



REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: June 6, 2019

REPORT NO: HAR19-029

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of June 25, 2019

SUBJECT: Preliminary Bond Authorization for Ulric Street Apartments

COUNCIL DISTRICT: 7

REQUESTED ACTION

Take initial steps for the Housing Authority of the City of San Diego to issue up to \$32,750,000 of tax-exempt Multifamily Housing Revenue Bonds to facilitate the acquisition and new construction of the Ulric Street Apartments, which will consist of 95 units of rental housing that will remain affordable for 55 years for low- and very low-income families and one manager's unit, to be located at 2645-2685 Ulric Street, San Diego, California 92111.

STAFF RECOMMENDATION

That the Housing Authority of the City of San Diego (Housing Authority) take the following actions, as described in this report:

- 1) Approve the following steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for Ulric:
 - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$32,750,000 in Multifamily Housing Revenue Bonds for the acquisition and new construction of Ulric by Ulric Street Housing Associates, L.P.;
 - b. Authorize an application (and subsequent applications if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt Multifamily Housing Bonds in an amount up to \$32,750,000 for Ulric. Issuance of the bonds will require Housing Authority approval at a later date; and
 - c. Approve a bond financing team of Quint and Thimmig as bond counsel, and CSG Advisors Financial as Bond Financial Advisor.
- 2) Authorize the Housing Commission President & CEO, or his designee to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by the General Counsel and the Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of the General Counsel and/or the Bond Counsel.

SUMMARY

A Development Summary is at Attachment 1.

Table 1 –Development Details

Address	2645-2685 Ulric Street, San Diego, 92111
Council District	7
Community Plan Area	Linda Vista Community Planning Area
Developer	Community Housing Works
Development Type	New construction
Construction Type	Type V (stucco with wood frame)
Parking Type	96 parking spaces (a mix of surface and podium spaces)
Housing Type	Multifamily (three to four stories structure)
Lot Size	One parcel totaling 1.47 acres, 63,859 square feet
Units	96
Density	65 dwelling units per acre (96 units ÷ 1.47 acres)
Unit Mix	95 affordable units: 12 studios, 21 one-bedrooms, 33 two-bedrooms, and 29 three-bedrooms. Plus one unrestricted manager's two-bedroom unit.
Gross Building Area	98,643 gross sq. ft., in one building (including 75,509 sq. ft. for residential units use, 19,123 corridor space, and 4,011 for community space).
Net Rentable Area	75,509 square feet

The Development

Ulric is a proposed 96-unit, three- and four-story, new construction affordable rental housing complex, to be built over a partially below grade parking structure. It will be located at 2645-85 Ulric Street in San Diego's Linda Vista neighborhood (Attachment 2 – Site Map). The new development will provide 95 affordable rental units (and one manager's unit), including studios and one-, two-, and three-bedroom units. The Ulric apartments will range from 370-square-foot studios to 1,062-square-foot three-bedroom units. Unit amenities will include: central air conditioning, elevators, patios or balconies for some units, Energy Star appliances (including dishwasher, refrigerator, and stove/oven), garbage disposal, hard-surface flooring in the kitchen and living areas, plus internet access. Site amenities will include: a multipurpose community room and learning center with computers, a children's play area, a centralized laundry room, a community kitchen, a management leasing office, meeting space, outdoor gathering and barbeque/picnic area. Security features will include gated entry and security cameras.

Developer's Request

CHW proposes to construct 96 apartment units, with financing that would include a \$7,000,000 Housing Commission residual receipts loan, tax-exempt Multifamily Housing Revenue Bonds, 4 percent tax credits from the California Tax Credit Allocation Committee (TCAC), and other third-party necessary financing as described in this report. Existing tenants would be relocated. The Housing Commission Board of Commissioners is scheduled to consider the proposed Housing Commission loan on June 14, 2019.

The Property

The property is one parcel, on 1.47 acres, that is improved with 20 unrestricted existing apartments (three-bedroom townhouse units) in five buildings. These existing apartments were constructed in 1941 and have deferred maintenance. The existing apartments have not been substantially upgraded since their original construction. CHW purchased the property in 2016. Adjacent to the east is the Linda Vista Community Park and the Linda Vista Recreation Center. Located to the west are single-family homes. To the north are multifamily rental housing and nearby Linda Vista Elementary School. To the south is another CHW-owned parcel with 16 existing multifamily housing units. Bus service is within approximately ¼ mile.

Prevailing Wages

The developer's proposed use of state Multifamily Housing Program loan funds will require state prevailing wages. The proposed use of federal HOME Investment Partnership funds is below the 12-unit federal threshold and will not require federal prevailing wages.

Relocation

The Ulric developer plans to demolish the existing 20 units and replace them with a 96-unit affordable multifamily housing complex. CHW has engaged Lauren & Associates, a division of Raney Planning & Management, as the relocation consultant, to coordinate a relocation plan and to assist with the tenants' relocation. The consultant's December 2018 revised relocation plan states that an estimated 15 tenants residing at the property will need to be permanently relocated with eligibility for relocation assistance as required by the federal Uniform Relocation Assistance and Real Property Acquisition Act of 1970 and by Section 104(d) of the Housing and Community Development Act. The developer's pro forma budgets \$1,251,286 for relocation costs (including the consultant's fee). CHW has proposed that the Housing Commission give qualified relocated tenants a "return occupancy preference" after the new development is built. The Housing Commission staff recommends the following procedure:

Tenants residing at the property prior to issuance of the General Information Notice will be eligible to receive Permanent Relocation benefits in accordance with the Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs (URA) and with applicable State of California Relocation law. Tenants who moved into the property after issuance of the General Information Notice will not be eligible for Permanent Relocation benefits. If there is a desire to give some current tenants a waitlist preference for the new units on a priority basis, the preference would apply to current residents not eligible for Relocation benefits, and applicants would be subject to meeting all other tenant screening and eligibility criteria. Current residents eligible for Permanent Relocation benefits under URA may still apply for the new units but would not receive any waitlist preference.

The Housing Commission will require CHW to provide, from a licensed attorney, a legal opinion subject to the Housing Commission General Counsel's satisfaction that confirms that whatever relocation plan is proposed and/or adopted complies with all applicable law.

Accessibility

TCAC requires wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment, including having communication features. The same units can satisfy both of these accessibility requirements. The completed development will be 100 percent accessible for visitors. The development will include Universal Design features.

Project Sustainability

Ulric will be built as Green Point Rated with an anticipated Silver Rating standard. Ulric will comply with the TCAC minimum energy efficiency construction standards for new construction. The development's features will include: Energy Star-rated efficient appliances, use of Low Volatile Organic Compound (VOC) paints and stains for interior surfaces, common area solar hot water plus solar hot water for tenant use, energy-efficient windows, high-efficiency air conditioning, and low-energy lighting. Water conservation will be promoted via low-water-use fixtures and toilets, low-water-use minimal landscaping, and utilizing rainwater roof drainage to planters.

Development Team

CHW, a 501(c)(3) nonprofit, is the developer. The proposed borrower will be Ulric Street Housing Associates, L.P., which will include Ulric Street Housing Opportunities L.L.C. as its Managing General Partner, the nonprofit Esperanza Housing and Community Development Corporation as the initial limited partner, and a to-be-determined tax credit investor limited partner (Attachment 3 – Organization Chart). CHW was formed in 2002 by the merger of Community Housing of North County and San Diego Neighborhood Housing Services. CHW has won many national, statewide, and regional awards for development excellence. They are a provider of multiple social services. CHW's mission is to revitalize neighborhoods through the creation of affordable housing with services for residents. CHW owns more than 3,300 apartments in 40 communities statewide, serving more than 9,000 families and seniors. CHW has developed a number of affordable housing developments utilizing Housing Commission loans, including the following:

- North Park Seniors, at 4200 Texas Street, San Diego: 75 units of new construction for seniors. It was completed in 2018 with a \$7,000,000 Housing Commission loan and \$15,000,000 tax-exempt Multifamily Housing Revenue Bond issuance with 4 percent tax credits.
- Mayberry Townhomes, at 4328-4490 Mayberry Street, San Diego: a 70-unit acquisition with rehabilitation development. It was completed in 2016. It had a \$912,540 Housing Commission loan assumption and a \$9,959,732 tax-exempt Multifamily Housing Revenue Bond issuance with 4 percent tax credits.
- Kalos Apartments, at 3783-3825 Florida Street, San Diego: an 83-unit new construction apartment development. It was completed in 2013, with a \$6,965,583 Housing Commission loan and a \$14,588,000 tax-exempt Multifamily Housing Revenue Bond issuance with 4 percent tax credits.
- Alabama Manor, at 3836 Alabama Street, San Diego: a 67-unit acquisition with rehabilitation apartment development for seniors, which was completed in 2007 with a \$3,793,128 Housing Commission loan plus \$5,808,006 tax-exempt Multifamily Housing Revenue Bond issuance.
- Las Serenas, at 4316-68 Delta Street, San Diego: a 108-unit acquisition with rehabilitation apartment development. It was completed in 2006, with a \$6,100,000 Housing Commission loan and a \$9,000,000 tax-exempt Multifamily Housing Revenue Bond issuance with 4 percent tax credits.

Staff has determined that the developer has the requisite capacity to successfully complete the proposed Ulric project.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	CHW
Architect	Studio E Architects
General Contractor	Sun Country Builders
Relocation Consultant	Lauren & Associates (a division of Raney Planning & Management Inc.)
Property Management	ConAm Management Corporation
Tenant Services Provider	CHW
Construction/Permanent Lender	To be selected

Property Management

Ulric will be managed by ConAm Management Corporation (ConAm). ConAm is a nationwide management company with a management portfolio of approximately 53,000 units that includes a variety of developments. It is experienced in property management, marketing, leasing, maintenance, renovations, and tax credit developments. ConAm manages 34 developments for CHW. CHW's Asset Management Department will oversee ConAm.

FINANCING STRUCTURE

Ulric has an estimated total development cost of \$46,427,114 (\$483,616 per unit). Financing will include a combination of sources as described in Table 3. The developer's current pro forma is included as Attachment 4 and is summarized below.

Table 3 – Ulric Estimated Permanent Sources and Uses

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts	Per Unit
Bond financed permanent loan	\$4,710,000	Property acquisition	\$5,460,037	\$56,875
State Department of Housing & Community Development Multifamily Housing Program loan	7,500,000	Construction costs \$23,670,572 Contingency +2,367,057 Total construction \$26,037,629	26,037,629	271,225
County of San Diego Innovative Housing Trust Fund loan	8,000,000	Financing costs	3,594,487	37,443
Housing Commission proposed loan	7,000,000	Local permits and fees	1,831,813	19,081
Regional Transportation Congestion Improvement Program fee waiver	219,830	Other soft costs	3,091,583	32,205
Refunds	93,836	Relocation costs	1,251,286	13,034
Accrued interest on soft debt	650,000	Reserves	261,126	2,720
CHW General Partner contribution	2,899,153	Developer fee	4,899,153	51,033
4 percent (CTCAC) tax credit equity	15,354,295			
Total Development Cost (TDC)	\$46,427,114	Total Development Cost	\$46,427,114	\$483,616

The Housing Commission's proposed \$7,000,000 residual receipts loan will be funded with \$1,500,000 in HOME funds, which the U.S. Department of Housing and Urban Development (HUD) awards to the City of San Diego (City) and the Housing Commission administers, and \$5,500,000 from the City of San Diego's Affordable Housing Fund (Inclusionary Housing Fee and Housing Impact Fee, also known as Linkage Fee), also administered by the Housing Commission. The total amount of Housing Commission funding shall not exceed \$7,000,000. A final determination of Housing Commission funding sources will be made by the Housing Commission's President & CEO, or designee, contingent upon budget availability. The proposed loan terms are summarized at Attachment 5.

CHW proposes to finance the development with the use of 4 percent tax credits, tax-exempt Multifamily Housing Revenue Bond financing, a County of San Diego Innovative Housing Trust Funds loan, a State Department of Housing and Community Development Multifamily Housing Program loan, and a Housing Commission proposed residual receipts loan. The Housing Commission requires affordable housing developers to pursue all viable sources of funding to reduce the financing gap and amount of Housing Commission subsidy required. If other funding is secured, proceeds will first be used to make an adjustment to reduce the Housing Commission's loan.

Developer Fee

\$4,899,153 – Gross Developer Fee

- 2,899,153 – Minus Developer Fee Contribution

\$2,000,000 – Net Cash Developer Fee (paid from development sources)

The net cash developer fee shall be \$2,000,000. On April 25, 2017, the Housing Authority approved the “*Request for Approval of Updated Developer Fees*” (Report No. HAR 17-011; Resolution No. HA-1727)). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. Attachment 1 to that report stated: “*Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis....*” CHW is proposing a \$4,899,153 total developer fee, which complies with HAR 17-011. The proposed fee is in conformance with the “*Request for Approval of Updated Developer Fees*” guidelines approved by the Housing Authority on April 25, 2017.

Development Cost Key Performance Indicators

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

Table 4 - Key Performance Indicators

Development Cost Per Unit	$\$46,427,114 \div 96 \text{ units} =$	\$483,616
Housing Commission Subsidy Per Unit	$\$7,000,000 \div 96 \text{ units} =$	\$72,917
Land Cost Per Unit	$\$5,460,037 \div 96 \text{ units} =$	\$56,875
Gross Building Square Foot Hard Cost	$\$26,037,629 \div 98,643 \text{ sq. ft.} =$	\$264
Net Rentable Square Foot Hard Cost	$\$26,037,629 \div 75,509 \text{ sq. ft.} =$	\$345

Project Comparison Chart

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

Table 5 - Comparable Development Projects

New Construction Project Name	Year	Unit Mix Construction	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject – Ulric Street	2019	12 studios, 21 ones, 33 twos, 29 threes, + 1 manager	96	\$46,427,114 (with prevailing wage)	\$483,616	\$72,917	\$264
Keeler Court	2019	10 studios, 20 ones, 18 twos, 22 threes, + 1 manager	71	\$35,692,466 (with prevailing wage)	\$502,711	\$0	\$262
Fairmount Family	2017	32 ones, 23 twos, 24 threes, + 1 manager	80	\$29,828,500 (no prev. wage)	\$372,856	\$118,356	\$212
North Park Seniors	2016	7 studios, 65 ones, 3 twos, + 1 manager	76	\$24,818,921 (no prev. wage)	\$326,565	\$92,105	\$216
Mesa Verde	2016	3 studios, 24 ones, 36 twos, 26 threes, + 1 manager	90	\$22,963,066 (no prev. wage)	\$441,597	\$60,000	\$225

Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority’s tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority’s ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission, Housing Authority, and City Council. Housing Authority bond inducement resolutions must be obtained prior to CDLAC application submittal, and a City Council Tax Equity and Fiscal Responsibility Act (TEFRA) resolution must be secured no later than 30 days after application submittal. These actions do not obligate the Housing Authority to issue bonds.

The developer plans to submit a bond application to CDLAC in November 2019, and to obtain a bond allocation at CDLAC’s January 2020 meeting. If necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development. However, the loan closing must occur within 18 months of the Housing Commission’s proposed approval.

The developer will be seeking a CDLAC bond allocation of approximately \$32,750,000. The developer proposes to issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission’s Multifamily Housing Revenue Bond Program policy and will fully comply with the City’s ordinance on bond disclosure. The up to \$32,750,000 bond allocation that will be sought from CDLAC is approximately 15 percent higher than the estimated \$28,466,831 amount for which the Ulric development is being underwritten. This increased amount represents a bond contingency to account for possible increases in the bond amount due to increases in construction costs, and/or changes in the assumed interest rate, and/or the loss of other planned funding sources. The bond amount that is ultimately issued will be based upon development costs, revenues, and interest rates prevailing at the time of bond issuance.

The developer proposes that the bonds will be used for acquisition, construction, and permanent financing. Housing Commission staff will return later to both the Housing Commission and Housing

Authority for approval of the final bond amount. A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 6.

