion	2,103,902	-	-	-	2,103,902
Deposits payable	1,402,837	66,211	30,277	-	1,499,325
Unearned revenue	1,941,668	67,388	297,800	-	2,306,856
Other current liabilities	6,967	-	-	-	6,967
Total current liabilities	11,825,984	2,587,641	359,097	(805,962)	13,966,760
Noncurrent liabilities					
Accrued interest payable - noncurrent	-	160,293	71,489	-	231,782
Notes payable, net of current portion	103,255,161	3,150,000	1,404,849	-	107,810,010
Other liabilities	368	592,405	-	-	592,773
Total noncurrent liabilities	103,255,529	3,902,698	1,476,338	-	108,634,565
Total liabilities	\$ 115,081,513	\$ 6,490,339	\$ 1,835,435	\$ (805,962)	\$ 122,601,325
Deferred inflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Net Position</u>					
Net investment in capital assets	62,953,108	6,220,794	(302,236)	-	68,871,666
Restricted					
HOME notes receivable reserve	-	157,895,503	-	-	157,895,503
NSP notes receivable reserve	-	7,531,442	-	-	7,531,442
Replacement reserves	3,562,983	-	-	-	3,562,983
VASH and FUP housing assistance reserve	-	1,204,811	-	-	1,204,811
Unrestricted	201,432,266	33,077,690	10,135,730	-	244,645,686
Total net position	\$ 267,948,357	\$ 205,930,240	\$ 9,833,494	\$ -	\$ 483,712,091
Total liabilities and net position	\$ 383,029,870	\$ 212,420,579	\$ 11,668,929	\$ (805,962)	\$ 606,313,416



San Diego Housing Commission

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS

Year ended June 30, 2015

	Business activities	Federal funds	State funds	Eliminations	Primary Government
Operating revenues					
Dwelling rental income	\$ 25,651,982	\$ 719,923	\$ 98,735	\$ (20,565)	\$ 26,450,075
Land lease and other rental income	2,168,934	76,125	-	-	2,245,059
Fee revenue	3,577,713	195,492	51,596	(877,243)	2,947,558
Other revenue	1,676,482	942,803	148,429	-	2,767,714
Total operating revenues	33,075,111	1,934,343	298,760	(897,808)	34,410,406
Operating expenses					
Administrative expenses	11,733,082	18,400,931	264,773	(897,808)	29,500,978
Tenant services	454,248	1,086,915	6	-	1,541,169
Asset management	8,915,015	525,130	64,966	-	9,505,111
General expenses	404,394	758,356	(177,387)	-	985,363
Grant expense	4,534,782	6,568,362	-	-	11,103,144
Housing assistance	-	145,836,071	-	-	145,836,071
Depreciation	4,505,959	388,172	22,678	-	4,916,809
Total operating expenses	30,547,480	173,563,937	175,036	(897,808)	203,388,645
Net operating income (loss)	2,527,631	(171,629,594)	123,724	-	(168,978,239)



San Diego Housing Commission

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2015

	Business activities	Federal funds	State funds	Eliminations	Primary Government
Nonoperating revenues (expenses)					
Grant revenue	\$ 20,222,020	\$ 170,236,239	\$ 1,245,344	\$ -	\$ 191,703,603
Interest income on investments and notes receivable	4,658,298	4,945,232	139,313	-	9,742,843
Interest expense	(5,605,402)	(79,023)	-	-	(5,684,425)
Total nonoperating revenues	19,274,916	175,102,448	1,384,657	-	195,762,021
Net income before operating transfers	21,802,547	3,472,854	1,508,381	-	26,783,782
Operating transfers in	32,267,178	160,432,053	56,938	(192,756,169)	-
Operating transfers out	(17,205,418)	(175,510,397)	(40,354)	192,756,169	-
Change in net position	36,864,307	(11,605,490)	1,524,965	-	26,783,782
Net position - beginning of year	231,084,050	217,535,730	8,308,529	-	456,928,309
Net position - end of year	<u>\$ 267,948,357</u>	<u>\$ 205,930,240</u>	<u>\$ 9,833,494</u>	<u>\$ -</u>	<u>\$ 483,712,091</u>



San Diego Housing Commission
COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS
Year ended June 30, 2015

	Business activities	Federal funds	State funds	Primary Government
Cash flows from operating activities				
Cash received from tenants	\$ 32,765,284	\$ 1,901,157	\$ 299,386	\$ 34,965,827
Cash payments to suppliers for operations	(14,914,762)	(158,509,331)	(201,518)	(173,625,611)
Cash payments for general and administrative expenses	(12,842,973)	(18,561,205)	(264,131)	(31,668,309)
Net cash provided by (used for) operating activities	5,007,549	(175,169,379)	(166,263)	(170,328,093)
Cash flows from capital and related financing activities				
Principal paid on notes payable	(3,079,610)	-	-	(3,079,610)
Acquisition and construction of capital assets	(15,648,572)	(917,623)	(30,884)	(16,597,079)
Interest payments	(5,558,519)	(13,230)	29,353	(5,542,396)
Net cash used for capital and related financing activities	(24,286,701)	(930,853)	(1,531)	(25,219,085)
Cash flows from noncapital financing activities				
Cash received from grants	17,970,796	170,627,607	1,253,454	189,851,857
Transfers in (out)	15,061,760	(15,078,344)	16,584	-
Net cash provided by noncapital financing activities	33,032,556	155,549,263	1,270,038	189,851,857



San Diego Housing Commission

COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2015

	Business activities	Federal funds	State funds	Primary Government
Cash flows from investing activities				
Interest on investments and notes receivable	2,092,465	1,481,442	37,826	3,611,733
Collection of notes receivable	1,521,992	3,795,545	264,095	5,581,632
Cash loaned on notes receivable	(3,696,343)	(7,512,856)	(1,106,451)	(12,315,650)
Purchases of investments	(17,265,287)	(4,750,161)	(350,451)	(22,365,899)
Proceeds from sale of investments	19,475,296	27,537,114	52,737	47,065,147
Net cash used for investing activities	2,128,123	20,551,084	(1,102,244)	21,576,963
Net decrease in cash and cash equivalents	15,881,527	115	-	15,881,642
Cash and cash equivalents				
Beginning of year	14,111,310	4,990	-	14,116,300
End of year	<u>\$ 29,992,837</u>	<u>\$ 5,105</u>	<u>\$ -</u>	<u>\$ 29,997,942</u>



Supplementary Information

San Diego Housing Commission
COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED
Year ended June 30, 2015

	Business activities	Federal funds	State funds	Primary Government
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 2,527,631	\$(171,629,594)	\$ 123,724	\$(168,978,239)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	4,505,959	388,172	22,678	4,916,809
Amortization	74,418	-	-	74,418
Provision for loan losses	(963,807)	435,525	(182,031)	(710,313)
Write off of fixed assets	-	-	-	-
Changes in operating assets and liabilities:				
(Increase) decrease in tenant receivables	46,577	(6,800)	626	40,403
Increase in other receivables	(150,422)	(12,465)	-	(162,887)
Decrease in prepaid items and other assets	114,134	2,470	-	116,604
Decrease in accounts payable	(1,095,380)	(4,530,848)	(80,531)	(5,706,759)
Increase in accrued payroll and benefits	153,600	162,557	5,286	321,443
Increase (decrease) in deposits payable	(51,587)	2,143	22,020	(27,424)
Increase (decrease) in unearned revenues	56,098	(59,484)	(78,035)	(81,421)
Increase (decrease) in other liabilities	(209,672)	78,945	-	(130,727)
Net cash provided by (used for) operating activities	\$ 5,007,549	\$(175,169,379)	\$ (166,263)	\$(170,328,093)