Staff recommends assigning Quint & Thimmig as Bond Counsel and CSG Advisors as Financial Advisor to work on the development. The proposed financing team members have been selected in accordance with the existing policy for the issuance of bonds. Financial Advisors and Bond Counsels are selected in accordance with the Housing Commission's Bond Policy.

AFFORDABLE HOUSING IMPACT

Under the proposed loan, the Ulric development will be subject to a Housing Commission Declaration of Covenants and Restrictions, in addition to the applicable tax credit and bonds regulatory agreements that will restrict affordability of 95 units for 55 years. The HOME program's funds will have affordability and rent restrictions for 20 years. The project's 95 units will be affordable to tenants with income levels ranging from 30 percent of San Diego Area Median Income (AMI) (\$20,450/year for a studio one-person household) to 60 percent of AMI (\$58,380/year for a three-bedroom four-person household). The development will include 12 studios, 21 one-bedrooms, 33 two-bedrooms, and 29 three-bedrooms plus one manager's unit.

Table 6 Ulric Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
Studios, 1 bath (370 sq. ft.)	30%	5	\$511
1-bedroom, 1 bath (593 sq. ft.)	30%	8	\$547
2-bedrooms, 1 bath (825 sq. ft.)	30%	11	\$657
3-bedrooms, 2 baths (1,062 sq. ft.)	30%	10	\$759
Subtotal 30% AMI Units	--	34	
Studios, 1 bath (370 sq. ft.)	60%	7	\$1,023
1-bedroom, 1 bath (593 sq. ft.)	60%	13	\$1,095
2-bedrooms, 1 bath (825 sq. ft.)	60%	22	\$1,314
3-bedrooms, 2 baths (1,062 sq. ft.)	60%	19	\$1,518
Subtotal 60% AMI Units	--	61	--
2-bedroom Managers Unit	-	1	--
Total Units		96	

The rent and occupancy restrictions required by the Housing Commission and by TCAC will be applicable. There will be eight total HOME Investment Partnerships (HOME) restricted units. The tax credit restricted units and/or the HOME restricted units may be counted against the same specific units. The more stringent of the funding sources' affordability/rent restrictions will take precedence during the term of their applicability.

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this proposed action are included in the Housing Authority-approved Fiscal Year (FY) 2020 Housing Commission Budget. Approving this action will authorize the Housing Commission to expend an amount up to \$81,875 in FY 2020 budget as approved by the Housing Authority.

Funding sources approved by this action will be as follows:

- Bond Issuance Fees - \$81,875 ($\$32,750,000 \times .0025$)
- Total Funding Sources - up to \$81,875

Funding uses approved by this action will be as follows:

- Administrative Cost – up to \$81,875
- Total Funding Uses - up to \$81,875

Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue the bonds. The bonds would not constitute a debt of the City. If bonds are ultimately issued for the development, the bonds will not financially obligate the City, the Housing Authority, nor the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City, or the Housing Authority, would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee, as well as the Housing Commission's Bond Counsel and Financial Advisor fees.

Development Schedule

The estimated development timeline is as follows:

Milestones	Estimated Dates
<ul style="list-style-type: none">• Housing Authority Consideration• City Council IRS-required TEFRA hearing• State Multifamily Housing Program loan application• CDLAC bond application• CTCAC tax credit application• CDLAC & CTCAC allocation meetings• Housing Commission final bond authorization• Housing Authority final bond authorization• Estimated bond issuance and escrow/loan closing• Estimated start of construction work• Estimated completion of construction work	<ul style="list-style-type: none">• June 25, 2019• June 25, 2019• Late July 2019• November 2019• November 2019• January 2020• February 2020• February 2020• June 2020• June 2020• December 2021

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

The proposed development is located in the Linda Vista neighborhood. On November 26, 2018, the Ulric project was presented to the Linda Vista Planning Group and it received a 13-0 vote in favor.

KEY STAKEHOLDERS & PROJECTED IMPACTS

Stakeholders include CHW as the developer, the Housing Commission as a proposed lender, the County of San Diego as a proposed lender, State Department of Housing and Community Development as a proposed lender, the Linda Vista neighborhood, and the tenant occupants. The development is anticipated to have a positive impact on the community as it will contribute to the quality of the surrounding neighborhood, contribute to a better quality of life for the tenants, and create 95 affordable rental homes for families.

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 7.


ENVIRONMENTAL REVIEW

The actions being taken at this time involve only consideration of a loan. This activity is not a "project" and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. Approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process. The proposed actions are approval of a loan and do not constitute approval of the development activity. Future actions to consider and approve development entitlement approvals related to the development of the site, if applicable, will require additional review under the provisions of CEQA by the lead agency.

HOME funds constitute a portion of the funding for the project. A final reservation of HOME funds occurred upon satisfactory completion of the environmental review and receipt by the City of San Diego of a release of funds from the U.S. Department of Housing and Urban Development on January 26, 2019, under 24 CFR Part 58 of the National Environmental Policy Act (NEPA)..

Respectfully submitted,

Approved by,



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



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

- Attachments:
1. Development Summary
 2. Site Map
 3. Organization Chart
 4. Developer's Project Pro Forma
 5. Proposed Loan Terms
 6. Multifamily Housing Revenue Bond Program
 7. Developer's Disclosure Statement

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

ATTACHMENT 1 – DEVELOPMENT SUMMARY

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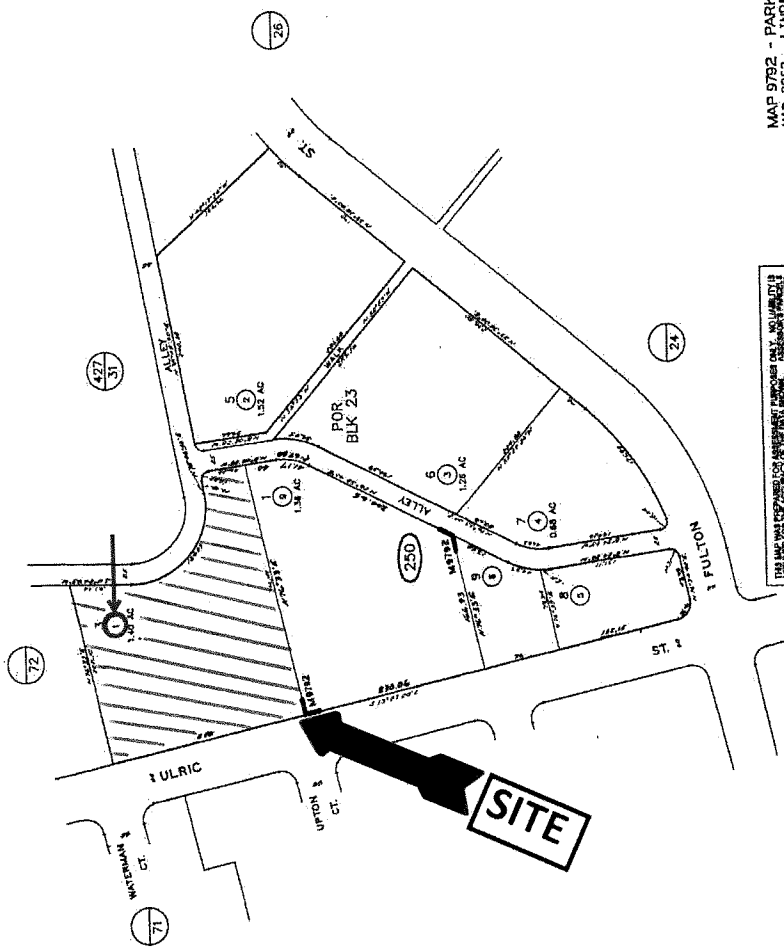
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Subtotal 30% AMI Units	--	34	
Studios, 1 bath (370 sq. ft.)	60%	7	\$1,023
1-bedroom, 1 bath (593 sq. ft.)	60%	13	\$1,095
2-bedrooms, 1 bath (825 sq. ft.)	60%	22	\$1,314
3-bedrooms, 2 baths (1,062 sq. ft.)	60%	19	\$1,518
Subtotal 60% AMI Units	--	61	--
2-bedroom Managers Unit	-	1	--
Total Units		96	

ATTACHMENT 2B – SITE MAP

431-25
1"=100'
N

CHANGES			
NO.	DATE	BY	REVISION
1	12/1/92		ORIGINAL
2	12/1/92		REVISION
3	12/1/92		REVISION
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99	12/1/92		REVISION
100	12/1/92		REVISION



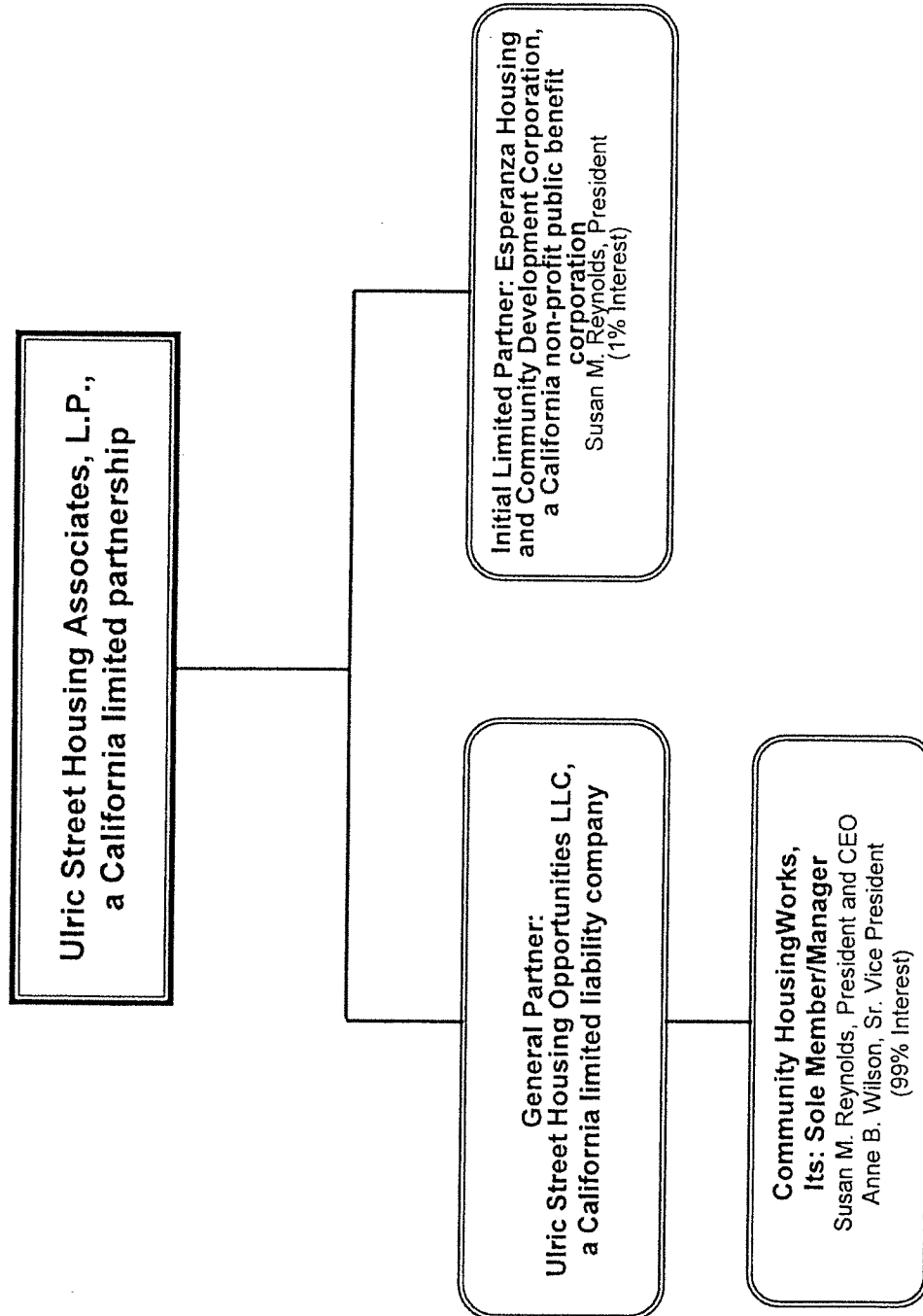
MAP 9792 - PARKSIDE CONDOMINIUMS
MAP 3253 - LINDA VISTA SUB UNIT NO. 8

THIS MAP WAS PREPARED FOR THE PURPOSE OF RECORDING ONLY. NO WARRANTY IS MADE BY THE COUNTY OF SAN DIEGO AS TO THE ACCURACY OF THE INFORMATION CONTAINED HEREIN. THE COUNTY OF SAN DIEGO DOES NOT WARRANT THE ACCURACY OF THE INFORMATION CONTAINED HEREIN.

SAN DIEGO COUNTY
REGISTERED MAP
BOOK 431 PAGE 25

ATTACHMENT 3 - ORGANIZATION CHART

Ulric Street Housing Associates, L.P.
Organization Chart



ATTACHMENT 4 – DEVELOPER'S PROJECT PRO FORMA

<p align="center">Community HousingWorks San Diego- Ulric 4% Tax Credits (96 Units) Development Summary 5/8/2019</p>			
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PERMANENT FINANCING SOURCES		PER UNIT	% OF TOTAL
Perm Loan	\$4,710,000	\$49,063	10.14%
San Diego Housing Commission	\$7,000,000	\$72,917	15.08%
County of SD - IHTF	\$8,000,000	\$83,333	17.23%
HCD- MHP	\$7,500,000	\$78,125	16.15%
			0.00%
			0.00%
RTCIP Fee Waiver	\$219,830	\$2,290	0.47%
			0.00%
			0.00%
GP 'In-Kind' Contribution	\$2,899,153	\$30,200	6.24%
Accrued Interest on Soft Debt	\$650,000	\$6,771	1.40%
Refunds	\$93,836	\$977	0.20%
Tax Credit Equity @ 0.95	\$15,354,295	\$159,941	33.07%
TOTAL SOURCES	\$46,427,114	\$483,616	100.00%
Surplus (Gap)	\$0		

CONSTRUCTION FINANCING SOURCES AND USES		PER UNIT	% OF TOTAL	
Construction Loan	28,466,831	\$28,466,831	\$296,529	61.32%
San Diego Housing Commission		\$6,300,000	\$65,625	13.57%
County of SD - IHTF		\$8,000,000	\$83,333	17.23%
				0.00%
				0.00%
				0.00%
				0.00%
Deferred Costs		\$2,123,226	\$22,117	4.57%
Tax Credit Equity	10%	\$1,537,056	\$16,011	3.31%
TOTAL CONSTRUCTION SOURCES		\$46,427,113	\$483,616	100.00%
Excess (Deficit)		(\$0)		

PERMANENT FINANCING USES		PER UNIT	% OF TOTAL
Acquisition Costs	5,460,037	\$56,875	11.76%
Residential Const Cost	26,037,628	\$271,225	56.08%
Architecture & Engineering	1,555,600	\$16,204	3.35%
Financing Costs	2,999,363	\$31,243	6.46%
Accrued Interest on Soft Debt	650,000	\$6,771	1.40%
Reserves	261,126	\$2,720	0.56%
Local Permits and Fees	1,828,313	\$19,045	3.94%
Fee & Syndication	4,949,153	\$51,554	10.66%
Other Soft Costs	\$2,685,893	\$27,978	5.79%
TOTAL USES	\$46,427,113	\$483,616	100.00%
Excess (Deficit)	\$0		

DEVELOPER FEE			
Total Developer Fee		\$4,899,153	
		\$0	
GP 'In-Kind' Contribution		\$2,899,153	
Developer Fee	***	\$2,000,000	
Earned @ Const Close	40%	\$800,000	
Developer Fee During Const & Close out		\$1,200,000	