FINANCIAL DATA SCHEDULE

	Project Total	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	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	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.880 Family Unification Program (FUP)	14.231 Emergency Shelter Grants Program	14.881 Moving to Work Demonstration Program
111 Cash - Unrestricted				\$0		\$0		\$10,401,713	\$4,876,276	\$0		
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted								\$6,241,632	\$3,562,983			\$1,000
114 Cash - Tenant Security Deposits								\$119,439	\$675,414			
115 Cash - Restricted for Payment of Current Liabilities												
100 Total Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,762,784	\$9,114,673	\$0	\$0	\$1,000
121 Accounts Receivable - PHA Projects												\$12,863
122 Accounts Receivable - HUD Other Projects										\$13,120		\$1,096,385
124 Accounts Receivable - Other Government	\$281,573	\$156,537		\$17,632		\$142,697					\$270,416	\$33,781
125 Accounts Receivable - Miscellaneous								\$521,553	\$77,191	\$1,655		\$126,282
126 Accounts Receivable - Tenants	\$22,967							\$1,894	\$110,792	\$116		\$65,579
126.1 Allowance for Doubtful Accounts - Tenants	\$4,542							\$0	\$21,939	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0		\$0		\$258,813	\$0	\$0	\$0	\$8,911
127 Notes, Loans, & Mortgages Receivable - Current						\$45,440						
128 Fraud Recovery												\$165,674
128.1 Allowance for Doubtful Accounts - Fraud												\$165,674
129 Accrued Interest Receivable	\$7,653					\$692,784				\$205		\$7,672
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$307,651	\$156,537	\$0	\$17,632	\$0	\$880,921	\$0	\$264,634	\$166,044	\$15,096	\$270,416	\$1,333,651
131 Investments - Unrestricted	\$8,233,069			\$309		\$1,111,889		\$30,059		\$297,596	\$79	\$6,592,591
132 Investments - Restricted												
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets								\$416,640	\$297,960			
143 Inventories												
143.1 Allowance for Obsolete Inventories												
144 Inter Program Due From												
145 Assets Held for Sale												
150 Total Current Assets	\$8,540,720	\$156,537	\$0	\$17,941	\$0	\$1,992,810	\$0	\$17,474,117	\$9,578,677	\$312,692	\$270,495	\$7,927,242
161 Land	\$2,327,727							\$1,655,329	\$19,684,285			
162 Buildings	\$8,576,947							\$23,065,048	\$31,660,894			
163 Furniture, Equipment & Machinery - Dwellings								\$742,135				
164 Furniture, Equipment & Machinery - Administration								\$2,150				
165 Leasehold Improvements												
166 Accumulated Depreciation	-\$2,464,791							-\$3,300,195	-\$6,914,131			
167 Construction in Progress	\$930,912							\$2,843,063				
168 Infrastructure												
160 Total Capital Assets, Net of Accumulated Depreciation	\$9,370,795	\$0	\$0	\$0	\$0	\$0	\$0	\$25,007,530	\$44,431,048	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current						\$10,213,744						
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due												
173 Grants Receivable - Non-Current												
174 Other Assets								\$5,031,303	\$1,760,065			
176 Investments in Joint Ventures												
180 Total Non-Current Assets	\$9,370,795	\$0	\$0	\$0	\$0	\$10,213,744	\$0	\$30,038,833	\$46,191,113	\$0	\$0	\$0
200 Deferred Outflow of Resources												
290 Total Assets and Deferred Outflow of Resources	\$17,911,515	\$156,537	\$0	\$17,941	\$0	\$12,206,554	\$0	\$47,512,950	\$55,769,790	\$312,692	\$270,495	\$7,927,242

	14.238 Shelter Plus Care	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	14.267 Continuum of Care Program	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$0	\$0		\$0	\$20,700,779		\$0	\$35,978,768		\$35,978,768
112 Cash - Restricted - Modernization and Development								\$0			
113 Cash - Other Restricted			\$4,105			\$119,650		\$0	\$9,929,370		\$9,929,370
114 Cash - Tenant Security Deposits						\$57,736		\$0	\$852,589		\$852,589
115 Cash - Restricted for Payment of Current Liabilities								\$0			
100 Total Cash	\$0	\$0	\$4,105	\$0	\$0	\$20,878,165	\$0	\$0	\$46,760,727	\$0	\$46,760,727
121 Accounts Receivable - PHA Projects								\$0	\$12,863		\$12,863
122 Accounts Receivable - HUD Other Projects								\$69,312	\$1,178,817		\$1,178,817
124 Accounts Receivable - Other Government	\$94,575	\$285,584			\$25,652	\$11,839,955	\$422,008	\$0	\$13,570,410	\$727,833	\$12,842,577
125 Accounts Receivable - Miscellaneous		\$2,506				\$1,474,233		\$0	\$2,203,420	\$78,129	\$2,125,291
126 Accounts Receivable - Tenants					\$1,955	\$132,483		\$0	\$335,786		\$335,786
126.1 Allowance for Doubtful Accounts - Tenants					\$749	\$27,428		\$0	\$54,658		\$54,658
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0			\$0	\$0	\$0	\$0	\$-267,724		\$-267,724
127 Notes, Loans, & Mortgages Receivable - Current		\$511,759			\$1,772	\$656,808		\$0	\$1,215,779		\$1,215,779
128 Fraud Recovery								\$212	\$165,886		\$165,886
128.1 Allowance for Doubtful Accounts - Fraud								\$-212	\$-165,886		\$-165,886
129 Accrued Interest Receivable		\$20,080,044	\$12		\$867,986	\$15,741,728		\$130	\$37,398,214		\$37,398,214
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$94,575	\$20,879,893	\$12	\$0	\$896,616	\$29,817,779	\$422,008	\$69,442	\$55,592,907	\$805,962	\$54,786,945
131 Investments - Unrestricted		\$614,761	\$53,311	\$21,625	\$1,258,597	\$62,005,778	\$363	\$133,920	\$80,353,947		\$80,353,947
132 Investments - Restricted								\$0			
135 Investments - Restricted for Payment of Current Liability								\$0			
142 Prepaid Expenses and Other Assets						\$155,096		\$0	\$869,696		\$869,696
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	\$94,575	\$21,494,654	\$57,428	\$21,625	\$2,155,213	\$112,856,818	\$422,371	\$203,362	\$183,577,277	\$805,962	\$182,771,315
161 Land					\$484,372	\$45,872,866		\$0	\$70,024,579		\$70,024,579
162 Buildings					\$899,548	\$90,912,124		\$0	\$155,114,561		\$155,114,561
163 Furniture, Equipment & Machinery - Dwellings						\$348,106		\$0	\$1,090,241		\$1,090,241
164 Furniture, Equipment & Machinery - Administration						\$3,999,047		\$0	\$4,001,197		\$4,001,197
165 Leasehold Improvements								\$0			
166 Accumulated Depreciation					\$-720,016	\$-22,116,638		\$0	\$-35,515,771		\$-35,515,771
167 Construction in Progress					\$438,709	\$897,642		\$0	\$5,110,326		\$5,110,326
168 Infrastructure								\$0			
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$1,102,613	\$119,913,147	\$0	\$0	\$199,825,133	\$0	\$199,825,133
171 Notes, Loans and Mortgages Receivable - Non-Current		\$151,323,589			\$8,411,103	\$94,490,115		\$0	\$264,438,551		\$264,438,551
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								\$0			
173 Grants Receivable - Non Current								\$0			
174 Other Assets								\$0	\$6,791,368		\$6,791,368
176 Investments in Joint Ventures								\$0			
180 Total Non-Current Assets	\$0	\$151,323,589	\$0	\$0	\$9,513,716	\$214,403,262	\$0	\$0	\$471,055,052	\$0	\$471,055,052
200 Deferred Outflow of Resources								\$0			
290 Total Assets and Deferred Outflow of Resources	\$94,575	\$172,818,243	\$57,428	\$21,625	\$11,668,929	\$327,260,080	\$422,371	\$203,362	\$654,632,329	\$805,962	\$653,826,367