**San Diego- Ulric
4% Tax Credits (96 Units)
Financing Summary**

FINANCING ASSUMPTIONS	
Predevelopment Loan	\$3,337,932
Construction Loan	\$28,466,831
Interest Rate	4.75%
Term (months)	21
Assumed Balance	50%
Lease-up and Conversion Term	6
Const Interest	845,109
Lease Up Interest	676,087
Total Construction Interest	1,521,196
Perm Loan	\$4,710,000
Interest Rate	6.00%
Amortization	35
Debt C. Ratio	1.150
Term (years)	17
Annual Debt Svc. - Housing	\$322,271
Amount Due at end of Term	\$3,542,241

Residual Loan Funding Sources		
San Diego Housing Commission		
Interest	Simple	4.00%
Term (years)		0
Minimum Annual Payment		\$10,000
Residual Annual Payment	Y	
Accrued Interest - During Const		\$350,000
Assumed Interest		
County of SD - IHTF		
Interest Rate	Simple	3.00%
Term (years)		55
Minimum Annual Payment		\$0
Residual Payment	Y	
Accrued Interest - During Const		\$300,000
Assumed Interest		
HCD- MHP		
Interest Rate	Simple	3.00%
Term (years)		0
Minimum Annual Payment		\$31,500
Residual Payment	Y	
Accrued Interest - During Const		\$281,250
Assumed Interest		
Soft Loan #4		
Interest Rate	Simple	3.00%
Term (years)		0
Minimum Annual Payment		\$0
Residual Payment	Y	
Accrued Interest - During Const		\$0
Assumed Interest		

San Diego- Ulric 4% Tax Credits (96 Units) Development Budget						
Category	TOTAL COST	Per Unit	Resid	Commerc	CONSTR	DEFER TO PERM.
Acquisition						
Escrow Deposits	0					
Land Cost or Value	4,238,304	44,149	4,238,304		4,238,304	
Demolition	0					
Existing Bldg / Improvements Value	0					
Title Escrow and Recording-Acq	4,500	47	4,500		4,500	
Land Loan Interest Cost	1,110,016	11,563	1,110,016		1,110,016	
Broker Commission						
Other - Acquisition	107,217	1,117	107,217		107,217	
Escrow Extension Fees	0					
Total Acquisition	5,460,037	56,875	5,460,037	0	5,460,037	0
CONSTRUCTION						
GC Construction Work						
Sitework	2,405,914	25,062	2,405,914		2,405,914	
Off-Site Improvements (GC)	354,638	3,694	354,638		354,638	
Parking	0					
Renewables (Gross before rebate)	0					
Environmental Remediation (GC)						
Structures	17,586,003	183,188	17,586,003		17,586,003	
Contractor Overhead & Profit	1,920,518	20,005	1,920,518		1,920,518	
General Conditions	928,000	9,667	928,000		928,000	
Retention	0					
Contractor Performance Bonds	289,938	3,020	289,938		289,938	
Contractor Liability Insurance	185,561	1,933	185,561		185,561	
Total GC Construction Work	23,670,571	246,568	23,670,571	0	23,670,571	0
Construction Contingency						
Construction Contingency	2,367,057	24,657	2,367,057		2,367,057	
Total Construction Contingency	2,367,057	24,657	2,367,057	0	2,367,057	0
Non-GC Construction Work						
Off-Site Improvements (Non-GC)	0					
Environmental Remediation (Non-GC)	0					
Owner Repair Costs	0					
Termite Remediation	0					
Non GC Contract Other	0					
Furnishings / Equipment / Personal Property	90,000	938	90,000		90,000	
Total Non-GC Construction Work	90,000	938	90,000	0	90,000	0
TOTAL CONSTRUCTION	26,127,628	272,163	26,127,628	0	26,127,628	0
A & E / CONST MGT / CONSULTANTS						
Total Architectural fees	976,600	10,173	976,600	0	976,600	0
Total Survey & Engineering Costs	579,000	6,031	579,000	0	579,000	0
Total Construction Management	210,000	2,188	210,000	0	210,000	0
Total Environmental & Other Consultants	102,500	1,068	102,500	0	102,500	0
FINANCE / LEGAL / INSURANCE						
Predevelopment / Bridge Financing						
Bridge Loan Finance Costs & Fees	0					
Bridge Loan Interest	0					
Predevelopment Loan Fee	33,379	348	33,379		33,379	
Predevelopment Loan Interest	233,855	2,434	233,855		233,855	
Predevelopment Loan - Other	0					
Total Predevelopment/Bridge Financing	267,035	2,782	267,035	0	267,035	0
Construction Financing						
Construction Loan Interest	1,521,196	15,846	1,521,196		1,521,196	
Construction Loan Fee	284,668	2,965	284,668		284,668	
Construction Loan Other	15,000	156			15,000	
Accrued Interest on Soft Debt	650,000	6,771	650,000		0	650,000
Real Estate Taxes	74,170	773	74,170		74,170	
Title Escrow & Recording-Construction	40,000	417	40,000		40,000	
Total Construction Financing	2,585,035	26,927	2,585,035	0	1,935,035	650,000

San Diego- Ulric 4% Tax Credits (96 Units) Development Budget						
Category	TOTAL COST	Per Unit	Resid	Commerc	CONSTR	DEFER TO PERM.
Permanent Financing Costs						
Rate Lock Fee - Refundable	0					
Perm Loan - Fee	47,100	491	47,100		0	47,100
Rate Lock Fee	0					
Low Floater Cap	0					
Title Escrow & Recording - Perm Loan	25,000	260	25,000		0	25,000
Perm Loan - Other	0					
Other Soft Lender Fees	116,500	1,214	116,500		116,500	
Total Permanent Financing Costs	188,600	1,965	188,600	0	116,500	72,100
Bond Fees-Cost of Issuance						
CDLAC Application Fee						
CDLAC Filing Fee	9,963	104	9,963		9,963	
Bond Issuer - Application Fee	5,000	52	5,000		5,000	
Bond Issuer - Issuance Fee	71,167	741	71,167		71,167	
TEFRA Fee to Agency	0					
Lender - Expenses (non-legal)	207,500	2,161	207,500		207,500	
CDLAC Performance Deposit-Refundable	100,000	1,042	100,000		100,000	
CDIAC fees	3,000	31	3,000		3,000	
Trustee Fees	15,000	156	15,000		15,000	
Total Bond Fees-Cost of Issuance	411,630	4,288	411,630	0	411,630	0
Total Tax Credit Fees	57,063	594	57,063	0	57,063	0
Total Syndication Costs	85,126	887	85,126	0	85,126	0
Legal Fees						
Owner Legal - Acquisition	4,450	46	4,450		4,450	
Owner - Construction Loan Legal	55,000	573	55,000		55,000	
Bank - Construction Loan Legal	45,000	469	45,000		45,000	
Issuer - Counsel	45,000	469	45,000		45,000	
Bond Counsel	50,000	521	50,000		50,000	
Legal - Syndication	35,000	365	35,000		35,000	
Total Legal Fees	234,450	2,442	234,450	0	234,450	0
Total Insurance	273,351	2,847	273,351	0	273,351	0
Total Reserves	261,126	2,720	261,126	0	0	261,126
Total Permits	1,831,813	19,081	1,831,813	0	1,831,813	0
MISCELLANEOUS						
Appraisal	12,000	125	12,000		12,000	
Accounting Audit (Non-Syndication)	10,833	113	10,833		10,833	
Leasing Commissions						
Marketing / Rent-Up	121,000	1,260	121,000		121,000	
Transitional Costs						
Market Study	8,500	89	8,500		8,500	
TOTAL MISCELLANEOUS	152,333	1,587	152,333	0	152,333	0
Relocation						
Relocation - Permanent	1,201,286	12,513	1,201,286		1,201,286	
Relocation Consultant	50,000	521	50,000		50,000	
Relocation - Temporary	0					
Total Relocation	1,251,286	13,034	1,251,286	0	1,251,286	0
Soft Cost Contingency						
Soft Cost Contingency	473,347	4,931	473,347		473,347	
Total Soft Cost Contingency	473,347	4,931	473,347	0	473,347	0
Developer Fee						
Developer Fee	4,899,153	51,033	4,899,153		3,759,153	1,140,000
Total Developer Fee	4,899,153	51,033	4,899,153	0	3,759,153	1,140,000
Total	46,427,113	483,616	46,427,113	0	44,303,888	2,123,226

San Diego- Ulric
4% Tax Credits (96 Units)
Operating Expenses

		increase				
PROJECTED OPERATING EXPENSES	Notes	ANNUAL TOTAL	Percentage of Total	ANNUAL PER UNIT	PER MONTH	PER UNIT PER MONTH
ADMINISTRATIVE EXPENSES						
Advertising		400	0.06%	4.17	33.33	0.35
Eviction/Legal		2,500	0.39%	26.04	208.33	2.17
Accounting/Audit		12,000	1.88%	125.00	1,000.00	10.42
Phone, Cable		11,550	1.80%	120.31	962.50	10.03
Credit and bank checks		2,500	0.39%	26.04	208.33	2.17
Licenses/ Fees		1,050	0.16%	10.94	87.50	0.91
SDHC & County Monitoring Fees		18,240	2.85%	190.00	1,520.00	15.83
TOTAL ADMINISTRATIVE EXPENSES		48,240	7.54%	502.50	4,020	41.88
MANAGEMENT FEE	Per Unit/Month \$ 55	63,360	9.90%	660.00	5,280	55.00
UTILITY EXPENSES						
Electricity		23,871	3.73%	248.66	1,989	20.72
Water		30,000	4.69%	312.50	2,500	26.04
Gas		21,100	3.30%	219.79	1,758	18.32
Sewer		30,000	4.69%	312.50	2,500	26.04
TOTAL UTILITY EXPENSES		104,971	16.40%	1,093.45	8,748	91.12
PAYROLL EXPENSES						
On-Site Manager/Assistant/Leasing		57,479	8.98%	598.74	4,790	49.89
Assitstant Manager- PT		18,500	2.89%	192.71	1,542	16.06
Maintenance Personnel		55,000	8.59%	572.92	4,583	47.74
Payroll Taxes/Benefits		51,082	7.98%	532.10	4,257	44.34
TOTAL PAYROLL EXPENSES		182,061	28.45%	1,896.47	15,172	158.04
INSURANCE		40,500	6.33%	421.88	3,375	35.16
REPAIRS & MAINTENANCE						
Painting and Unit Turns		5,000	0.78%	52.08	417	4.34
Repairs		6,250	0.98%	65.10	521	5.43
Trash Removal		12,747	1.99%	132.78	1,062	0.08
Pest Control		6,750	1.05%	70.31	563	5.86
Landscaping		9,500	1.48%	98.96	792	8.25
CAM- Storm and Park Maintenance			0.00%	0.00	0	0.00
Supplies		150	0.02%	1.56	13	0.13
Elevator Maintenance		15,000	2.34%	156.25	1,250	13.02
Fire Protection		0	0.00%	0.00	0	0.00
Lock & Keys		0	0.00%	0.00	0	0.00
Uniforms		1,000	0.16%	10.42	83	0.87
Janitorial Services			0.00%	0.00	0	0.00
Other: "Non-Routine" Maintenance Items		22,103	3.45%	230.24	1,842	19.19
Adjustment					0	-16.00
TOTAL REPAIRS & MAINTENANCE		78,500	12.27%	817.71	6,542	68.14
TOTAL RESIDENTIAL OPERATING EXPENSES		517,632	80.88%	5,392.00	43,136	449.33
RESIDENT SERVICES (Above the line)		61,750	9.65%	643.23	5,146	53.60
REPLACEMENT RESERVES		57,600	9.00%	600.00	4,800	50.00
REAL ESTATE TAXES & ASSESSMENTS		3,000	0.47%	31.25	250	2.60
TOTAL ANNUAL OPERATING EXPENSES		639,982	100.00%	6,666.48	53,332	555.54

San Diego- Uric
4% Tax Credits (96 Units)
Income

		TCAC			HCD/RDA				Section 8				Total Restricted		Sec 8	Square Footage	
AMI	# Units	TCAC	UA	Net	AMI	# Units	RDA	UA	Net RDA	# Units	Sec 8	UA	Monthly	Annual	Overhang	Unit	Total
Studios																	
30%	5	\$ 511	\$ 47	\$ 464									\$ 2,320	\$ 27,840		370	1,850
35%													\$ -	\$ -			
40%													\$ -	\$ -			
45%													\$ -	\$ -			
50%													\$ -	\$ -			
55%													\$ -	\$ -			
60%	7	\$ 1,023	\$ 47	\$ 976									\$ 6,832	\$ 81,984		370	2,590
70%													\$ -	\$ -			
80%													\$ -	\$ -			
MGR													\$ -	\$ -			
Total	12					0				0			\$ 9,152	\$ 109,824	\$ -		4,440
One Bedroom																	
30%	8	\$ 547	\$ 56	\$ 491									\$ 3,928	\$ 47,136		593	4,744
35%													\$ -	\$ -			
40%													\$ -	\$ -			
45%													\$ -	\$ -			
50%													\$ -	\$ -			
55%													\$ -	\$ -			
60%	13	\$ 1,095	\$ 56	\$ 1,039									\$ 13,507	\$ 162,084		593	7,709
70%													\$ -	\$ -			
80%													\$ -	\$ -			
MGR	1												\$ -	\$ -		593	593
Total	22					0				0			\$ 17,435	\$ 209,220	\$ -		13,046
Two Bedroom																	
30%	11	\$ 657	\$ 75	\$ 582									\$ 6,402	\$ 76,824		825	9,075
35%													\$ -	\$ -			
40%													\$ -	\$ -			
45%													\$ -	\$ -			
50%													\$ -	\$ -			
55%													\$ -	\$ -			
60%	22	\$ 1,314	\$ 75	\$ 1,239									\$ 27,258	\$ 327,096		825	18,150
70%													\$ -	\$ -			
80%													\$ -	\$ -			
MGR													\$ -	\$ -			
Total	33					0				0			\$ 33,660	\$ 403,920	\$ -		27,225

**San Diego- Ufric
4% Tax Credits (96 Units)
Income**

Three Bedroom												
TCAC				HCD/RDA				Section 8		Market Rent		
AMI	# Units	TCAC	UA	Net	AMI	# Units	RDA	UA	Net RDA	# Units	UA	Net Sec 8
30%	10	\$ 759	\$ 99	\$ 660								\$ 2,000
35%												
40%												
45%												
50%												
55%												
60%	19	\$ 1,518	\$ 99	\$ 1,419								\$ 2,000
70%												
80%												
MGR												
Total	29						0			0		

Total													\$ 33,561	\$ 402,732	\$ -	30,798
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Four Bedroom												
30%												\$ 2,000
35%												
40%												
45%												
50%												
55%												
60%												
70%												
80%												
MGR												
Total	0						0			0		

Total Residential													\$ 93,808	\$ 1,125,696	\$ -	75,509
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Overall project summary									
Bedrooms									
	0	1	2	3	Total				
TCAC AMI	0	8	11	10	34				
30%	5	0	0	0	0				
35%	0	0	0	0	0				
40%	0	0	0	0	0				
45%	0	0	0	0	0				
50%	0	0	0	0	0				
55%	0	0	0	0	0				
60%	7	13	22	19	61				
70%	0	0	0	0	0				
80%	0	0	0	0	0				
Aff Units	12	21	33	29	95				
MGR	0	1	0	0	1				
Total	12	22	33	29	96				

Total Income													\$ 94,576	\$ 1,134,912
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Total Restricted		Sec 8 Overhang		Square Footage	
Monthly	Annual			Unit	Total
\$ 6,600	\$ 79,200			1,062	10,620
\$ -	\$ -				
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\$ 26,961	\$ 323,532			1,062	20,178
\$ -	\$ -				
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\$ -	\$ -				
\$ 33,561	\$ 402,732				30,798

Total Restricted		Sec 8 Overhang		Square Footage	
Monthly	Annual			Unit	Total
\$ -	\$ -			1,200	
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**San Diego- Ulric
4% Tax Credits (96 Units)
Equity Summary**