	Project Total	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	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	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.880 Family Unification Program (FUP)	14.231 Emergency Shelter Grants Program	14.881 Moving to Work Demonstration Program
311 Bank Overdraft												
312 Accounts Payable <= 90 Days	\$187,981	\$47,978		\$2,125		\$46,106		\$318,291	\$479,879		\$124,259	\$154,181
313 Accounts Payable >90 Days Past Due												
321 Accrued Wage/Payroll Taxes Payable	\$15,078	\$43,100		\$1,632		\$13,787		\$31,636	\$95,635	\$2,250	\$4,311	\$498,300
322 Accrued Compensated Absences - Current Portion												
324 Accrued Contingency Liability												
325 Accrued Interest Payable	\$173,523							\$1,894,327	\$380,762			
331 Accounts Payable - HUD PHA Programs	\$8,485									\$2,897		\$211,549
332 Account Payable - PHA Projects												
333 Accounts Payable - Other Government		\$65,459		\$14,184		\$91,115			\$7,476		\$141,925	\$27,838
341 Tenant Security Deposits	\$66,138							\$113,487	\$676,973			\$2
342 Unearned Revenue	\$2,381							\$8,306,064	\$66,185			\$10,747
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								\$345,670	\$1,509,127			
344 Current Portion of Long-term Debt - Operating Borrowings												
345 Other Current Liabilities												
346 Accrued Liabilities - Other												
347 Inter Program - Due To												
348 Loan Liability - Current												
310 Total Current Liabilities	\$453,586	\$156,537	\$0	\$17,941	\$0	\$151,008	\$0	\$11,009,475	\$3,216,037	\$5,147	\$270,495	\$902,617
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$3,150,000							\$32,158,887	\$87,423,193			
352 Long-term Debt, Net of Current - Operating Borrowings												
353 Non-current Liabilities - Other										\$6,217		\$586,188
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	\$3,150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$32,158,887	\$87,423,193	\$6,217	\$0	\$586,188
300 Total Liabilities	\$3,603,586	\$156,537	\$0	\$17,941	\$0	\$151,008	\$0	\$43,168,362	\$90,639,230	\$11,364	\$270,495	\$1,488,805
400 Deferred Inflow of Resources												
508.4 Net Investment in Capital Assets	\$6,220,795								\$40,533,296			
511.4 Restricted Net Position						\$7,531,442			\$3,562,983	\$101,679		\$1,103,132
512.4 Unrestricted Net Position	\$8,087,134	\$0	\$0	\$0	\$0	\$4,524,104	\$0	\$4,344,588	\$2,100,873	\$199,649	\$0	\$5,335,305
513 Total Equity - Net Assets / Position	\$14,307,929	\$0	\$0	\$0	\$0	\$12,055,546	\$0	\$4,344,588	\$34,869,440	\$301,328	\$0	\$6,438,437
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$17,911,515	\$156,537	\$0	\$17,941	\$0	\$12,206,554	\$0	\$47,512,950	\$55,769,790	\$312,692	\$270,495	\$7,927,242

	14.238 Shelter Plus Care	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	14.267 Continuum of Care Program	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
311 Bank Overdraft								\$0			
312 Accounts Payable <= 90 Days	\$65,880	\$5,837			\$9,491	\$2,677,473	\$238,793	\$0	\$4,358,274	-\$78,129	\$4,280,145
313 Accounts Payable >90 Days Past Due								\$0			
321 Accrued Wage/Payroll Taxes Payable	\$738	\$38,019			\$9,479	\$779,266	\$2,226	\$1,882	\$1,537,339		\$1,537,339
322 Accrued Compensated Absences - Current Portion						\$1,832,476		\$0	\$1,832,476		\$1,832,476
324 Accrued Contingency Liability								\$0			
325 Accrued Interest Payable					\$77,389	\$111,965		\$0	\$2,637,966		\$2,637,966
331 Accounts Payable - HUD PHA Programs					\$24,228			\$0	\$247,159		\$247,159
332 Account Payable - PHA Projects								\$0			
333 Accounts Payable - Other Government	\$27,957	\$101,246	\$3,031		\$6,150	\$5,678	\$181,352	\$69,312	\$742,723	-\$727,833	\$14,890
341 Tenant Security Deposits					\$6,049	\$432,983		\$0	\$1,295,632		\$1,295,632
342 Unearned Revenue			\$54,261		\$297,800	\$1,875,483		\$0	\$10,612,921		\$10,612,921
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						\$594,775		\$0	\$2,449,572		\$2,449,572
344 Current Portion of Long-term Debt - Operating Borrowings								\$0			
345 Other Current Liabilities			\$71			\$299,847		\$0	\$299,918		\$299,918
346 Accrued Liabilities - Other								\$0			
347 Inter Program - Due To								\$0			
348 Loan Liability - Current								\$0			
310 Total Current Liabilities	\$94,575	\$145,102	\$57,363	\$0	\$430,586	\$8,609,946	\$422,371	\$71,194	\$26,013,980	-\$805,962	\$25,208,018
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					\$1,404,849	\$15,831,968		\$0	\$139,968,897		\$139,968,897
352 Long-term Debt, Net of Current - Operating Borrowings								\$0			
353 Non-current Liabilities - Other								\$0	\$592,405		\$592,405
354 Accrued Compensated Absences - Non Current								\$0			
355 Loan Liability - Non Current								\$0			
356 FASB 5 Liabilities								\$0			
357 Accrued Pension and OPEB Liabilities						\$368		\$0	\$368		\$368
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$1,404,849	\$15,832,336	\$0	\$0	\$140,561,670	\$0	\$140,561,670
300 Total Liabilities	\$94,575	\$145,102	\$57,363	\$0	\$1,835,435	\$24,442,282	\$422,371	\$71,194	\$166,575,650	-\$805,962	\$165,769,688
400 Deferred Inflow of Resources								\$0			
508.4 Net Investment in Capital Assets					-\$302,236	\$103,486,404		\$0	\$68,871,667		\$68,871,667
511.4 Restricted Net Position		\$157,895,503				\$0		\$0	\$170,194,739		\$170,194,739
512.4 Unrestricted Net Position	\$0	\$14,777,638	\$65	\$21,625	\$10,135,730	\$199,331,394	\$0	\$132,168	\$248,990,273	\$0	\$248,990,273
513 Total Equity - Net Assets / Position	\$0	\$172,673,141	\$65	\$21,625	\$9,833,494	\$302,817,798	\$0	\$132,168	\$488,056,679	\$0	\$488,056,679
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$94,575	\$172,818,243	\$57,428	\$21,625	\$11,668,929	\$327,260,080	\$422,371	\$203,362	\$654,632,329	-\$805,962	\$653,826,367