TAX CREDIT EQUITY			
Project Info:			
County	SAN DIEGO		
Threshold Basis Year	2019		
4% or 9% Credits	4.00%		
4% Current Tax Credit Rate	3.30%	As of: January-19	
9% Current Tax Credit Rate	9.00%		
Threshold Basis:			
# UNITS	Type	LIMIT	TOTAL
12	0	\$237,558	\$2,850,696
21	1	\$273,902	\$5,751,942
33	2	\$330,400	\$10,903,200
29	3	\$422,912	\$12,264,448
0	4	\$471,150	\$0
95	TOTAL THRESHOLD BASIS LIMIT (TBL)		\$31,770,286
ADJUSTMENTS:			
Prevailing Wages (1)	Yes	20.0%	6,354,057
Parking Beneath Units(1)	Yes	7.0%	2,223,920
Day Care Center (1)	No	2.0%	0
100% Special Needs (1)	No	2.0%	0
Energy Title 24	No	4.0%	0
Seismic/Toxic Abatement		at cost	0
Elevator	Yes	10.0%	3,177,029
Energy Technologies		at cost	0
Impact Fees		at cost	1,592,913
High Opp Area	No	10.0%	0
50% - 36% AMI (4% only)		36%	11,370,418
< 35% AMI (4% only)		36%	22,740,836
ADJUSTED THRESHOLD BASIS LIMIT			\$79,229,459
Qualified Basis:	Acquisition	Construction	Total
Total Eligible Basis	0	\$37,560,173	\$37,560,173
% of Adjusted TBL / High Cost Test			47%
Ineligible Amounts	\$0	\$0	\$0
% Voluntarily Excluded	0%	0.0%	0.0%
Voluntarily Excluded (bc over Threshold Limit)		\$0	\$0
Voluntarily Excluded	\$0	\$0	\$0
Unadjusted Eligible Basis	\$0	\$37,560,173	\$37,560,173
DDA/QCT- Yes		\$11,268,052	\$11,268,052
ADJUSTED ELIGIBLE BASIS	\$0	\$48,828,225	\$48,828,225
Percentage Affordable	100%	100%	
ADJUSTED QUALIFIED BASIS			\$48,828,225
Tax Credit Construction Rate	3.30%	3.30%	
Annual Federal Credit Amount (CALCULATED)	\$0	\$1,611,331	\$1,611,331
Annual Federal Credit Amount (MAX ALLOWED)			N/A
FEDERAL CREDIT AMOUNT			\$16,113,314
Total State Credit Amount			\$0
Percentage of Credits Sold			100.0%
Price Per Tax Credit Dollar			0.95
Price Per State Tax Credit Dollar			-
Equity from Federal Credit			\$15,370,565
Equity from State Credit			\$0
Total Gross Proceeds			\$15,370,565
TOTAL TAX CREDIT EQUITY			\$15,370,565
Tax Credit Equity at Construction		10.00%	\$1,537,056
Tax Credit Equity at Takeout			\$13,833,508
(Gap)/Surplus		Balanced	\$0

San Diego - Ulric 4% Tax Credits (96 Units) Cash Flow Projections																
	Year:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Housing Portion																
Gross Scheduled Income - Rents	2.50%	1,125,696	1,153,838	1,182,684	1,212,251	1,242,558	1,273,622	1,305,482	1,338,099	1,371,551	1,405,840	1,440,986	1,477,011	1,513,936	1,551,784	1,590,579
Loss to Lease		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income		9,216	9,446	9,683	9,925	10,173	10,427	10,688	10,955	11,229	11,510	11,797	12,082	12,384	12,704	13,022
Vacancy	5%	(58,446)	(59,909)	(61,407)	(62,942)	(64,516)	(66,129)	(67,782)	(69,476)	(71,213)	(72,994)	(74,818)	(76,689)	(78,606)	(80,571)	(82,585)
Effective Gross Income		1,076,460	1,103,375	1,130,960	1,159,209	1,188,042	1,217,920	1,248,368	1,279,577	1,311,567	1,344,356	1,377,965	1,412,414	1,447,724	1,483,918	1,521,015
Operating Expenses	3.50%	(517,632)	(535,749)	(554,500)	(573,908)	(593,995)	(614,784)	(636,302)	(658,572)	(681,622)	(705,479)	(730,171)	(755,727)	(782,177)	(809,554)	(837,888)
Resident Services		(61,750)	(63,911)	(66,148)	(68,463)	(70,860)	(73,340)	(75,907)	(78,563)	(81,313)	(84,159)	(87,104)	(90,153)	(93,308)	(96,574)	(99,954)
Replacement Reserves		(57,600)	(59,616)	(61,703)	(63,862)	(66,097)	(68,411)	(70,807)	(73,283)	(75,848)	(78,503)	(81,250)	(84,094)	(87,038)	(90,084)	(93,237)
Minimum Payments on Sot Debt		(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)
Monitoring Fee (SDHC)		(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)
Issuer Fee		(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Real Estate Taxes	2.00%	(3,000)	(3,060)	(3,121)	(3,184)	(3,247)	(3,312)	(3,378)	(3,445)	(3,515)	(3,585)	(3,657)	(3,730)	(3,805)	(3,881)	(3,958)
Net Operating Income - Resi		370,257	374,814	379,263	383,592	387,791	391,848	395,751	399,487	403,043	406,405	409,557	412,485	415,171	417,600	419,753
Total Net Operating Income - Resi		370,257	374,814	379,263	383,592	387,791	391,848	395,751	399,487	403,043	406,405	409,557	412,485	415,171	417,600	419,753
Debt Service		(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)
Total Debt Service		(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)
After DS Cash Flow		47,986	52,543	56,992	61,321	65,520	69,577	73,480	77,216	80,772	84,133	87,286	90,213	92,900	95,329	97,482
Debt Coverage	1.15	1.15	1.16	1.18	1.19	1.20	1.22	1.23	1.24	1.25	1.26	1.27	1.28	1.29	1.30	1.30
Available for Residential Distributions		47,986	52,543	56,992	61,321	65,520	69,577	73,480	77,216	80,772	84,133	87,286	90,213	92,900	95,329	97,482
Cash Flow Distribution:																
Partnership Fee - Investor	(5,000)	(5,000)	(5,175)	(5,356)	(5,544)	(5,738)	(5,938)	(6,146)	(6,361)	(6,584)	(6,814)	(7,053)	(7,300)	(7,555)	(7,820)	(8,093)
Resident Services From Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Management Fee	(20,000)	(20,000)	(20,700)	(21,425)	(22,174)	(22,950)	(23,754)	(24,585)	(25,446)	(26,336)	(27,256)	(28,212)	(29,199)	(30,221)	(31,279)	(32,374)
Available for Total Distribution:		22,986	26,668	30,211	33,803	36,832	39,885	42,749	45,409	47,852	50,061	52,021	53,714	55,123	56,230	57,014
Deferred Developer Fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Starting Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Fee Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Available for Residual Split		22,986	26,668	30,211	33,803	36,832	39,885	42,749	45,409	47,852	50,061	52,021	53,714	55,123	56,230	57,014
Residual Note Payments																
San Diego Housing Commission	15%	(3,576)	(4,148)	(4,699)	(5,227)	(5,729)	(6,204)	(6,650)	(7,084)	(7,444)	(7,787)	(8,092)	(8,356)	(8,575)	(8,747)	(8,869)
County of SD - IRTF	17.4%	(4,086)	(4,741)	(5,371)	(5,974)	(6,548)	(7,091)	(7,600)	(8,073)	(8,507)	(8,900)	(9,248)	(9,549)	(9,800)	(9,996)	(10,136)
PCD- MHP	16.7%	(3,831)	(4,445)	(5,035)	(5,600)	(6,139)	(6,647)	(7,125)	(7,568)	(7,975)	(8,344)	(8,670)	(8,952)	(9,187)	(9,372)	(9,502)
Soft Loan #4	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total - Residual Payments		(11,493)	(13,334)	(15,105)	(16,801)	(18,416)	(19,942)	(21,374)	(22,705)	(23,926)	(25,031)	(26,010)	(26,857)	(27,562)	(28,115)	(28,507)
Developer Residual	50%	11,493	13,334	15,105	16,801	18,416	19,942	21,374	22,705	23,926	25,031	26,010	26,857	27,562	28,115	28,507
Cash Flow to Investor	10%	(1,149)	(1,333)	(1,511)	(1,680)	(1,842)	(1,994)	(2,137)	(2,270)	(2,393)	(2,503)	(2,601)	(2,686)	(2,756)	(2,811)	(2,851)
Cash Flow to Sponsor	90%	(10,344)	(12,001)	(13,595)	(15,121)	(16,574)	(17,948)	(19,237)	(20,434)	(21,533)	(22,527)	(23,409)	(24,171)	(24,805)	(25,303)	(25,656)

San Diego- Utric 4% Tax Credits (96 Units) Cash Flow Projections															
	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Housing Portion															
Gross Scheduled Income - Rents	1,630,343	1,671,102	1,712,880	1,755,702	1,799,594	1,844,584	1,890,699	1,937,966	1,986,415	2,036,076	2,086,977	2,139,152	2,192,631	2,247,446	2,303,633
Loss to Lease															
Other Income	13,348	13,681	14,023	14,374	14,733	15,101	15,479	15,866	16,263	16,669	17,086	17,513	17,951	18,400	18,860
Vacancy	(84,650)	(86,766)	(88,935)	(91,159)	(93,438)	(95,774)	(98,166)	(100,622)	(103,138)	(105,716)	(108,359)	(111,068)	(113,845)	(116,691)	(119,606)
Effective Gross Income	1,559,041	1,598,017	1,637,967	1,678,917	1,720,889	1,763,912	1,808,009	1,853,210	1,899,540	1,947,028	1,995,704	2,045,597	2,096,737	2,149,155	2,202,884
Operating Expenses	(867,214)	(897,567)	(928,981)	(961,486)	(995,148)	(1,029,976)	(1,066,028)	(1,103,339)	(1,141,955)	(1,181,924)	(1,223,291)	(1,266,106)	(1,310,420)	(1,356,285)	(1,403,755)
Resident Services	(103,453)	(107,074)	(110,821)	(114,700)	(118,714)	(122,869)	(127,170)	(131,621)	(136,228)	(140,996)	(145,930)	(151,038)	(156,324)	(161,796)	(167,458)
Replacement Reserves	(96,500)	(99,878)	(103,373)	(106,991)	(110,736)	(114,612)	(118,623)	(122,775)	(127,072)	(131,520)	(136,123)	(140,887)	(145,818)	(150,922)	(156,204)
Minimum Payments on Soft Debt	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)
Monitoring Fee (SDHC)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)	(14,725)
Issuer Fee	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Real Estate Taxes	(4,038)	(4,118)	(4,201)	(4,285)	(4,370)	(4,458)	(4,547)	(4,638)	(4,731)	(4,825)	(4,922)	(5,020)	(5,121)	(5,223)	(5,328)
Net Operating Income - Resi	421,611	423,156	424,366	425,220	425,695	425,769	425,417	424,612	423,329	421,539	419,213	416,320	412,828	408,705	403,914
Total Net Operating Income - Resi	421,611	423,156	424,366	425,220	425,695	425,769	425,417	424,612	423,329	421,539	419,213	416,320	412,828	408,705	403,914
Debt Service	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)
Total Debt Service	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)	(322,271)
After DS Cash Flow	99,340	100,884	102,094	102,948	103,424	103,498	103,145	102,341	101,058	99,268	96,942	94,049	90,557	86,433	81,643
Debt Coverage	1.31	1.31	1.32	1.32	1.32	1.32	1.32	1.32	1.31	1.31	1.30	1.29	1.28	1.27	1.25
Available for Residential Distributions	99,340	100,884	102,094	102,948	103,424	103,498	103,145	102,341	101,058	99,268	96,942	94,049	90,557	86,433	81,643
Cash Flow Distribution:															
Partnership Fee - Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Resident Services From Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Management Fee	(33,507)	(34,680)	(35,894)	(37,150)	(38,450)	(39,796)	(41,189)	(42,630)	(44,122)	(45,667)	(47,265)	(48,919)	(50,631)	(52,403)	(54,238)
Available for Total Distribution:	65,833	66,205	66,201	65,799	64,974	63,702	61,957	59,711	56,936	53,601	49,677	45,130	39,926	34,030	27,405
Deferred Developer Fee															
Starting Balance															
Deferred Fee Payment															
Available for Residual Split	65,833	66,205	66,201	65,799	64,974	63,702	61,957	59,711	56,936	53,601	49,677	45,130	39,926	34,030	27,405
Residual Note Payments	(10,241)	(10,299)	(10,298)	(10,235)	(10,107)	(9,909)	(9,638)	(9,288)	(8,857)	(8,338)	(7,727)	(7,020)	(6,211)	(5,294)	(4,263)
San Diego Housing Commission	(11,704)	(11,770)	(11,769)	(11,698)	(11,551)	(11,325)	(11,015)	(10,615)	(10,122)	(9,529)	(8,831)	(8,023)	(7,096)	(6,050)	(4,872)
County of SD - IRIIF	(10,972)	(11,034)	(11,033)	(10,966)	(10,829)	(10,617)	(10,326)	(9,952)	(9,489)	(8,934)	(8,279)	(7,522)	(6,654)	(5,672)	(4,566)
HCD- MHP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Soft Loan #4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total - Residual Payments	(32,917)	(33,102)	(33,100)	(32,899)	(32,487)	(31,851)	(30,376)	(28,855)	(26,468)	(23,601)	(20,438)	(17,565)	(13,963)	(10,701)	(7,303)
Developer Residual	32,917	33,102	33,100	32,899	32,487	31,851	30,376	28,855	26,468	23,601	20,438	17,565	13,963	10,701	7,303
Cash Flow to Investor	(3,292)	(3,310)	(3,310)	(3,290)	(3,249)	(3,185)	(3,098)	(2,986)	(2,847)	(2,680)	(2,484)	(2,256)	(1,996)	(1,701)	(1,370)
Cash Flow to Sponsor	(29,625)	(29,792)	(29,790)	(29,609)	(29,236)	(28,666)	(27,981)	(26,870)	(25,621)	(24,121)	(22,355)	(20,309)	(17,967)	(15,313)	(12,332)



SAN DIEGO
HOUSING
COMMISSION

ATTACHMENT 5
PROPOSED LOAN NON-BINDING COMMITMENT TERMS SUMMARY

Ulric Street Apartments
2645-2685 Ulric Street, San Diego, 92111
May 31, 2019

The San Diego Housing Commission ("Housing Commission") is pleased to submit this non-binding commitment term summary. This commitment terms summary is not a binding contract and is subject to the approval by the San Diego Housing Commission Board of Commissioners ("Board of Commissioners") and, if necessary, the Housing Authority of the City of San Diego. The purpose of this commitment terms summary is to set forth the general terms and conditions under which the Housing Commission is interested in making a loan ("Housing Commission Loan") to Ulric Street Housing Associates, L.P., a California limited partnership ("Borrower"), for Ulric Street Apartments ("Project") with respect to the proposed new construction and permanent financing of a 96-unit development (with 95 affordable units and one unrestricted manager's unit) located at 2645-2685 Ulric Street, San Diego. Closing must occur within eighteen (18) months of the Board of Commissioners approval of the Housing Commission loan, unless an extension is granted by the President & CEO of the Housing Commission (or by his designee) in his sole discretion.

In the event of a conflict between any term or provision (or absence of any term or provision) of this commitment terms summary and any term or provision of any approval of any applicable board or governing body, the term or provision of such board or governing body shall apply. Provided the Housing Commission Loan is approved by the Board of Commissioners, and if necessary by Housing Authority of the City of San Diego, the following terms shall apply to the Housing Commission Loan. In addition, Exhibit A includes the Borrower's pro forma which models financial projections of the Project.