	Project Total	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	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	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.880 Family Unification Program (FUP)	14.231 Emergency Shelter Grants Program	14.881 Moving to Work Demonstration Program	14.238 Shelter Plus Care
70300 Net Tenant Rental Revenue	\$711,523							\$3,763,589	\$16,297,514				
70400 Tenant Revenue - Other	\$8,397							\$15,242	\$92,286				
70500 Total Tenant Revenue	\$719,920	\$0	\$0	\$0	\$0	\$0	\$0	\$3,778,831	\$16,389,800	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants		\$1,550,299	\$292,943	\$72,536	\$898,319	\$1,362,861	\$156,631,753			\$1,205,843	\$1,531,277		\$420,312
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						\$9,800							
71100 Investment Income - Unrestricted	\$129,958			\$0		\$5,192		\$6,304	\$609	\$13,640	\$0	\$239,441	
71200 Mortgage Interest Income						\$256,884							
71300 Proceeds from Disposition of Assets Held for Sale													
71310 Cost of Sale of Assets													
71400 Fraud Recovery										\$950		\$242,822	
71500 Other Revenue	\$22,564					\$5,600		\$341,344	\$373,249			\$618,071	
71600 Gain or Loss on Sale of Capital Assets													
72000 Investment Income - Restricted	\$1,546								\$746,257				
70000 Total Revenue	\$873,988	\$1,550,299	\$292,943	\$72,536	\$898,319	\$1,640,337	\$156,631,753	\$4,126,479	\$17,509,915	\$1,220,433	\$1,531,277	\$1,100,334	\$420,312
91100 Administrative Salaries	\$52,889	\$523,525				\$126,711		\$281,633	\$361,473	\$11,279	\$58,202	\$4,915,675	\$7,795
91200 Auditing Fees	\$1,500							\$62,815	\$42,750				
91300 Management Fee								\$81,231	\$18				
91310 Book-keeping Fee								\$22,813					
91400 Advertising and Marketing								\$7,894	\$808			\$2,127	
91500 Employee Benefit contributions - Administrative	\$18,229	\$155,677				\$37,370		\$97,024	\$141,247	\$3,679	\$19,009	\$1,721,534	\$2,663
91600 Office Expenses	\$34,350	\$34,749		\$6,971		\$2,512		\$271,167	\$54,858			\$232,451	
91700 Legal Expense	\$3,874					\$1,248		\$46,716	\$118,242			\$155,469	
91800 Travel	\$0	\$2,942		\$2,849				\$4,080				\$16,237	
91810 Allocated Overhead	\$223,118								\$830,410	\$17,874		\$7,596,612	
91900 Other	\$4,235	\$295,065		\$2,094		\$26		\$657,415	\$43,729	\$314	\$3,408	\$576,149	\$3,241
91000 Total Operating - Administrative	\$338,195	\$1,011,958	\$0	\$11,914	\$0	\$167,867	\$0	\$1,532,788	\$1,593,535	\$33,146	\$80,619	\$15,216,254	\$13,699
92000 Asset Management Fee													
92100 Tenant Services - Salaries				\$27,390								\$652,642	
92200 Relocation Costs	\$8,278	\$24,439										\$82,100	
92300 Employee Benefit Contributions - Tenant Services				\$8,486								\$206,337	
92400 Tenant Services - Other	\$69	\$6,500		\$22,481				\$63,001	\$75,592			\$10,078	
92500 Total Tenant Services	\$8,347	\$30,939	\$0	\$58,357	\$0	\$0	\$0	\$63,001	\$75,592	\$0	\$0	\$951,157	\$0
93100 Water	\$78,694							\$118,406	\$654,362				
93200 Electricity	\$22,336							\$241,065	\$108,230				
93300 Gas	\$13,624							\$54,472	\$148,866				
93400 Fuel													

	Project Total	14,900 Lead-Based Paint Hazard Control in Privately-Owned Housing	14,OPS MTW Demonstration Program for Low Rent	94,019 Social Innovation Fund	14,CFP MTW Demonstration Program for Capital Fund	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	14,267 Continuum of Care Program	14,856 Lower Income Housing Assistance Program Section 8 Moderate	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$711,523								\$98,333	\$9,127,153		\$0	\$29,998,112	-\$20,565	\$29,977,547
70400 Tenant Revenue - Other	\$8,397								\$400	\$134,512		\$0	\$250,837		\$250,837
70500 Total Tenant Revenue	\$719,920	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$98,733	\$9,261,665	\$0	\$0	\$30,248,949	-\$20,565	\$30,228,384
70600 HUD PHA Operating Grants		\$1,550,299	\$292,943	\$72,536	\$898,319	\$3,147,675	\$15,435				\$2,595,325	\$511,662	\$170,236,240		\$170,236,240
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										\$16,110		\$0	\$16,110		\$16,110
70700 Total Fee Revenue												\$0	\$0	\$0	\$0
70800 Other Government Grants									\$1,282,098	\$20,222,020		\$0	\$21,513,918		\$21,513,918
71100 Investment Income - Unrestricted	\$129,958			\$0		\$3,017	\$648	\$0	\$13,404	\$1,035,523	\$0	\$4,203	\$1,451,939		\$1,451,939
71200 Mortgage Interest Income						\$4,290,703			\$125,302	\$2,875,909		\$0	\$7,548,798		\$7,548,798
71300 Proceeds from Disposition of Assets Held for Sale												\$0			
71310 Cost of Sale of Assets												\$0			
71400 Fraud Recovery												\$590	\$244,362		\$244,362
71500 Other Revenue	\$22,564					\$313,978	\$45		\$163,271	\$7,034,292		\$0	\$8,872,414	-\$877,242	\$7,995,172
71600 Gain or Loss on Sale of Capital Assets												\$0			
72000 Investment Income - Restricted	\$1,546								\$606			\$0	\$748,409		\$748,409
70000 Total Revenue	\$873,988	\$1,550,299	\$292,943	\$72,536	\$898,319	\$7,755,373	\$16,128	\$0	\$1,683,414	\$40,445,519	\$2,595,325	\$516,455	\$240,881,139	-\$897,807	\$239,983,332
91100 Administrative Salaries	\$52,889	\$523,525				\$424,864			\$89,038	\$9,031,336	\$73,618	\$20,809	\$15,978,847		\$15,978,847
91200 Auditing Fees	\$1,500								\$2,500	\$117,000		\$0	\$226,565		\$226,565
91300 Management Fee										\$830,410		\$0	\$911,659	-\$830,410	\$81,249
91310 Book-Keeping Fee												\$0	\$22,813		\$22,813
91400 Advertising and Marketing										\$31,983		\$0	\$42,812		\$42,812
91500 Employee Benefit contributions - Administrative	\$18,229	\$155,677				\$133,712			\$29,720	\$2,672,435	\$21,289	\$7,344	\$5,060,932		\$5,060,932
91600 Office Expenses	\$34,350	\$34,749		\$6,971		\$16,139			\$1,020	\$2,700,282	\$500	\$0	\$3,354,999	-\$20,565	\$3,334,434
91700 Legal Expense	\$3,874					\$2,955			\$1,783	\$1,083,508		\$0	\$1,413,795		\$1,413,795
91800 Travel	\$0	\$2,942		\$2,849		\$266				\$119,411	\$1,239	\$0	\$147,024		\$147,024
91810 Allocated Overhead	\$223,118					\$383,489			\$128,553	\$9,256,398	\$46,878	\$29,464	\$0		\$0
91900 Other	\$4,235	\$295,065		\$2,094		\$27,453			\$7,377	\$2,177,278	\$25,829	\$294	\$3,823,907	-\$46,832	\$3,777,075
91000 Total Operating - Administrative	\$338,195	\$1,011,958	\$0	\$11,914	\$0	\$988,878	\$0	\$0	\$259,991	\$9,507,245	\$169,353	\$57,911	\$30,983,353	-\$897,807	\$30,085,546
92000 Asset Management Fee												\$0			
92100 Tenant Services - Salaries				\$27,390						\$175,044		\$0	\$855,076		\$855,076
92200 Relocation Costs	\$8,278	\$24,439								\$32,793		\$0	\$147,610		\$147,610
92300 Employee Benefit Contributions - Tenant Services				\$8,486						\$50,408		\$0	\$265,231		\$265,231
92400 Tenant Services - Other	\$69	\$6,500		\$22,481			\$12,865		\$6	\$109,247		\$0	\$299,839		\$299,839
92500 Total Tenant Services	\$8,347	\$30,939	\$0	\$58,357	\$0	\$0	\$12,865	\$0	\$6	\$367,492	\$0	\$0	\$1,567,756	\$0	\$1,567,756
93100 Water	\$78,694								\$9,162	\$292,679		\$0	\$1,153,303		\$1,153,303
93200 Electricity	\$22,336								\$1,446	\$628,587		\$0	\$1,001,664		\$1,001,664
93300 Gas	\$13,624								\$6,357	\$113,630		\$0	\$336,949		\$336,949
93400 Fuel												\$0			