The terms of the Housing Commission's proposed financing shall be as follows:

1. **Maximum loan amount (not to exceed)** - Up to \$7,000,000 as a residual receipts loan. Loan funds to be used for the acquisition, construction and permanent financing of the Project.
2. **Interest Rate-** Three (3) percent simple interest.
3. **Loan Term** - The loan will be due, and payable in full, in 55 years from completion of the Project.
4. **Loan Payments** - Annual payments on the loan shall equal the 50% percent of the Project's residual cash. Provided, however, if the Housing Commission approves other lenders whose loans will be paid from residual receipts, then the Housing Commission and such other approved lenders shall share the 50% percent of the Project's residual receipts, in proportion to the original principal balances of their



respective loans. The following items, in addition to other operating expenses, shall be payable by the Borrower prior to the calculation of residual receipts:

- (i) The year 1 “Limited Partnership Fees” shall be capped at \$25,000. “Limited Partnership Fees” shall be defined to include any and all partnership-related fees including but not limited to: Investor Partnership fees, Asset Management fees, Other Limited Partnership oversight fees, and General Partner Fees. Partnership fee increases will be capped at three (3) percent annually. Unpaid partnership fees shall not accrue and the Housing Commission will require the Limited Partnership Agreement to explicitly state that requirement.
- (ii) Eligible deferred developer fee, and
- (iii) Repayment of eligible development deficit and operating deficit loans.

5. **Affordability-**

- a. Restricted units must remain affordable for 55 years. At escrow closing the Borrower and the Housing Commission shall cause a Declaration of Covenants, Conditions, and Restrictions (CC&R), restricting the rent and occupancy of the affordable units for 55 years, to be recorded against the Project. Such CC&R shall be in a form and format acceptable to the Housing Commission and its General Counsel in their sole discretions.
- b. The affordability shall be as follows:

Unit Type	AMI	Affordable Units
Studio	30%	5
One-Bedroom	30%	8
Two-Bedroom	30%	11
Three-Bedroom	30%	10
Subtotal 30% AMI		34
Studio	60%	7
One-Bedroom	60%	13
Two-Bedroom	60%	22
Three-Bedroom	60%	19
Subtotal 60% AMI		61
Manager's Unit	N/A	1
TOTAL		96

- 6. **Alternate Funding-** If the Borrower does not secure 4 percent tax credits in the California Tax Credit Allocation Committee's (CTCAC) January meeting round in 2020, then borrower shall make application for 4% credits in the next available CTCAC funding round. Borrower shall also seek alternative funding, including but not limited to the State of California Department of Housing and Community



Development, County of San Diego, Federal Home Loan Bank, etc. along with tax exempt bonds and 4% tax credits, Housing Commission legal counsel will determine if subsequent approvals for alternative financing structures are required by the San Diego Housing Commission Board of Commissioners and the Housing Authority of the City of San Diego.

7. **Appraised Value** - The purchase price of land and improvements shall not exceed the \$7,700,000, appraised value as shown in the Lea & Company, March 28, 2018 appraisal report. One hundred percent (100%) of any net sales proceeds over the appraised value of \$7,700,000, resulting from a subsequent sale to the tax credit limited partnership shall be structured as a Seller Carryback Loan, payable from the Borrower's share of residual receipts. Borrower will submit an updated appraisal report with an effective date that is no more than 90 days before the closing.
8. **Closing Costs** - The Borrower shall pay all escrow, title and closing costs, including, without limitation, paying for an American Land Title Association (ALTA) Lender's Policy for the Housing Commission Loan with endorsements, as acceptable to the Housing Commission's legal counsel.
9. **Construction Costs Third-Party Review** - Prior to loan approval a costs review will be obtained by the Housing Commission with a third-party consultant. Borrower will reimburse the Housing Commission at escrow closing for all reasonable third-party review costs.
10. **Contractor** - The construction contract shall be competitively bid to at least three qualified General Contractors and shall be awarded to the lowest qualified and responsive bidder.
 - a. Borrower will submit copies of three qualified bids received from subcontractors for each trade.
 - b. Construction Agreement - Borrower shall submit the proposed Construction Agreement to the Housing Commission for its review and prior approval. The Housing Commission shall have a minimum of two weeks for its review of the proposed Construction agreement.
 - c. Subcontractors – the Borrower shall require the General Contractor to solicit and obtain competitive bids from at least three qualified subcontractors for each major trade involved in the construction of the Project. Those bids will be reviewed and approved by the Borrower. The Borrower and General Contractor shall submit the subcontractors' competitive bids to the Housing Commission for prior review and reasonable approval.
 - d. Change orders at, or in excess of, \$50,000 shall have Housing Commission's prior written approval. For proposed change orders over \$50,000, the Borrower and General Contractor shall submit to the Housing Commission a detailed



explanation of why the change order work is necessary, why the issue was not included in the original scope of work, and why the change is not being charged against the General Contractor's contingency.

- e. Agreement Changes - a Construction Agreement with a Guaranteed Maximum Price (GMP) may not be revised to a Lump Sum or other form of Construction Agreement without the prior written approval of the Housing Commission.
 - f. Insurance - prior to close of escrow, evidence of the General Contractor's insurance acceptable to the Housing Commission's legal counsel shall be provided. The Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego, shall be named as additional insureds on the General Contractor's insurance policies.
11. **Tax Credit Equity-** Borrower will provide the Letter Of Intent with equity pricing from the low-income housing tax credit (LIHTC) investor within 90 days of closing.
12. **First Mortgage-** Borrower will provide the term sheet from the first mortgage provider that was used at time of application as well as an update within 90 days of closing.
13. **Cost Certification -** The Borrower shall submit the final tax credit cost certification to the Housing Commission for its review and approval before the cost certification is completed/finalized.
14. **Cost Savings and/or Additional Proceeds at Escrow Closing -** In the event that the Borrower obtains funds in excess of those shown as sources in Exhibit A Proforma, then upon the construction loan closing, the excess funds shall be used as follows:
- a. First, such excess funds shall be used to fund development cost overruns reasonably approved by the Housing Commission.
 - b. Second, upon Construction Loan Closing and subject to lender and investor approval, any excess funds shall be used to pay the Housing Commission Loan as set forth in Section 15 below.
 - c. Other Public Lenders - If the Project financing includes other public lenders who may require cost savings sharing then the cost savings shall be split proportionately based upon the public lenders loan amounts and in conformance with the other public lenders' agreements.
15. **Cost Savings and/or Additional Proceeds at Conversion to Permanent Financing -** In the event that the Borrower obtains funds in excess of those shown as sources in Exhibit A Proforma, (including but not limited to cost savings, improved debt, improved tax credit equity pricing, deferred developer fee if any, and any other sources), then upon conversion to permanent loan, the excess funds shall be used as follows:



- a. First, to pay for development cost overruns reasonably approved by the Housing Commission.
- b. Second, used to make any necessary adjustment to the total tax credit allocation as may be required by CTCAC.
- c. Third, payment towards the Borrower's deferred developer fee. A deferred developer fee is currently modeled in the pro forma (Attachment A).
- d. Fourth, cost savings shall be shared fifty percent (50%) to the Borrower and the other fifty percent (50%) will be paid to the Housing Commission and other soft lenders in proportion to the original principal balance of their loans.
- e. Excess funds will be applied first to pay down the accrued interest and the remaining amount shall pay down the principal of the Housing Commission Loan.

16. Developer Fee-

- a. Maximum Cash Developer Fee \$2,000,000 paid from Development Sources with the excess Developer Fee calculated per TCAC and SDHC guidelines.
- b. Additional developer fee provisions
 - i. If for any reason the Borrower does not collect the entire developer fee from development sources through the last equity installment, with the exception of negative tax credit adjusters, uncollected fee up to \$2,000,000 shall be given priority over Housing Commission residual receipt payments.
 - ii. If any amount of the developer fee is deferred, then such amount shall be repaid during the 15-year tax credit compliance period. Amounts outstanding after the expiration of the 15-year tax credit compliance period shall be contributed to the Project in the form of a capital contribution.
- c. Developer fee payments shall be paid out incrementally: because this is a tax credit project, the developer fee payments shall be in accordance with lender and investor requirements.

- 17. Due Diligence** - The Borrower, at Borrower's expense, shall provide the following: a current appraisal, an environmental review, a lead paint and asbestos review, and a relocation plan for tenants in the existing buildings that will be demolished prior to commencement of construction of the Project.

- 18. Environmental Requirements** - Currently HOME funds are planned for this Project. Notwithstanding any provision of this Letter, the parties agree and acknowledge that this Letter constitutes a conditional reservation and does not represent a final commitment of HOME funds or site approval under 24 CFR Part 58 of the National Environmental Policy Act (NEPA). HOME funds constitute a portion of the funding for the Project, and a final reservation of HOME funds shall occur only upon satisfactory completion of environmental review and receipt by the City of San Diego of a Release Of Funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58 of NEPA. The parties agree that



the provision of any HOME funds to the Project is conditioned on the City of San Diego's determination to proceed with, modify or cancel the Project based on the results of subsequent environmental review under NEPA. By execution of this Letter, you acknowledge no legal claim to any amount of HOME funds to be used for the Project or site unless and until the site has received environmental clearance under NEPA. You are also prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, clearance, rehabilitation, conversion, repair or construction prior to environmental clearance under NEPA. Violation of this provision may result in denial of any HOME funds for this Project.

19. **Fees/Payments to Housing Commission** - Borrower will pay to the Housing Commission:

- a) **Underwriting Fee** - a flat underwriting fee in the amount of **\$60,000** will be charged as reimbursement of Housing Commission costs related to underwriting and issuing the loan. This must be included in the total development cost of the Project and is to be paid at close of escrow.
- b) **Legal Fee** - the Housing Commission charges a legal costs fee for document preparation and review that must be included in the total development cost. Current Housing Commission legal fees are **\$25,000** and are to be paid at the close of escrow.
- c) **Compliance Affordability Monitoring Fee** - compliance monitoring fees must be incorporated into the operating proforma. Borrower will pay the fee in accordance with the then-existing Housing Commission fee schedule. Current annual affordability monitoring are as follows: \$155 X 95 (Project units to be affordability monitored) = **\$14,725** per year. Additional training and assistance is currently at \$100 per hour.
- d) **Asset Management Fee** - the Housing Commission charges a 15-year capitalized asset management fee of **\$15,000** and is paid at close of escrow.
- e) **Third-Party Construction Review** - the Housing Commission requires a third-party review of the construction costs/budget to determine the reasonableness of construction costs. The third-party reviewer will be selected by the Housing Commission and paid for by the borrower. Current fees are an estimated **\$12,500** paid by the developer at close of escrow.

20. **Fees for Asset Management** (amounts not to exceed)-

- a. As detailed in paragraph 4 (above), the year 1 "Limited Partnership Fees" shall be capped at \$25,000 per year and shall not increase more than 3.0% annually. "Limited Partnership Fees" include Asset management fees (19(d)) related to the investor and general partner's management of the Project.
- b. Unpaid General Partner fees shall not accrue. The Housing Commission will require the Limited Partnership Agreement to explicitly state this requirement.



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- c. Any changes to the asset management partnership fees will require the prior written approval of the Housing Commission's President and CEO or his designee.
21. **Financing Gap** - The Borrower will cover any financing gap that arises after Housing Commission underwriting, with its equity, its developer fee, and/or other non-Housing Commission sources, all of which shall be subject to the approval of the Housing Commission in its sole discretion and will not be unreasonably withheld. No additional Housing Commission funds, beyond this Letter of Intent's \$7,000,000, will be provided for the Project in any Housing Commission's future Notices of Funds Available.
22. **Funding Sources** - The Housing Commission may fund the Housing Commission Loan from various sources including local, State, and/or federal funds including HOME Investment Partnership Program funds. The Housing Commission reserves the right to allocate available program funds in the best interest of the Housing Commission. Borrower should be familiar with the HOME programs rules and regulations, Federal Davis Bacon law and Section 3.
23. **HOME Investment Partnerships (HOME) Funds** -
Currently there are HOME funds planned for the Project. It is estimated that the Project will have approximately eight (8) HOME restricted units. The Housing Commission reserves the right to adjust the amount of HOME units as deemed necessary.
 - a. HOME program regulations will be applicable.
 - b. HOME funds may not be used to fund any of the following:
 - i) Any reserves are not eligible for HOME funds (including but not limited to operating reserves).
 - ii) Offsite improvements are not eligible for funding with HOME funds.
 - iii) Furnishings costs are not eligible for funding with HOME funds.
 - iv) Commercial space improvements are not eligible for funding with HOME funds.
 - c. The HOME IDIS funding system requires at least one HOME draw in a 12 month period and at least of small portion of the HOME funds must remain in the IDIS system until the Project is ready for occupancy.
24. **Insurance** - Borrower shall at all times during the term of the loan maintain General Liability and Property Insurance (fire and extended coverage), workers compensation, builder's completed value risk insurance against "all risks of physical loss" (during construction) and, if required by the Housing Commission, floor and earthquake insurance, in forms acceptable to the Housing Commission



and approved by the Housing Commission's General Counsel. The San Diego Housing Commission, the Housing Authority of the City of San Diego, and the City of San Diego shall be listed as an additional insureds: for General Liability Insurance, for Property Insurance, and in the General Contractor's Insurance policy. The San Diego Housing Commission shall be endorsed as a loss payee of the private insurance policies. Evidence of borrower's insurance coverage shall be provided to the Housing Commission prior to close of escrow.

25. **Loan Disbursement Schedule** - Upon submittal and approval of eligible costs, the Housing Commission Loan (up to **\$7,000,000**) will be disbursed as follows:

- Up to 75 percent (**\$5,250,000**) at escrow closing.
- Up to 15 percent (**\$1,050,000**) to be distributed at 50 percent construction completion,
- Up to 5 percent (**\$350,000**) to be withheld until final inspection approval and all unconditional lien releases are forwarded to the Housing Commission.
- Up to 5 percent (**\$350,000**) upon conversion to permanent financing.
- a. The Housing Commission's President and Chief Executive Officer, or his designee, is authorized to modify the Housing Commission Loan disbursement schedule in their sole reasonable discretion.
- b. A portion of the HOME program funds must be withheld until final inspection approval and all unconditional lien releases are forwarded to the Housing Commission.
- c. Loan proceeds are disbursed for work completed upon Housing Commission approval of payment requests in a form approved by the Housing Commission. Verifiable documentation of expenses must be submitted with all payment requests.

26. **Loan Payments** – Annual hard payments will not be required. Annual residual receipts payments at 50 percent of cash flow is required.

- a. Starting at the end of the first year after Project completion, the Housing Commission will split its share of residual cash flow with Housing Commission-approved public lenders loans, in proportion to their respective loan amounts. Residual payments will begin on May 1, in the year immediately following the calendar year in which construction is completed.
- b. The Housing Commission defines residual receipts as the net cash flow of the development after specified expenses and other debt service are paid.
- c. Funds will be applied first to pay down the accrued interest and the remaining amount shall pay down the principal of the Housing Commission Loan.



27. **Management of the Development -**

- a. **Management Plan** - Prior to occupancy the Borrower shall submit a Management Plan to the Housing Commission for its review and approval. The Management Plan shall be subject to initial and periodic approval by the Housing Commission, at its reasonable discretion.
- b. **Approval of Management Fee** - The Borrower's proposed property manager's fee must be approved by the Housing Commission.
- c. The Housing Commission reserves the right to declare Borrower in default of the loan agreement after an uncured ninety (90) day written notice of malfeasance and/or misfeasance in management of the Project.
- d. **Manager's Units** - Experienced on-site management is required. There shall be one manager's unit.
- e. **Marketing Plan** - to ensure compliance with HOME regulations and with federal fair housing requirements prior to occupancy the Borrower shall submit a proposed marketing plan for review and approval by the Housing Commission's Civil Rights Analyst in the Procurement and Compliance Division.

28. **Maximum Resident Service Expenses & Case Management-**

- a. For the calculation of Housing Commission's residual receipts the attached pro forma's operating expense budget models maximum allowable resident supportive services expenses at \$61,750 per year (with a 3 percent annual escalator). The Borrower will provide a detailed breakout of these costs on an annual basis. Increasing this amount will require prior Housing Commission approval.