	Project Total	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	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	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.880 Family Unification Program (FUP)	14.231 Emergency Shelter Grants Program	14.881 Moving to Work Demonstration Program	14.238 Shelter Plus Care
93500 Labor													
93600 Sewer	\$51,946							\$106,445	\$551,881				
93700 Employee Benefit Contributions - Utilities													
93800 Other Utilities Expense	\$904							\$838	\$3,170				
93000 Total Utilities	\$167,504	\$0	\$0	\$0	\$0	\$0	\$0	\$521,226	\$1,466,509	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$75,864							\$160,992	\$429,267				
94200 Ordinary Maintenance and Operations - Materials and Other	\$12,568							\$15,465	\$153,016				
94300 Ordinary Maintenance and Operations Contracts	\$195,112							\$421,323	\$1,806,570			\$203	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$30,243								\$163,820				
94000 Total Maintenance	\$313,787	\$0	\$0	\$0	\$0	\$0	\$0	\$597,780	\$2,552,673	\$0	\$0	\$203	\$0
95100 Protective Services - Labor								\$17,076					
95200 Protective Services - Other Contract Costs	\$27,501							\$138,252	\$119,231				
95300 Protective Services - Other									\$13,391				
95500 Employee Benefit Contributions - Protective Services													
95000 Total Protective Services	\$27,501	\$0	\$0	\$0	\$0	\$0	\$0	\$155,328	\$132,622	\$0	\$0	\$0	\$0
96110 Property Insurance	\$4,222							\$59,514	\$68,182				
96120 Liability Insurance	\$4,242							\$16,597	\$35,020	\$158		\$52,447	
96130 Workmen's Compensation	\$11,593	\$8,351		\$696		\$3,645		\$49,053	\$61,753	\$245	\$1,574	\$132,830	\$196
96140 All Other Insurance	\$7,227							\$7,037	\$53,132	\$2		\$1,389	
96100 Total insurance Premiums	\$27,284	\$8,351	\$0	\$696	\$0	\$3,645	\$0	\$132,201	\$218,087	\$405	\$1,574	\$186,666	\$196
96200 Other General Expenses		\$483,570		\$1,569		\$1,253,924		\$112,652	\$87,684	\$563,597	\$1,449,084	\$2,145,348	\$15,459
96210 Compensated Absences	\$5,388	\$15,481				\$81			\$28,742	\$208		\$144,663	
96300 Payments in Lieu of Taxes	\$1,435							\$7,459	\$48,212				
96400 Bad debt - Tenant Rents	-\$2,761								\$83,178			-\$140	
96500 Bad debt - Mortgages						\$36,474							
96600 Bad debt - Other	\$560							\$30,600	\$86,071			\$152,760	
96800 Severance Expense													
96000 Total Other General Expenses	\$4,622	\$499,051	\$0	\$1,569	\$0	\$1,290,479	\$0	\$150,711	\$333,887	\$563,805	\$1,449,084	\$2,442,631	\$15,459
96710 Interest of Mortgage (or Bonds) Payable													
96720 Interest on Notes Payable (Short and Long Term)	\$79,023							\$1,044,691	\$4,846,920				
96730 Amortization of Bond Issue Costs													
96700 Total Interest Expense and Amortization Cost	\$79,023	\$0	\$0	\$0	\$0	\$0	\$0	\$1,044,691	\$4,846,920	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$966,263	\$1,550,299	\$0	\$72,536	\$0	\$1,461,991	\$0	\$4,197,726	\$11,219,825	\$597,356	\$1,531,277	\$18,796,911	\$29,354
97000 Excess of Operating Revenue over Operating Expenses	-\$92,275	\$0	\$292,943	\$0	\$898,319	\$178,346	\$156,631,753	-\$71,247	\$6,290,090	\$623,077	\$0	-\$17,696,577	\$390,958
97100 Extraordinary Maintenance									\$237,804				
97200 Casualty Losses - Non-capitalized													
97300 Housing Assistance Payments										\$1,060,763		\$141,304,585	\$390,958
97350 HAP Portability-In												\$449,612	
97400 Depreciation Expense	\$388,172							\$952,365	\$1,373,296				
97500 Fraud Losses													

	Project Total	14,900 Lead-Based Paint Hazard Control in Privately-Owned Housing	14,OPS MTW Demonstration Program for Low Rent	94,019 Social Innovation Fund	14,CFP MTW Demonstration Program for Capital Fund	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	14,267 Continuum of Care Program	14,856 Lower Income Housing Assistance Program Section 8 Moderate	Subtotal	ELIM	Total
93500 Labor												\$0			
93600 Sewer	\$51,946								\$9,216	\$263,001		\$0	\$982,489		\$982,489
93700 Employee Benefit Contributions - Utilities												\$0			
93800 Other Utilities Expense	\$904									\$14,165		\$0	\$19,077		\$19,077
93000 Total Utilities	\$167,504	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$26,181	\$1,312,062	\$0	\$0	\$3,493,482	\$0	\$3,493,482
94100 Ordinary Maintenance and Operations - Labor	\$75,864								\$6,821	\$166,431		\$0	\$839,375		\$839,375
94200 Ordinary Maintenance and Operations - Materials and Other	\$12,568								\$15	\$191,156		\$0	\$372,220		\$372,220
94300 Ordinary Maintenance and Operations Contracts	\$195,112								\$27,807	\$1,708,908		\$0	\$4,159,923		\$4,159,923
94500 Employee Benefit Contributions - Ordinary Maintenance	\$30,243								\$2,575	\$65,997		\$0	\$262,635		\$262,635
94000 Total Maintenance	\$313,787	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$37,218	\$2,132,492	\$0	\$0	\$5,634,153	\$0	\$5,634,153
95100 Protective Services - Labor												\$0	\$17,076		\$17,076
95200 Protective Services - Other Contract Costs	\$27,501									\$343,608		\$0	\$628,592		\$628,592
95300 Protective Services - Other										\$4,232		\$0	\$17,623		\$17,623
95500 Employee Benefit Contributions - Protective Services												\$0			
95000 Total Protective Services	\$27,501	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$347,840	\$0	\$0	\$663,291	\$0	\$663,291
96110 Property Insurance	\$4,222								\$1,323	\$63,287		\$0	\$196,528		\$196,528
96120 Liability Insurance	\$4,242					\$55			\$963	\$72,586		\$232	\$182,300		\$182,300
96130 Workmen's Compensation	\$11,593	\$8,351		\$696		\$9,961			\$3,020	\$233,062	\$1,681	\$553	\$518,213		\$518,213
96140 All Other Insurance	\$7,227								\$569	\$171,920		\$3	\$241,279		\$241,279
96100 Total Insurance Premiums	\$27,284	\$8,351	\$0	\$696	\$0	\$10,016	\$0	\$0	\$5,875	\$540,855	\$1,681	\$788	\$1,138,320	\$0	\$1,138,320
96200 Other General Expenses		\$483,570		\$1,569		\$527,963	\$3,000		\$1,753	\$4,922,624	\$225,614	\$0	\$11,793,841		\$11,793,841
96210 Compensated Absences	\$5,388	\$15,481				\$12,348			\$3,329	\$380,684	\$2,778	\$257	\$593,959		\$593,959
96300 Payments in Lieu of Taxes	\$1,435					\$15			\$34	\$5,131		\$0	\$62,286		\$62,286
96400 Bad debt - Tenant Rents	-\$2,761									\$96,655		\$0	\$176,932		\$176,932
96500 Bad debt - Mortgages						\$399,051			-\$182,032	-\$963,807		\$0	-\$710,314		-\$710,314
96600 Bad debt - Other	\$560									\$182,121		\$212	\$452,324		\$452,324
96800 Severance Expense												\$0			
96000 Total Other General Expenses	\$4,622	\$499,051	\$0	\$1,569	\$0	\$939,377	\$3,000	\$0	-\$176,916	\$4,623,408	\$228,392	\$469	\$12,369,028	\$0	\$12,369,028
96710 Interest of Mortgage (or Bonds) Payable												\$0			
96720 Interest on Notes Payable (Short and Long Term)	\$79,023									\$758,482		\$0	\$6,729,116		\$6,729,116
96730 Amortization of Bond Issue Costs												\$0			
96700 Total Interest Expense and Amortization Cost	\$79,023	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$758,482	\$0	\$0	\$6,729,116	\$0	\$6,729,116
96900 Total Operating Expenses	\$966,263	\$1,550,299	\$0	\$72,536	\$0	\$1,938,271	\$15,865	\$0	\$152,355	\$19,589,876	\$399,426	\$59,168	\$62,578,499	-\$897,807	\$61,680,692
97000 Excess of Operating Revenue over Operating Expenses	-\$92,275	\$0	\$292,943	\$0	\$998,319	\$5,817,102	\$263	\$0	\$1,531,059	\$20,855,643	\$2,195,899	\$457,287	\$178,302,640	\$0	\$178,302,640
97100 Extraordinary Maintenance										\$599,422		\$0	\$837,226		\$837,226
97200 Casualty Losses - Non-capitalized												\$0			
97300 Housing Assistance Payments											\$2,173,646	\$456,507	\$145,386,459		\$145,386,459
97350 HAP Portability-In												\$0	\$449,612		\$449,612
97400 Depreciation Expense	\$388,172								\$22,678	\$3,132,663		\$0	\$5,869,174		\$5,869,174
97500 Fraud Losses												\$0			

	Project Total	14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing	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	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.880 Family Unification Program (FUP)	14.231 Emergency Shelter Grants Program	14.881 Moving to Work Demonstration Program	14.238 Shelter Plus Care
97600 Capital Outlays - Governmental Funds													
97700 Debt Principal Payment - Governmental Funds													
97800 Dwelling Units Rent Expense													
90000 Total Expenses	\$1,354,435	\$1,550,299	\$0	\$72,536	\$0	\$1,461,991	\$0	\$5,150,091	\$12,830,925	\$1,658,119	\$1,531,277	\$160,551,108	\$420,312
10010 Operating Transfer In	\$1,502,790					\$2,300,917			\$0			\$156,628,346	
10020 Operating transfer Out	-\$45,533		-\$292,943		-\$898,319	-\$2,232,279	-\$156,631,753		-\$1,755,290			-\$15,339,475	
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)								\$3,753,802					
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)	\$1,457,257	\$0	-\$292,943	\$0	-\$898,319	\$68,638	-\$156,631,753	\$3,753,802	-\$1,755,290	\$0	\$0	\$141,288,871	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$976,810	\$0	\$0	\$0	\$0	\$246,984	\$0	\$2,730,190	\$2,923,700	-\$437,686	\$0	-\$18,161,903	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,423,115	\$1,436,150	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$13,331,119	\$0	\$0	\$0	\$0	\$11,808,562	\$0	\$1,614,398	-\$37,793,140	\$739,014	\$0	\$24,600,340	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0					\$0		\$0	\$0			\$0	
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	1848						179545	3708	15060	1200			
11210 Number of Unit Months Leased	1758						169637	3646	14637	998			
11270 Excess Cash	\$8,008,353												
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												

	Project Total	14,900 Lead-Based Paint Hazard Control in Privately-Owned Housing	14,OPS MTW Demonstration Program for Low Rent	94,019 Social Innovation Fund	14,CFP MTW Demonstration Program for Capital Fund	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	14,267 Continuum of Care Program	14,856 Lower Income Housing Assistance Program Section 8 Moderate	Subtotal	ELIM	Total
97600 Capital Outlays - Governmental Funds												\$0			
97700 Debt Principal Payment - Governmental Funds												\$0			
97800 Dwelling Units Rent Expense												\$0			
90000 Total Expenses	\$1,354,435	\$1,550,299	\$0	\$72,536	\$0	\$1,938,271	\$15,865	\$0	\$175,033	\$23,321,961	\$2,573,072	\$515,675	\$215,120,970	-\$897,807	\$214,223,163
10010 Operating Transfer In	\$1,502,790					\$0			\$56,938	\$32,267,178		\$0	\$192,756,169	-\$192,756,169	\$0
10020 Operating transfer Out	-\$45,533		-\$292,943		-\$898,319	-\$4,342		-\$43,500	-\$40,354	-\$15,450,128	-\$22,253	\$0	-\$192,756,169	\$192,756,169	\$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	\$3,753,802		\$3,753,802
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)	\$1,457,257	\$0	-\$292,943	\$0	-\$898,319	-\$4,342	\$0	-\$43,500	\$16,584	\$16,817,050	-\$22,253	\$0	\$3,753,802	\$0	\$3,753,802
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$976,810	\$0	\$0	\$0	\$0	\$5,812,760	\$263	-\$43,500	\$1,524,965	\$33,940,608	\$0	\$780	\$29,513,971	\$0	\$29,513,971
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$528,983	\$0	\$0	\$5,388,248		\$5,388,248
11030 Beginning Equity	\$13,331,119	\$0	\$0	\$0	\$0	\$166,860,381	-\$198	\$65,125	\$8,308,529	\$268,877,190	\$0	\$131,388	\$458,542,708		\$458,542,708
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0								\$0	\$0		\$0	\$0		\$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	1848								228	9288		612	211489		211489
11210 Number of Unit Months Leased	1758								228	8646		612	200162		200162
11270 Excess Cash	\$8,008,353											\$0	\$8,008,353		\$8,008,353
11610 Land Purchases	\$0											\$0	\$0		\$0
11620 Building Purchases	\$0											\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0											\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0											\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0											\$0	\$0		\$0
11660 Infrastructure Purchases	\$0											\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0											\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0											\$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's a state-of-the-art learning and skills center and computer lab that offers workshops emphasizing career planning and job skills to become more financially self-reliant. Since enrolling in the SDHC Achievement Academy, Leslie (pictured above) has earned her GED and is now majoring in Culinary Arts at Grossmont College.





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 118 - 120.

Revenue Capacity

This schedule contains information to help the reader assess SDHC's most significant revenue source. This schedule can be viewed on page 122.

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 124.

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 126 - 130.

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 132 to 139.

FINANCIAL TRENDS



San Diego Housing Commission

Net Position by Component (Unaudited)

Ten Years Ending June 30, 2015

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2006	\$ 67,288,827	\$ 74,995,714	\$ 127,911,849	\$ 270,196,390
2007	67,893,139	86,943,780	141,958,499	296,795,418
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

Source: Annual Financial Statements



San Diego Housing Commission

Revenues, Expenses and Changes in Net Position (Unaudited)