29. **Annual Budget Submittal** - Three months prior to the end of each calendar year, the Borrower shall submit an annual budget for Housing Commission review and prior approval.

30. **Permanent Supportive Housing** - The Project will have Project Based Vouchers (PBV) from the Housing Commission.

31. **Prevailing Wage** - It is anticipated that the Project will not be subject to Federal Davis-Bacon prevailing wage rates because the anticipated ten (10) HOME program restricted units are less than the 12 HOME unit federal threshold level.

32. **Recourse** - The Housing Commission's loan will be recourse until the timely completion of the construction, after which it will become non-recourse.

33. **Reserves**: Replacement reserves and operating reserves must be consistent with lender and equity investor requirements. The Housing Commission reserves the right to require higher operating or replacement reserves.

- a. **Replacement Reserve** -The attached proforma models an annual replacement reserve at \$57,600 (\$600 per unit per year).



- b. Operating Reserve - The attached proforma models a capitalized operating reserve at \$226,719 at conversion to permanent financing. The operating reserve is to be maintained for the entire term of the Housing Commission's loan.
 - c. Disbursements from Reserves: Housing Commission prior written approval shall be required for any and all disbursements from either the Project's operating reserve funds and/or from the Project's replacement reserve funds.
34. **Section 3** - Section 3 of the HUD Act of 1968 will be applicable and Borrower should be familiar with, and remain in compliance with, all Section 3 requirements.
35. **Security** - The Housing Commission Loan will be secured by a Declaration of Covenants, Conditions and Restrictions (CC&R), a Loan Agreement, and a Deed of Trust which will be senior to the deeds of trust and security instruments securing all other sources of funds secured by the Property, except that the Housing Commission's CC&R and Deed of Trust shall be subordinated to:
- a) The deed of trust and security instruments securing the construction and permanent loan.
 - b) **Lien position** - The lien positions will be approved by the Housing Commission's President and CEO and the Housing Commission's General Counsel. It is intended that the lien positions will be conformance with the public lenders' program requirements, and the requirements of private lenders which may require Housing Commission subordination.
 - c) **Cure Rights** - The Housing Commission shall have the right, but not the obligation, to cure all senior encumbrances in all subordinating agreements that it executes. All subordination agreements shall be subject to the sole approval of the Housing Commission's President and Chief Executive Officer and General Counsel.
36. **Tenant Service Delivery Plan** - Borrower shall submit a draft tenant service delivery plan 90-days prior to occupancy for Housing Commission staff review and comment. Borrower shall submit a revised draft incorporating Housing Commission comment prior to occupancy of the first tenant. A final tenant service deliver plan shall be subject to the approval of the Housing Commission in its reasonable discretion and will not be unreasonably withheld prior to Project lease-up.
37. **Title (ALTA Lender's Policy)** - The Borrower shall acquire, at its sole cost and expense, an ALTA Lender's Policy for the Commission Loan with endorsements acceptable to the Housing Commission.
38. **Relocation** - The Borrower shall submit and/or supplement a relocation plan that complies with all applicable laws and regulations, which must be accompanied by a legal opinion, subject to the General Counsel's satisfaction, stating that the proposed plan complies with any and all applicable laws and regulations.



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39. **Miscellaneous Additional Conditions** - The Housing Commission reserves the right to impose such additional conditions in the final documentation of the transaction as are reasonably necessary to protect the interests of the Housing Commission and fulfill the intent of this letter.
40. **Exhibit A - Proforma** - is attached hereto and is hereby incorporated.

If the Borrower is willing to proceed on the terms and conditions referenced herein, please execute this letter of intent and return it to the undersigned by May __ 2019, so that this letter of intent may be attached to the Housing Commission Board report.



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ACKNOWLEDGED AND AGREED TO BY:
ULRIC STREET HOUSING ASSOCIATES, L.P.

By: 

Print Name: Susan M. Reynolds

Title: President & CEO

Date: 6/4/2019


San Diego Housing Commission

By: 

Print Name: Emily S. Jacobs

Title: Senior Vice President

Date: 6.4.2019

Attachment: Exhibit A Developer's Pro forma

ATTACHMENT 6
HOUSING COMMISSION MULTIFAMILY
HOUSING REVENUE BOND PROGRAM SUMMARY

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

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

Affordability: Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AML. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

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

Approval Process:

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

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

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

- Application for Bond Allocation: The issuance of these "private activity bonds" (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders. If rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.

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

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



ATTACHMENT 7 – DEVELOPER’S DISCLOSURE STATEMENT

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

1. Name of CONTRACTOR: Community HousingWorks
 2. Address and ZIP Code: 2815 Camino del Rio South, Suite 350
 3. Telephone Number: 619-450-8709
 4. Name of Principal Contact for CONTRACTOR: Anne B. Wilson, Senior Vice President
 5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0317950
 6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:
 - ☐ A corporation (Attach Articles of Incorporation)
 - ☒ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status) see TAB 2.3.1
 - ☐ A partnership known as: _____
(Name)
- Check one:
- ☐ General Partnership (Attach Statement of General Partnership)
 - ☐ Limited Partnership (Attach Certificate of Limited Partnership)
 - ☐ A business association or a joint venture known as: _____
(Attach joint venture or business association agreement)
 - ☐ A Federal, State or local government or instrumentality thereof.
 - ☐ Other (explain)
7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
1988
 8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
 - a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10 percent of any class of stock.
 - (b)** If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: *Please refer to the Board of Directors list included in TAB 5.1	
Address:	
Name:	
Address:	
Name:	
Address:	

9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months? If yes, please explain in detail.

**We have had a few board members transition and a few new ones added.
No change in CHDO status or total number of board members has been made.**

10. Is it *anticipated* that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail.

Every year, a small number of board members may transition due to term limits and are replaced.

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: * Not Applicable	
Address:	
Name:	
Address:	
Name:	
Address:	

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: * Please refer to the Board of Directors list included in TAB 5.1	
Address:	
Name:	
Address:	
Name:	
Address:	

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

Name and Address	Relationship to CONTRACTOR
Name: *No, Not Applicable	
Address:	
Name:	
Address:	
Name:	
Address:	

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

Please refer to the quarterly financial statements and 2016 Audit in TAB 5.3.

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

Please refer to the pro forma Sources and Uses included in TAB 1.6.

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

- a. In banks/savings and loans: **Community HousingWorks will provide a complete list of these sources and the amount of cash available to meet proposed equity requirements at a later date.**
- Name:
- Address:
- Amount: \$

- b. By loans from affiliated or associated corporations or firms:

Name:

Address:

Amount: \$

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

Description	Market Value (\$)	Mortgages or Liens (\$)

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

Name and Address	Contact Name
Name: Union Bank, N.A.	Jessica Mackenzie, Vice President
Address: 1901 Avenue of the Stars	(310) 551-8969
Los Angeles, CA 90067	Jessica.Mackenzie@unionbank.com
Name: Bank of America	Charmaine Atherton, Senior Vice President
Address: 333 South Hope Street, 11 th Fl	(213) 631-4861
Los Angeles, CA 90017	Charmaine.atherton@baml.com
Name: National Equity Fund	Todd Fabian, Vice President
Address: 500 S Grand Ave, #2300	(213) 240-3144
Los Angeles, CA 90017	tfabian@nefinc.org

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

☐ Yes ☒ No

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

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

☐ Yes ☒ No

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

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

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
Kalos Public Improvements	Grading and improvement plans to build affordable housing	7/26/2013	\$932,204	Released
North Park Seniors Public Improvements	Grading and improvement plans to build affordable housing	1/30/2018	\$252,058	In process of being released

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

- a. Name and addresses of such contractor or builder: ***NOT APPLICABLE**

Name and Address	Affiliation
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

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

☐ Yes

☐ No

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

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

General description of such work:

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

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

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

Identification of Contract or Development	Location	Amount	Date to be Completed

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

Awarding Agency	Amount	Date Opened

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

Please refer to the Developer Qualifications and List of Key Personnel in TAB 2.2.

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

☐ Yes

☒ No

If yes, explain:

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:
Not Applicable

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

☐ Yes

☒ No

If yes, explain:

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

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

Check coverage(s) carried:

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

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

Check coverage(s) carried:

- ☒ Comprehensive Form
☒ Owned
☒ Hired
☒ Non-Owned

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

See Certificate- Tab 2.3.2

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

Not Applicable

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

See Certificate, \$15,000,000 – Tab 2.3.3

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

Not Applicable

27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not, without prior written consent of SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
29. CONTRACTOR warrants and certifies that no member, Commissioner, Councilperson, officer, or employee of SDHC, the AUTHORITY and/or the CITY, and no member of the governing body of the locality in which the PROJECT is situated, no member of the governing body in which SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has, during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

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

Government Complaint	Entity	Making	Date	Resolution
*None				

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

☐ Yes

☒ No

If yes, please explain, in detail,

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

Government Agency	License Description	License Number	Date Issued (Original)	Status (Current)	Revocation (Yes/No)
City of San Diego	Business License	B2004013671	1/1/2018	Current	No

See Tab 2.3.4

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

*None

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

Community HousingWorks has a proud history of successful contract administration that will assure its successful completion of this project. We have developed and currently own and operate five affordable housing projects and are currently in construction of one project in the City. We have met our loan obligations with each.

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

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
	*See Attachment 4 in TAB 2.5		

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

☐ Yes ☒ No

If yes, explain:

Not Applicable. Community HousingWorks is not a General Contractor

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

☐ Yes ☒ No

If yes, explain:

Not Applicable

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

- Name: **Jessica Mackenzie, Vice President – Union Bank**
Address: **1901 Avenue of the Stars, Suite 600, Los Angeles, CA 90067**
Phone: **310-551-8969**
Project Name and Description: **Kalos Apartments (new construction, 83 apts., in San Diego)**
- Name: **Charmaine Atherton, Senior Vice President – Bank of America**
Address: **333 South Hope Street, 11th Fl, Los Angeles, CA 90017**
Phone: **213-621-4816**
Project Name and Description: **Mayberry Townhomes (rehabilitation, 70 apts., in San Diego), Avocado Court Apartments (new construction, 36 apts., in Escondido)**

3. Name: **Todd Fabian, Vice President, National Equity Fund**

Address: **500 S Grand Ave, #2300, Los Angeles, CA 90017**

Phone: **213-240-3144**

Project Name and Description: **Las Serenas Apartments (rehabilitation, 102 apts., in San Diego)**

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

Not Applicable

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

Name	Experience
TBD	

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

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

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

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

Executed this 1 day of March, 20 18, at San Diego, California.

CONTRACTOR

By: 

Signature

Senior Vice President

Title

CERTIFICATION

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

By: [Signature]

By: _____

Title: Senior Vice President

Title: _____

Dated: 3/1/2018

Dated: _____

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

JURAT

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

State of California

County of San Diego

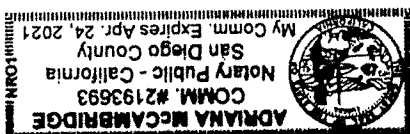
Subscribed and sworn to (or affirmed) before me on this 1 day of March, 2018

by Anne B. Wilson personally known to me or proved to me on the basis of

satisfactory evidence to be the person(s) who appeared before me.

[Signature]
Signature of Notary

SEAL





CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



Leaf & Cole, LLP
Certified Public Accountants

**COMMUNITY HOUSINGWORKS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Community HousingWorks

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Community HousingWorks, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community HousingWorks as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 40 to 55 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2018, on our consideration of Community HousingWorks' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community HousingWorks' 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 Community HousingWorks' internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California
May 21, 2018

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS		
	<u>2017</u>	<u>2016</u>
<u>Current Assets:</u> (Notes 2, 4 and 5)		
Cash and cash equivalents	\$ 18,698,632	\$ 16,787,553
Security deposits	483,900	471,813
Grants and contracts receivable	153,114	61,214
Contributions receivable, net	60,713	28,416
Accounts receivable - related parties	11,950,737	8,405,281
Accounts receivable - other, net	353,242	450,143
Prepaid expenses	486,567	247,487
Property held for sale	1,470,971	-
Total Current Assets	<u>33,657,876</u>	<u>26,451,907</u>
<u>Noncurrent Assets:</u> (Notes 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13 and 14)		
Contributions receivable, net	5,278	19,032
Restricted reserves	5,724,187	5,110,834
Loans receivable, net	696,151	773,516
Notes receivable - related parties, net	31,980,646	23,733,041
Interest receivable	999,590	519,299
Property and equipment, net	77,409,899	63,773,714
Investments in limited partnerships	6,296,782	3,979,641
Deposits	131,012	383,090
Other assets, net	36,109	37,491
Total Noncurrent Assets	<u>123,279,654</u>	<u>98,329,658</u>
TOTAL ASSETS	<u><u>\$ 156,937,530</u></u>	<u><u>\$ 124,781,565</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2017 AND 2016

LIABILITIES AND NET ASSETS

	<u>2017</u>	<u>2016</u>
<u>Current Liabilities:</u> (Note 2)		
Accounts payable and accrued expenses	\$ 1,846,279	\$ 1,911,812
Security deposits	492,733	474,952
Deferred revenue	118,234	95,594
Current portion of noncurrent liabilities	10,151,909	2,832,209
Total Current Liabilities	<u>12,609,155</u>	<u>5,314,567</u>
<u>Noncurrent Liabilities:</u> (Notes 2, 11, 12 and 13)		
Deferred revenue	292,161	337,114
Notes payable - amortized debt , net	56,170,442	41,660,629
Bonds payable, net	7,397,040	7,774,428
Notes payable - residual receipts debt, net	21,439,734	21,463,964
Interest payable - residual receipts debt	10,458,813	9,983,960
Less: Current portion	(10,151,909)	(2,832,209)
Total Noncurrent Liabilities	<u>85,606,281</u>	<u>78,387,886</u>
Total Liabilities	<u>98,215,436</u>	<u>83,702,453</u>
<u>Commitments and Contingencies</u> (Note 14)		
<u>Net Assets:</u> (Notes 2, 15 and 16)		
Unrestricted	56,762,522	38,513,561
Temporarily restricted	382,348	312,375
Permanently restricted	1,577,224	2,253,176
Total Net Assets	<u>58,722,094</u>	<u>41,079,112</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 156,937,530</u>	<u>\$ 124,781,565</u>

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Support and Revenues:</u>				
Contributions	\$ 586,456	\$ 179,496	\$ -	\$ 765,952
Developer fees	10,791,512	-	-	10,791,512
Grants and contracts	1,057,400	-	-	1,057,400
Loan fees and interest	1,059,214	1,138	-	1,060,352
Management fees	641,095	-	-	641,095
Other income	454,550	-	-	454,550
Program income	1,026,473	-	-	1,026,473
Rental income	9,937,206	-	-	9,937,206
Net assets released from restrictions	786,613	(110,661)	(675,952)	-
Total Support and Revenues	<u>26,340,519</u>	<u>69,973</u>	<u>(675,952)</u>	<u>25,734,540</u>
<u>Expenses:</u>				
Program Services:				
Asset management	1,088,758	-	-	1,088,758
Community programs	2,169,782	-	-	2,169,782
Real estate development	2,576,703	-	-	2,576,703
Rental real estate	12,823,802	-	-	12,823,802
Special needs housing programs	419,941	-	-	419,941
Total Program Services	<u>19,078,986</u>	<u>-</u>	<u>-</u>	<u>19,078,986</u>
Supporting Services:				
Management and general	1,250,451	-	-	1,250,451
Fundraising	395,788	-	-	395,788
Total Supporting Services	<u>1,646,239</u>	<u>-</u>	<u>-</u>	<u>1,646,239</u>
Total Expenses	<u>20,725,225</u>	<u>-</u>	<u>-</u>	<u>20,725,225</u>
Change in Net Assets Before Other Revenue and (Expense)	<u>5,615,294</u>	<u>69,973</u>	<u>(675,952)</u>	<u>5,009,315</u>
<u>Other Revenue and (Expense):</u>				
Gain on sale of property and equipment	13,188,181	-	-	13,188,181
Loan forgiveness and recovery	40,734	-	-	40,734
Partnership loss	(595,248)	-	-	(595,248)
Total Other Revenue and (Expense)	<u>12,633,667</u>	<u>-</u>	<u>-</u>	<u>12,633,667</u>
Change in Net Assets	18,248,961	69,973	(675,952)	17,642,982
Net Assets at Beginning of Year	<u>38,513,561</u>	<u>312,375</u>	<u>2,253,176</u>	<u>41,079,112</u>
NET ASSETS AT END OF YEAR	<u>\$ 56,762,522</u>	<u>\$ 382,348</u>	<u>\$ 1,577,224</u>	<u>\$ 58,722,094</u>

The accompanying notes are an integral part of the consolidated financial statements.

**COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Support and Revenues:</u>				
Contributions	\$ 717,761	\$ 101,624	\$ -	\$ 819,385
Developer fees	9,103,483	-	-	9,103,483
Grants and contracts	523,542	-	450,000	973,542
Loan fees and interest	678,013	1,865	-	679,878
Management fees	842,496	-	-	842,496
Other income	394,927	-	-	394,927
Program income	970,081	-	-	970,081
Rental income	10,375,324	-	-	10,375,324
Net assets released from restrictions	806,425	(243,131)	(563,294)	-
Total Support and Revenues	<u>24,412,052</u>	<u>(139,642)</u>	<u>(113,294)</u>	<u>24,159,116</u>
<u>Expenses:</u>				
Program Services:				
Asset management	1,043,106	-	-	1,043,106
Classes and coaching	579,851	-	-	579,851
Community programs	1,288,536	-	-	1,288,536
Real estate development	2,428,809	-	-	2,428,809
Rental real estate	11,974,221	-	-	11,974,221
Special needs housing programs	438,260	-	-	438,260
Total Program Services	<u>17,752,783</u>	<u>-</u>	<u>-</u>	<u>17,752,783</u>
Supporting Services:				
Management and general	1,172,874	-	-	1,172,874
Fundraising	348,582	-	-	348,582
Total Supporting Services	<u>1,521,456</u>	<u>-</u>	<u>-</u>	<u>1,521,456</u>
Total Expenses	<u>19,274,239</u>	<u>-</u>	<u>-</u>	<u>19,274,239</u>
Change in Net Assets Before Other Revenue and (Expense)	<u>5,137,813</u>	<u>(139,642)</u>	<u>(113,294)</u>	<u>4,884,877</u>
<u>Other Revenue and (Expense):</u>				
Gain on sale of property and equipment	15,333,408	-	-	15,333,408
Loan forgiveness and recovery	370,146	-	-	370,146
Partnership loss	(691,440)	-	-	(691,440)
Pass-through grant revenue	134,649	-	-	134,649
Pass-through grant expenses	(134,649)	-	-	(134,649)
Total Other Revenue and (Expense)	<u>15,012,114</u>	<u>-</u>	<u>-</u>	<u>15,012,114</u>
Change in Net Assets	20,149,927	(139,642)	(113,294)	19,896,991
Net Assets at Beginning of Year	15,392,330	452,017	2,366,470	18,210,817
Acquisition of Partnership Interest (Note 15)	<u>2,971,304</u>	<u>-</u>	<u>-</u>	<u>2,971,304</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 38,513,561</u></u>	<u><u>\$ 312,375</u></u>	<u><u>\$ 2,253,176</u></u>	<u><u>\$ 41,079,112</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 17,642,982	\$ 19,896,991
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,774,124	2,505,344
Amortization of other assets	1,382	1,382
Amortization of debt issuance costs	344,507	399,801
Gain on sale of property and equipment	(13,188,181)	(15,333,408)
Loan forgiveness	(24,500)	(292,500)
Partnership loss	595,248	691,440
Permanently restricted grants and contracts	-	(450,000)
Permanently restricted net assets released	675,952	563,294
(Increase) Decrease in:		
Security deposits	(12,087)	33,853
Grants and contracts receivable	(91,900)	5,790
Contributions receivable, net	(18,543)	94,021
Accounts receivable, net	(5,704,708)	(3,152,043)
Prepaid expenses	(239,080)	53,941
Interest receivable	(480,291)	(161,071)
Increase (Decrease) in:		
Accounts payable and accrued expenses	320,642	198,163
Security deposits	17,781	(34,385)
Deferred revenue	(22,313)	(60,186)
Interest payable	474,853	(613,985)
Net Cash Provided by Operating Activities	<u>3,065,868</u>	<u>4,346,442</u>
<u>Cash Flows From Investing Activities:</u>		
Accounts receivable - related parties	2,859,741	(840,304)
Property held for sale	(123,556)	-
Net (deposits to) withdrawals from restricted reserves	(613,353)	1,362,476
Loans receivable, net	77,365	625,977
Notes receivable - related parties, net	1,670,302	(1,045,959)
Proceeds from sale of property and equipment	23,667,579	22,804,127
Property and equipment purchases	(38,801,775)	(30,973,339)
Partnership contributions and transfer costs, net	(2,912,389)	(1,103,393)
Refund (payment) for deposits	252,078	(260,119)
Net Cash Used in Investing Activities	<u>(13,924,008)</u>	<u>(9,430,534)</u>

(Continued)

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Cash Flows From Financing Activities:</u>		
Payment for debt issuance costs	\$ (602,530)	\$ (686,335)
Proceeds from notes payable	39,569,098	31,167,680
Payments on notes payable	(25,119,230)	(18,822,785)
Payments on bonds payable	(402,167)	(305,294)
Permanently restricted grants and contracts	-	450,000
Permanently restricted net assets released	(675,952)	(563,294)
Net Cash Provided by Financing Activities	<u>12,769,219</u>	<u>11,239,972</u>
Net Increase in Cash and Cash Equivalents	1,911,079	6,155,880
Cash and Cash Equivalents at Beginning of Year	<u>16,787,553</u>	<u>10,631,673</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 18,698,632</u>	<u>\$ 16,787,553</u>
<u>Supplemental Disclosures of Cash Flow Information:</u>		
Cash paid for interest, net of capitalized interest (Note 2)	<u>\$ 2,736,481</u>	<u>\$ 2,790,428</u>
<u>Supplemental Disclosure of Noncash Investing and Financing Activities:</u>		
Notes receivable - related parties advanced as proceeds from sale of property and equipment	<u>\$ 9,917,907</u>	<u>\$ 14,223,935</u>
Transfer property and equipment to property held for sale	<u>\$ 1,347,415</u>	<u>\$ -</u>
Acquisition of Breihan Housing Associates, L.P.	<u>\$ -</u>	<u>\$ 2,695,305</u>
Acquisition of Eucalyptus View Cooperative Housing Associates, L.P.	<u>\$ -</u>	<u>\$ 796,013</u>
Acquisition of Winona Gardens Housing Associates, L.P.	<u>\$ -</u>	<u>\$ (520,014)</u>

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 1 - Organization:

The consolidated financial statements include the following entities which are collectively referred to as the “Organization”. The entities are summarized in the supplementary schedules of real estate entities on pages 40 and 41 for the years ended December 31, 2017 and 2016, respectively which includes the partnership name, property name and ownership details.

Community HousingWorks

Community HousingWorks (“CHW” or the “Organization”) is a Nonprofit California Corporation incorporated on June 20, 1988. The Organization helps people living on low wages and fixed incomes move up in the world, in San Diego and across California, by building and owning stable affordable apartment homes and providing onsite services and opportunities for residents to achieve their dreams. CHW has nearly 30 years of success developing new and renovating existing multi-family, affordable rental apartments in urban, suburban and rural communities. With 3,106 rental apartments in 38 communities statewide, the Organization proudly serves more than 9,200 residents each year.

The Organization delivers onsite programs to give residents the knowledge, tools, and hope to achieve their goals and dreams. CHW's unique approach is to provide families, seniors and individuals in need with stable homes in healthy communities, then layer in powerful programs and links to just the right resources. As a result, people in CHW homes are able to gain financial stability and mobility, improve their health and wellness, and see that the next generation of children succeeds in the classroom and beyond.

The Organization is an Exemplary-ranked member of the national NeighborWorks Network®, an award-winning affiliate of Unidos USA, and member of the prestigious Housing Partnership Network.

CHW typically acquires land for apartment development or multifamily housing complexes already in operation with the intent of financing them with Low Income Housing Tax Credits (LIHTC), in several stages, each of which can have a material impact on the organization's consolidated financial position. The first stage typically is a development period during which CHW, or a wholly controlled affiliate, owns 100% of the property and therefore fully consolidates the property. After a development period of time which may be as much as two years, the property is sold into a limited partnership (or LLC) and CHW retains a very small general partner interest (0.01% to 1%), while the limited investor partner owns almost all of the interest in order to capitalize on the related tax benefits. During this second stage, the general partner interest is accounted for on the equity method and the tax credit partnership entity has its own segregated audited financial statements and tax returns. The compliance and related tax benefit period for these entities lasts for 15 years. After that 15 years, the limited partner typically exits and the project enters a third stage once again under full CHW control. If the property needs substantial investment beyond the amount available through new debt and reserves, CHW has the option to seek tax credits, form a new tax credit partnership and re-syndicate to meet those needs, starting the change in control process all over again.

Partnership and Limited Liability Companies

CHW owns a general partner interest in limited partnerships and is the sole member of limited liability companies with ownership interests in limited partnerships ranging from .005% to 100% which are summarized in the supplementary schedule of real estate entities.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 1 - Organization: (Continued)

Esperanza Housing and Community Development Corporation

Esperanza Housing and Community Development Corporation (“Esperanza”), a California Nonprofit Corporation, has partnership interests as summarized in the supplementary schedule of real estate entities on page 40.

Escondido Family Housing Corporation

Escondido Family Housing Corporation, a California Nonprofit Corporation (“Escondido”), has partnership interests as summarized in the supplementary schedule of real estate entities on page 40 which represent 100% of the assets of Escondido.

Maplewood/Ashwood

Maplewood/Ashwood, a California Nonprofit Corporation has no assets at December 31, 2017 or 2016.

Community Housing Solutions

Community Housing Solutions, a California Nonprofit Corporation (“Pine View”) owns the Pine View Apartments, an apartment complex of 101 units located in Fallbrook, California. Pine View has been consolidated into these financial statements.

The following is a brief description of the Organization’s programs:

Rental Communities

Real Estate Development

The Organization builds and owns affordable, attractive and sustainable rental communities across California that people can be proud to call home. Over 9,200 people living on a limited income find home stability in the Organization’s award-winning apartment communities CHW has been recognized nationally, statewide and within the San Diego region for excellence in development, from the national Gold Nugget Award to the Urban Land Institute Award of Excellence for the America’s. CHW currently operates 3,106 rental apartments in 38 communities, designed and managed to improve their neighborhoods and help residents build brighter futures.

In 23 of our community’s residents can take advantage of a Community Center with after-school programs, computers and other on-site resident programs. All residents can also access our comprehensive asset-building programs, including Financial Fitness classes and financial coaching.

Asset Management

The Organization provides ongoing administrative support, management oversight, risk management review, and/or oversight of financial and repair plans for the communities developed by the Organization for very low-income and low-income residents in need. CHW’s asset management staff maintains high standards in a diverse portfolio. CHW’s permanent affordable housing portfolio operates at 98% occupancy and has consistently met all reserve and partnership management fee targets. Due to the Organization’s outstanding track record, banks and investors consider CHW among the highest-rated developers.

**COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

Note 1 - Organization: (Continued)

Rental Communities (Continued)

Supportive Housing

The Organization provides stable homes for individuals and families in need, including formerly homeless families, seniors with disabilities, individuals with HIV/AIDS, youth transitioning out of foster care, and victims of domestic violence. CHW has 109 supportive housing apartments in 12 communities.

Complex	Location	Supportive Units	Supported Residents
Alabama Manor	San Diego	23	Supportive homes to individuals over 55 who are physically disabled or living with HIV/AIDS
Avocado Court	Escondido	8	Supportive homes for homeless, disabled veterans
Hillside Village, Solara, Parkview Terrace, Oak Knoll Villas	Poway	12	Up to 7 transitional supportive homes for victims of domestic violence; 5 permanent homes for developmentally disabled adults in 4 Poway communities
Kalos	San Diego	6	Permanent supportive homes for teenage mothers under the Maternity Shelter Program
Las Casitas Maple	Escondido	14	Permanent supportive homes for homeless families recovering and reuniting from substance abuse
Marisol	Oceanside	21	Permanent supportive housing units for disabled individuals living with HIV/AIDS; 10 HOPWA
North Santa Fe	Vista	10	Transition Aged Youth (foster care)
Old Grove	Oceanside	4	HOPWA (HIV/AIDS)
Pine View	Fallbrook	11	Homeless, disabled veterans

Community Programs

The Organization delivers programs onsite at its communities to ensure that households are set up to maximize the opportunity inherent in finding home stability. CHW's strong communities result in adults who are able to get out of debt, improve their credit, and start a practice of saving for the future; and youth who have a safe place to learn and grow, improve reading ability, and succeed at school. Youth and adults alike gain the leadership skills and confidence to shape their communities for the better.

CHW's twenty-three (23) Community Centers provide a safe place for children and teens in CHW communities to study, get homework help, access technology, and participate in leadership and volunteer opportunities. Other programs for adults, children, and seniors that are offered by community partners may also use these spaces. On-site Community Centers provide feasible solutions for parents who have little time or resources to seek out educational opportunities for their children, or lack the income needed to provide access to technology in the home. With these Community Centers, CHW provides an after-school program, Running Readers reading enhancement program, and an Achievers club aimed at building leadership skills for teens.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 2 - Significant Accounting Policies:

Consolidated Financial Statements

The consolidated financial statements include Community HousingWorks, Partnership and Limited Liability Companies, Esperanza Housing and Community Development Corporation, Escondido Family Housing Corporation, Maplewood/Ashwood and Community Housing Solutions which are collectively referred to as the “Organization”. All material intercompany transactions have been eliminated in consolidation.

Accounting Method

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

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.

- Unrestricted net assets – Net assets not subject to donor imposed stipulations
- Temporarily restricted net assets – Net assets subject to donor imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a donor stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently restricted net assets – Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Organization. The income from these assets is available for either general operations or specific programs as specified by the donor.

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).

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 2 - Significant Accounting Policies: (Continued)

Fair Value Measurements (Continued)

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment

The Organization's consolidated statements of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments - Investments are held in the restricted reserves (Note 6). The Organization has categorized its investments as available-for-sale. Investments consist of mutual and exchange traded funds which are considered Level 1 assets and are reported at fair market value based on quoted market prices in active markets for identical assets at the measurement date. Debt securities which are considered Level 2 assets are reported at fair market value based on quoted market prices in active markets for similar assets at the measurement date.
- Derivatives - The Organization has determined that the majority of inputs used to value their derivatives fall within Level 2 of the fair value hierarchy. The valuation of the Interest Rate Cap Agreement (Note 13) is determined using significant observable inputs as of the valuation date as described in Note 2 - Derivative Instruments.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investment instruments purchased with an initial maturity of three months or less to be cash equivalents. Certificates of deposits that may be redeemed without a significant penalty are considered cash and cash equivalents regardless of the maturity. The following is a composition of the combined amounts appearing in the consolidated statement of cash flows at December 31:

	<u>2017</u>	<u>2016</u>
Cash and money market funds	\$ 18,598,384	\$ 16,687,355
Certificate of deposit	100,248	100,198
Total Cash and Cash Equivalents	<u>\$ 18,698,632</u>	<u>\$ 16,787,553</u>

The certificate of deposit earns interest at .50% and matures on November 29, 2018.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all grants and contracts receivable were fully collectible; therefore, no allowance for doubtful grants and contracts receivable was recorded at December 31, 2017 and 2016. The allowance for doubtful accounts receivable-other totaled \$43,603 and \$5,657 at December 31, 2017 and 2016, respectively. The allowance for doubtful contributions receivable totaled \$19,138 and \$20,985 at December 31, 2017 and 2016, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 2 - Significant Accounting Policies: (Continued)

Loans Receivable

Loans receivable are carried at unpaid principal balances, less an allowance for loan losses. The Organization has implemented policies and practices for assessing impairment of its loans receivable and the recognition of income on impaired loans. Loans receivable are recorded at the lower of cost or estimated net realizable value. Allowance for loan losses are analyzed by the Organization and include any loan where full recovery of principal and interest is considered in doubt based on the current evaluation of the loan and its security. The Organization may include an additional provision for losses based on any loan where it feels that a provision may become necessary in the future for any reason. The Organization has recorded an allowance for collection losses totaling \$77,300 and \$85,000 at December 31, 2017 and 2016, respectively. Collection (recoveries) and losses are recorded as other revenue and expense in the consolidated statement of activities. Collection (recoveries) totaled \$-0- and \$(15,618) and losses totaled \$8,534 and \$2,972, for the years ended December 31, 2017 and 2016, respectively. The Organization is not funding any new loans to homeowners.