Last Ten Years Ending June 30, 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating revenues										
Dwelling rental income	\$ 26,450,075	\$ 25,750,939	\$ 25,669,589	\$ 25,082,830	\$ 24,309,910	\$ 21,193,199	\$ 21,431,650	\$ 15,001,921	\$ 9,214,737	\$ 9,246,138
Land lease and other rental income	2,245,059	2,119,188	2,023,344	1,892,027	1,970,080	1,233,941	1,368,541	1,292,869	893,008	1,420,994
Fee revenue	2,947,558	2,145,715	2,030,042	1,886,252	2,867,606	1,813,413	1,648,597	2,085,358	2,423,510	3,445,605
Shared equity income	-	-	-	171,422	158,270	181,535	206,068	694,263	1,335,361	3,332,144
Other revenue	2,767,714	3,222,683	1,927,430	1,120,603	2,076,205	3,365,390	1,439,749	845,374	786,219	783,850
Total operating revenues	34,410,406	33,238,525	31,650,405	30,153,134	31,382,071	27,787,478	26,094,605	19,919,785	14,652,835	18,228,731
Operating expenses										
Administrative expenses	29,500,978	28,839,617	28,713,564	26,870,807	24,686,591	23,208,287	19,959,913	18,974,670	18,869,659	17,440,943
Tenant services	1,541,169	1,370,247	1,919,200	2,207,747	2,450,010	1,862,540	1,687,646	1,809,223	1,701,047	1,699,413
Asset management	9,505,111	8,885,279	7,790,710	7,470,695	10,130,088	7,074,276	6,664,735	7,779,665	7,950,607	6,564,833
General expenses	985,363	2,266,935	1,201,718	2,615,886	3,840,050	4,587,653	3,286,471	2,428,251	2,627,940	1,116,232
Grant expense	11,103,144	17,115,718	6,650,674	5,879,572	4,698,932	5,065,696	4,561,061	5,618,803	6,461,210	4,541,016
Housing assistance	145,836,071	147,311,387	150,905,154	147,823,240	145,876,110	144,790,881	139,234,699	126,587,352	113,252,745	114,717,876
Depreciation	4,916,809	4,800,693	4,113,552	3,920,321	4,047,879	2,595,635	2,367,288	2,980,926	3,628,646	2,954,643
Total operating expenses	203,388,645	210,589,876	201,294,572	196,788,268	195,729,660	189,184,968	177,761,813	166,178,890	154,491,854	149,034,956
Operating loss	(168,978,239)	(177,351,351)	(169,644,167)	(166,635,134)	(164,347,589)	(161,397,490)	(151,667,208)	(146,259,106)	(139,839,019)	(130,806,225)
Nonoperating revenues (expenses):										
Grant revenue	191,703,603	186,987,313	188,240,947	182,353,583	184,749,521	189,101,021	169,455,958	172,108,621	156,165,071	150,529,900
Investment income	9,742,843	9,118,073	8,637,551	8,774,498	6,974,862	7,312,333	6,374,263	6,858,050	7,339,612	5,739,847
Gain/loss on sale of capital assets	-	-	38,220	(49,695)	(683)	-	-	(132,480)	3,560,143	11,504
Gain on fair market value of interest swap	-	-	-	-	859,125	459,836	(831,228)	-	-	-
Interest expense	(5,684,425)	(5,879,510)	(5,913,243)	(6,263,417)	(6,558,569)	(3,001,349)	(1,785,551)	(1,772,989)	(1,278,512)	(383,624)
Net nonoperating revenues	195,762,021	190,225,876	191,003,475	184,814,969	186,024,256	193,871,841	173,213,442	177,061,202	165,786,314	155,897,627
Total revenues and expenses	26,783,782	12,874,525	21,359,308	18,179,835	21,676,667	32,474,351	21,546,234	30,802,097	25,947,295	25,091,402
Capital grants	-	-	-	-	-	-	-	1,219,877	651,733	1,306,247
Change in net assets	\$ 26,783,782	\$ 12,874,525	\$ 21,359,308	\$ 18,179,835	\$ 21,676,667	\$ 32,474,351	\$ 21,546,234	\$ 32,021,974	\$ 26,599,028	\$ 26,397,649



San Diego Housing Commission

Capital Assets by Category (Unaudited)

Last Ten Years Ending June 30, 2015

CATEGORY	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Land	\$ 68,369,250	\$ 63,186,873	\$ 63,036,133	\$ 60,440,951	\$ 60,440,951	\$ 39,022,937	\$ 29,543,943	\$ 29,651,723	\$ 29,436,163	\$ 30,543,943
Construction in progress	2,267,262	751,305	1,854,210	465,800	465,800	4,319,426	7,000,730	11,611,732	10,607,415	9,942,951
Buildings	98,468,109	88,811,413	88,811,413	84,722,349	84,722,349	60,954,269	56,403,458	56,372,153	79,665,542	58,874,458
Building improvements	33,581,403	33,581,403	30,811,213	17,719,475	17,719,475	12,227,363	12,368,642	7,901,115	24,396,791	24,270,847
Furniture and equipment	4,347,152	4,105,103	3,781,552	3,133,552	3,213,224	2,930,854	2,844,786	2,463,141	3,282,749	986,424
Total capital assets	207,033,176	190,436,097	188,294,521	166,482,127	166,561,799	119,454,849	108,161,559	107,999,864	147,388,660	124,618,623
Less accumulated depreciation										
Buildings	18,418,147	16,115,003	13,852,095	9,464,032	9,464,032	8,059,821	7,521,776	6,105,932	28,012,583	26,885,994
Building improvements	10,056,086	7,816,863	5,678,975	2,774,997	2,774,997	2,233,130	2,048,503	1,521,762	17,140,068	15,682,539
Furniture and equipment	3,741,342	3,366,900	2,967,003	2,279,894	2,309,871	1,904,844	1,363,573	938,870	1,128,894	870,169
Total accumulated depreciation	32,215,575	27,298,766	22,498,073	14,518,923	14,548,900	12,197,795	10,933,852	8,566,564	46,281,545	43,438,702
Net capital assets	174,817,601	163,137,331	165,796,448	157,891,317	152,012,899	107,257,054	97,227,707	99,433,300	101,107,115	81,179,921
Related debt	105,945,935	108,275,122	110,505,903	103,122,525	108,920,815	67,468,770	27,769,404	30,450,915	33,213,976	13,891,094
Invested in capital assets, net of related debt	\$ 68,871,666	\$ 54,862,209	\$ 55,290,545	\$ 54,768,792	\$ 43,092,084	\$ 39,788,284	\$ 69,458,303	\$ 68,982,385	\$ 67,893,139	\$ 67,288,827

Source: Annual Financial Statements

REVENUE CAPACITY



San Diego Housing Commission
Revenue on a Gross Basis (Unaudited)
Last Ten Years Ending June 30, 2015

DESCRIPTION	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues (gross):										
Operating revenues	\$ 34,410,406	\$ 33,238,525	\$ 31,650,405	\$ 30,153,134	\$ 31,382,071	\$ 27,787,478	\$ 26,094,605	\$ 19,919,784	\$ 14,652,835	\$ 18,228,731
Subsidies and grants	191,703,603	186,987,313	188,240,947	182,353,583	184,749,521	189,101,021	169,455,958	173,328,498	156,816,804	151,836,147
Investment income	9,742,843	9,118,073	8,637,551	8,774,498	6,974,862	7,312,333	6,374,263	6,858,080	7,339,612	5,739,847
Gain/loss on sale of capital assets	-	-	38,220	(49,695)	(683)	-	-	(132,480)	3,560,143	11,504
Other	-	-	-	-	859,125	459,836	-	-	-	-
Total revenues	<u>\$235,856,852</u>	<u>\$229,343,911</u>	<u>\$228,567,123</u>	<u>\$221,231,520</u>	<u>\$223,964,896</u>	<u>\$224,660,668</u>	<u>\$201,924,826</u>	<u>\$199,973,882</u>	<u>\$182,369,394</u>	<u>\$175,816,229</u>

DEBT CAPACITY



San Diego Housing Commission

Outstanding Debt Related to Capital Assets (Unaudited)

Last Ten Years Ending June 30, 2015

Fiscal year	Notes Payable		Capital Assets Less Accumulated Depreciation	Ratio of Total Debt to Capital Assets*
2006	13,891,094		81,179,921	17.11%
2007	33,213,976		101,107,115	32.85%
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	*****	174,817,601	62.87%

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

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>
2005-06	298,754,819	0.63%	1,305,625	-0.03%
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%

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, 2015**

Population and Personal Income - City of San Diego

Year	Population¹	Personal Income² (1,000s)	Per Capita Personal Income	Unemployment Rate³(%)
2005-06	1,305,625	37,749,536	28,791	4.3
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

Footnotes:

¹Population projections are provided by the California Department of Financial Projections

²Income data is provided by the United States Census Data and is adjusted for inflation

³Unemployment data is provided by the EDD's Bureau of Labor Statistics Department

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



Employer	Number of Employees	Percentage of Total Employment ¹
<u>For the Fiscal Year Ended June 30, 2015</u>		
United States Navy ²	29,948	4.32%
University Of California San Diego ³	28,459	4.10%
Sharp Healthcare ⁴	16,896	2.44%
County of San Diego	16,427	2.37%
Qualcomm, Inc. ⁵	13,725	1.98%
San Diego Unified School District	13,446	1.94%
City of San Diego ⁶	10,680	1.54%
Dex Com Inc	10,540	1.52%
Kaiser Permanente	7,549	1.09%
Scripps Health ⁷	6,111	0.88%
Total Top Employers	153,781	22.17%
<u>For the Fiscal Year Ended June 30, 2006</u>		
Federal Government	40,200	6.11%
University of California, San Diego	27,200	4.13%
San Diego Unified School District	19,777	3.01%
County of San Diego	15,715	2.39%
Sharp Healthcare	13,377	2.03%
San Diego State University	11,114	1.69%
Scripps Health ⁷	10,932	1.66%
City of San Diego ⁵	10,990	1.67%
Kaiser Permanente	7,432	1.13%
Qualcomm Inc.	6,960	1.06%
Total Top Employers	163,697	24.88%

Footnotes:

¹ Percentage based on total employment of 693,600 and 657,900 for Fiscal Year 2015 and Fiscal Year 2006, respectively, reported by EDD.

² Employee count includes Navy, Marine and Civic Services personnel.

³ Employee count includes full and part-time, academic and support staff.

⁴ Employee count is company-wide.

⁵ Count is from prior year

⁶ Employee count is provided by the City of San Diego, Office of the Comptroller - Payroll Division.

⁷ Current year employee count includes 3 hospital sites in San Diego. Previous count in 2006 was countywide.

Source: MuniServices, LLC and Fiscal Year 2006 Comprehensive Annual Financial Report



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

Resident Members Per Household			Number Bedrooms Per Household		
Categories	Households	Percent	Categories	Households	Percent
1 Member	5657	38.4%	Studio	737	5.0%
2 Members	3443	23.4%	1 Bedroom	3645	24.7%
3 Members	1957	13.3%	2 Bedrooms	5554	37.7%
4 Members	1567	10.6%	3 Bedrooms	3437	23.3%
5 Members	1058	7.2%	4 Bedrooms	1149	7.8%
6 Member	547	3.7%	5 Bedrooms	184	1.2%
7 Members	251	1.7%	6 Bedrooms	22	0.1%
8 Members	130	0.9%	7 Bedrooms	1	0.0%
9 Member	56	0.4%			
10 + Members	63	0.4%			
Total	14,729	100.0%	Total	14,729	100.0%

Income Ranges (All Sources)

Annual Income Ranges	No. of Households	Percentage
\$ 0-.99	285	1.9%
\$ 1-9,999	2236	15.2%
\$ 10,000-19,999	8015	54.4%
\$ 20,000-29,999	2349	15.9%
\$ 30,000-39,999	1123	7.6%
\$ 40,000-49,999	467	3.2%
\$ 50,000 +	254	1.7%
Total	14,729	100.0%

Source: San Diego Housing Commission Statistics



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

Length of Residency - Current

Years in Housing	Households	Quantity
<1	434	2.9%
1	1251	8.5%
2	322	2.2%
3	867	5.9%
4	853	5.8%
5	521	3.5%
6	467	3.2%
7	404	2.7%
8	2136	14.5%
9	364	2.5%
10	1081	7.3%
11	491	3.3%
12	445	3.0%
13	563	3.8%
14	1654	11.2%
15	419	2.8%
16	418	2.8%
17	377	2.6%
18	309	2.1%
19	101	0.7%
20+	1252	8.5%
Total	14,729	100.0%

Source: San Diego Housing Commission Statistics

OPERATING INFORMATION



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

San Diego Housing Commission Local Units

Address		No. Units	Year Built
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 Local Units - Continued

Address	No. Units	Year Built
4339 Marcia Court	1	1970
4074 Marcwade Drive	1	1970
4150 Marcwade Drive	1	1970
4186 Marcwade Drive	1	1970
4293 Marcwade Drive	1	1970
4239 Marge Way	1	1971
4331 Marge Way	1	1970
4334 Marge Way	1	1970
4890 Naples Street	4	1982
1152 Nevin Street	1	1970
8505 Noeline Avenue	1	1975
4050 - 4056 Oakcrest Drive	4	1960
5974 Old Memory Lane	1	1941
4034 Peterlynn Court	1	1970
1232 Peterlynn Drive	1	1970
1327 Peterlynn Drive	1	1970
1405 Peterlynn Drive	1	1970
1506 Peterlynn Drive	1	1970
1530 Peterlynn Drive	1	1970
4024 Peterlynn Way	1	1970
2325 Rachel Avenue	3	1982
1128 Ransom Street	1	1970
1145 Ransom Street	1	1970
1169 Ransom Street	1	1970
5955 #1 - 4 Streamview Drive	4	1963
4233 Stu Court	1	1970
3755 - 3757 Swift Avenue	4	1997
6511 - 6517 Tait Street	4	1952
1041 Twining Avenue	1	1970
1144 Twining Avenue	1	1970
1250 Twining Avenue	1	1970
1317 Twining Avenue	1	1970
3630 - 3632 Van Dyke Avenue	4	1982
	117	

Belden SDHC FNMA LLC

Address	No. Units	Year Built
7705 - 7795 Belden Street	243	1983
	243	



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
	138	

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
2739 - 2745		1954
4352 #1 - 8 Oregon Street	8	1960
4043 Wilson Avenue	5	1986
	185	



Northern SDHC FHA, LLC

Address	No. Units	Year Built
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
	154	

Southern SDHC FHA, LLC

Address	No. Units	Year Built
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
	301	



Central SDHC FHA, LLC

Address	No. Units	Year Built
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
	234	

Other Program Housing Units

Address	No. Units	Year Built	Status
2420 #A - H 44th Street	8	1982	Scattered Sites
3222 - 24 Camulos Street	12	1982	Scattered Sites
3919 #1 - 8 Mason Street	8	1982	Scattered Sites
5385 - 5389 Trojan Avenue	3	1982	Scattered Sites
4095 #A - D Valeta Street	4	1982	Scattered Sites
605 - 695 Picador Boulevard	78	1984	Public Housing
325-415 South 33rd Street	40	1999	Public Housing
2055 - 2095 Via Las Cumbres	36	1984	Public Housing
10101 - 10191 Maya Linda Road	132	1978	SDHC Mngt Units
2052 - 2098 Via Las Cumbres	84	1984	SDHC Mngt Units
4262-4268 44th Street	4	2009	SDHC Mngt Units
4395 El Cajon Boulevard	33	2009	SDHC Mngt Units
6847 Potomac Street	172	1989	SDHC Mngt Units
1301 Fifth Avenue	130	1914	SDHC Mngt Units
5330 Orange Avenue	71	1985	SDHC Mngt Units
7720-7780 Belden Street	120	1986	SDHC Mngt Units
2170-2172 Front Street	34	1913	Operated by HDP
827 C Street	73	1910	Down for rehabilitation
Total Other Program Housing Units	1042		

Total Commission and LLC units

2,414



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
Total Partnership Units		572
Combined total units		2,986

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



Supplementary Information

San Diego Housing Commission Employee Demographics - Unaudited As of June 30, 2015

Seniority of Employees

Categories	Number	Percent
Less than 3 years	98	37%
3 to 5 years	42	16%
6 to 9 years	42	16%
10 to 19 years	46	17%
20 to 29 years	28	11%
30 years and over	<u>10</u>	4%
Grand Total	<u><u>266</u></u>	

Racial Composition

Categories	Number	Percent
American Indian or Alaska Native, White	1	0%
Asian	20	8%
Black or African American	32	12%
Hispanic or Latino	107	40%
Native Hawaiian or Other Pacific Islander	3	1%
Two or More Races	12	5%
White	89	33%
Other	<u>2</u>	1%
Grand Total	<u><u>266</u></u>	

Source: ADP Employees HRMS, Information provided by San Diego Housing Commission HR Department includes interns and Direct hires



San Diego Housing Commission Number of Employees by Department

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

Source: Information provided by San Diego Housing Commission HR Department ADP Employees HRMS
Beginning with fiscal year 2008, the San Diego Housing Commission will accumulate ten years of data