Loans are placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

Impaired loans are those loans for which write-downs or specific provisions have been taken. The Organization recognizes interest income on its impaired loans based on the actual cash flow of payments received from borrowers. There were no impaired loans at December 31, 2017 and 2016.

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of \$1,000 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 support 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 support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated using the straight-line and accelerated methods over the estimated useful asset lives as follows:

Buildings and improvements	10 - 40 years
Equipment	5 - 15 years
Furniture and fixtures	5 - 7 years
Vehicles and trailer	5 - 7 years

Depreciation totaled \$2,774,124 and \$2,505,344 for the years ended December 31, 2017 and 2016, respectively.

Interest totaling \$218,008 and \$156,799 for the years ended December 31, 2017 and 2016, respectively, was capitalized and is included in construction in progress.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation (Continued)

Property acquired and held for sale is not classified as property and equipment. The Organization had property totaling \$1,470,971 and \$-0- at December 31, 2017 and 2016, respectively, that was available for sale. This property was sold subsequent to year end (Note 17).

Maintenance, repairs and minor renewals are charged to operations as incurred.

Impairment of Long-Lived Assets

The Organization reviews its investment in real estate for impairment whenever events or 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 cash flows expected to be generated by the rental property including the low-income housing tax credits 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.

The Organization's test for impairment at December 31, 2017 and 2016 was based on the most current information available to it, if the Organization's plans regarding its real estate assets and related debt obligations change, it could result in impairment charges in the future. Based on the Organization's plans with respect to the rental property and related debt financings, management believes that the carrying amounts are recoverable and therefore, under applicable accounting and reporting standards, no impairment losses have been recorded for the years ended December 31, 2017 and 2016. Accordingly, the Organization will continue to monitor circumstances and events in future periods to determine whether any impairment is warranted.

Investments in Limited Partnerships

CHW owns a general partner interest in limited partnerships and is the sole member of limited liability companies that own a general partner interest in limited partnerships. These ownership interests range from .005% to .01%. are accounted for on the equity method as summarized in the supplementary schedule of real estate entities.

Other Assets and Amortization

Acquisition costs totaling \$61,000 net of accumulated amortization totaling \$24,891 and \$23,509 at December 31, 2017 and 2016, respectively, are amortized using the straight-line method over the term of the related costs ranging from 48 to 480 months. Amortization expense totaled \$1,382 and \$1,382 for the years ended December 31, 2017 and 2016, respectively.

Compensated Absences

Accumulated unpaid vacation totaling \$246,336 and \$291,483 at December 31, 2017 and 2016, respectively, is accrued when incurred and included in accounts payable and accrued expenses.

Security Deposits

Security deposits are restricted to the extent of the security deposit liability totaling \$492,733 and \$474,952 at December 31, 2017 and 2016, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 2 - Significant Accounting Policies: (Continued)

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain permanent financing. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized deferred financing costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and totaled \$344,507 and \$399,801 for the years ended December 31, 2017 and 2016, respectively.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give in writing to the Organization that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily restricted net assets. When the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Sales of property and equipment are recognized on the date the sale occurs. These sales are described in Note 1 on page 9, in the normal course of business and are not considered sales to related parties. Upon sale or disposition of land, buildings and equipment, the asset account is relieved of the cost and the accumulated depreciation is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings net of any costs of the sale.

Sales of property acquired and held for sale are recognized on the date the sale occurs. Upon sale, the asset account is relieved of the cost and any resultant gain or loss is credited or charged to earnings net of any cost of sale.

Deferred revenue represents revenues received for which services were not performed as of the end of the year and totaled \$337,114 and \$382,067 at December 31, 2017 and 2016, respectively.

Rental income is recognized for apartment rentals and laundry contracts as it accrues. Advance receipts of rental income and laundry contracts are deferred or classified as liabilities until earned. Deferred rental income totaled \$73,281 and \$50,641 at December 31, 2017 and 2016, respectively.

Donated Services

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended December 31, 2017 and 2016, did not meet the requirements above, therefore no amounts were recognized in the consolidated financial statements.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 2 - Significant Accounting Policies: (Continued)

Derivative Instrument

The accounting and reporting standards related to Derivative Instruments and Hedging Activities requires that every derivative instrument be recorded on the statement of financial position as either an asset or liability as measured at its fair value. The Organization's Interest Rate Cap Agreement as discussed in Note 13 is considered a cash flow hedge and is measured at fair value. The gains and losses on cash flow hedges are recognized as a change in net assets in the period of the change. The Organization enters into Interest Rate Cap Agreements to manage risks on the changes in market interest rates. The Interest Rate Cap Agreement is considered a Level 2 asset or liability. For the valuation of the Interest Rate Cap Agreement at December 31, 2017 and 2016, the Organization used significant other inputs as of the valuation date (Level 2), including prices of instruments with similar maturities and characteristics, interest rate yield curves and measures of interest rate volatility. The value was determined and adjusted to reflect nonperformance risk of both the counterparty and the Organization. The fair value of the Interest Rate Cap Agreement approximates cost at December 31, 2017 and 2016; therefore, no asset or liability has been recorded.

Allocated Expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized and estimates made by the Organization's management.

Income Taxes

The Organization, Esperanza, Escondido, Pine View and Maplewood/Ashwood (the "Entities") 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. The Entities 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. The Entities are not private foundations.

No provision or benefit for income taxes for the Limited Liability Companies and Limited Partnerships have been included in these consolidated financial statements since taxable income (loss) passes through to, and is reportable by, the Member/Partners individually.

The Entities' Returns of Organization Exempt from Income Tax for the years ended December 31, 2017, 2016, 2015 and 2014 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Concentrations

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

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 2 - Significant Accounting Policies: (Continued)

Concentrations (Continued)

The Organization's operations are concentrated in the multifamily real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 21, 2018, the date the consolidated financial statements were available to be issued and concluded that there were no events or transactions that needed to be disclosed except as disclosed in Note 17.

Note 3 - Fair Value Measurements:

The following table summarizes assets (which are included in the restricted reserves -Note 6) measured at fair value by classification within the fair value hierarchy at December 31:

	2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2017
Mutual and exchange traded funds:				
Growth funds	\$ 34,743	\$ -	\$ -	\$ 34,743
Income funds	116,933	-	-	116,933
Debt securities:				
Corporate bonds	-	134,112	-	134,112
	<u>\$ 151,676</u>	<u>\$ 134,112</u>	<u>\$ -</u>	<u>\$ 285,788</u>

	2016			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2016
Mutual and exchange traded funds:				
Growth funds	\$ 39,025	\$ -	\$ -	\$ 39,025
Income funds	103,954	-	-	103,954
Debt securities:				
Corporate bonds	-	128,936	-	128,936
	<u>\$ 142,979</u>	<u>\$ 128,936</u>	<u>\$ -</u>	<u>\$ 271,915</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 3 - Fair Value Measurements: (Continued)

The fair value of debt securities by contractual maturities at December 31:

	<u>2017</u>	<u>2016</u>
Due within 1 year	\$ -	\$ -
Due after 1 year through 5 years	134,112	128,936
Due after 5 years through 10 years	-	-
Due after 10 years	-	-
	<u>\$ 134,112</u>	<u>\$ 128,936</u>

The Organization uses the specific identification method to determine the cost of securities sold. The proceeds from sales and maturities of available-for-sale securities resulted in no realized gains (losses) during the years ended December 31, 2017 and 2016.

Note 4 - Contributions Receivable:

Contributions receivable consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Current:		
Due in less than one year	\$ 78,050	\$ 42,888
Less: Allowance for uncollectible receivables	<u>(17,337)</u>	<u>(14,472)</u>
Total Current	<u>60,713</u>	<u>28,416</u>
Noncurrent:		
Due in one to five years	7,200	26,050
Less: Allowance for uncollectible and discounts to present value	<u>(1,922)</u>	<u>(7,018)</u>
Total Noncurrent	<u>5,278</u>	<u>19,032</u>
Total Contributions Receivable, Net	<u>\$ 65,991</u>	<u>\$ 47,448</u>

The contributions receivable have been discounted to their present value using a discount rate of 1.50% at December 31, 2017 and 2016, respectively.

Note 5 - Accounts Receivable - Related Parties:

CHW has provided development services with respect to various projects in which CHW has a general partner interest. In addition, CHW provides management, oversight and other services to these projects and projects with which CHW is affiliated. CHW has the following receivables from these projects for funds that have been advanced in relation to development or for contracted services provided as follows at December 31:

	<u>2017</u>	<u>2016</u>
15 th Avenue Housing Cooperative	\$ 7,085	\$ 5,145
Alabama Manor Housing Associates, L.P.	107,049	94,652
Cedar Nettleton Housing Associates, L.P.	623,978	51,824
Community Road Housing Associates, L.P.	113,733	110,457

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 5 - Accounts Receivable - Related Parties: (Continued)

	<u>2017</u>	<u>2016</u>
Cypress Cove Housing Associates, L.P.	\$ 1,353,489	\$ 3,986,078
Delta Village Housing Associates, L.P.	237,492	243,717
Dove Family Housing Associates, L.P.	64,403	216,021
East Mountain Housing Associates, L.P.	35,452	766,958
El Norte Housing Associates, L.P.	31,523	21,558
Fallbrook View Housing Associates, L.P.	177,509	84,212
Florida Street Housing Associates, L.P.	18,172	19,192
Foothill Oak Housing Associates, L.P.	67,532	240,838
Fruit Avenue Housing Associates, L.P.	5,916,735	207,021
Lindo Housing Associates, L.P.	20,269	726,185
Los Robles Community Housing Association	43	-
Mission Cove Seniors Housing Associates, L.P.	600,635	115,069
Mission Grove Housing Associates, L.P.	86,313	69,739
Monument Boulevard Housing Associates, LP	165,979	-
Mountain View Housing Associates, L.P.	21,438	458,807
North Santa Fe Housing Associates, L.P.	21,555	527,823
Oak Knoll Housing Associates, L.P.	63,956	58,571
Paradise Creek Housing Partners, L.P.	1,078	-
Paradise Creek II Housing Partners, L.P.	60,831	302,127
Poway Villas Community Housing Association	12,420	9,225
Poway Villas Housing Associates, L.P.	-	20
Texas Street Senior Housing, L.P.	2,088,082	42,262
Turnagain Arms Community Housing Association	-	20
Turnagain Renaissance Housing Associates, L.P.	81	-
Woodcroft Street Housing Associates, L.P.	53,905	47,760
Total Accounts Receivable - Related Parties	\$ <u>11,950,737</u>	\$ <u>8,405,281</u>

Note 6 - Restricted Reserves:

Restricted reserves are maintained in accordance with partnership, loan and other regulatory agreements. The restricted reserves consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Bandar Salaam Apartments	\$ 326,691	\$ 234,512
Daybreak/ Sunrise Place	249,013	232,599
Esperanza Garden Apartments	418,195	393,640
Eucalyptus View	114,368	102,574
Haley Ranch Estates	1,617,373	1,531,843
Hillside Village	475,407	439,939
Marisol Apartments	246,515	255,320
Orange Place Apartments	403,240	382,246
Parkside Terrace Apartments	1,003,168	-
Parkview Terrace	768,621	709,885
Pine View Apartments	101,596	140,542
Sun Ridge Apartments	-	687,734
Total Restricted Reserves	\$ <u>5,724,187</u>	\$ <u>5,110,834</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 7 - Loans Receivable:

Loans were funded through various types of loan programs. CHW is no longer funding loans to borrowers. All loans are serviced by a third party under a servicing agreement. Loans receivable consist of the following at December 31:

	<u>Interest Rates</u>	<u>Loan Terms</u>	<u>2017</u>	<u>2016</u>
CDGB Revolving Loan Fund	3.00%-6.00%	20 years	\$ 51,796	\$ 52,011
Neighborhood Reinvestment Corporation	3.00%-6.50%	10 years	441,843	504,853
HSF/WM	5.00%-6.50%	30 years	6,330	7,692
Neighborhood Housing Services of America - Community Development Financial Institutions	5.95%-6.50%	10 to 30 years	30,356	32,606
First Mortgage	6.25%	30 years	243,126	261,354
Total Loans Receivable			<u>773,451</u>	<u>858,516</u>
Less: Allowance for Collection Losses			<u>(77,300)</u>	<u>(85,000)</u>
Loans Receivable, Net			<u>\$ 696,151</u>	<u>\$ 773,516</u>

Accrued interest on loans receivable totaled \$45,760 and \$45,145 at December 31, 2017 and 2016, respectively.

Note 8 - Notes Receivable - Related Parties:

Notes receivable - related parties consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
The Organization loaned \$270,000 from a Neighborhood Reinvestment Corporation capital contribution to Alabama Manor Housing Associates, L.P. The note receivable from Alabama Manor Housing Associates, L.P. is noninterest bearing. Principal is due at maturity on December 31, 2064.	\$ 270,000	\$ 270,000
The note receivable from Cedar Nettleton Housing Associates, L.P in the original amount of \$2,731,129 bears interest at 3.8% compounded annually. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due December 31, 2073. Accrued interest totaled \$109,095 and \$5,118 at December 31, 2017 and 2016, respectively.	2,731,129	2,731,129

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 8 - Notes Receivable - Related Parties: (Continued)

	<u>2017</u>	<u>2016</u>
The note receivable from Cedar Nettleton Housing Associates, L.P. in the original amount of \$513,201 bears interest at 3.8% compounded annually. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due December 31, 2073. Accrued interest totaled \$20,500 and \$962 at December 31, 2017 and 2016, respectively.	\$ 513,201	\$ 513,201
The note receivable from Cedar Nettleton Housing Associates, L.P. in the original amount of \$858,689 is noninterest bearing. Principal is payable from residual receipts determined on an annual basis. Principal is due no later than December 31, 2073.	623,587	858,689
The Organization loaned \$300,000 from a Neighborhood Reinvestment Corporation capital contribution to Delta Village Housing Associates, L.P. The note receivable from Delta Village Housing Associates, L.P. is noninterest bearing. Payments of principal shall be paid from surplus cash calculated annually. Any unpaid principal is due November 1, 2035.	300,000	300,000
The note receivable from East Mountain Housing Associates, L.P. in the original amount of \$760,000 bears interest at 2.57%. Payments of principal and interest are payable from up to 75% of residual receipts determined on an annual basis. Principal and accrued interest are due February 1, 2034. Accrued interest totaled \$-0- and \$4,883 at December 31, 2017 and 2016, respectively. The note was repaid on March 1, 2017.	-	760,000
The note receivable from East Mountain Housing Associates, L.P. in the original amount of \$1,885,000 bears interest at 2.57%. No payments shall be due until the maturity date; provided that following the repayment of the \$760,000 loan above, annual payments shall be made equal to 25% of residual receipts until the senior note is paid in full and then 100% of residual receipts. Principal and accrued interest are due February 1, 2072. Accrued interest totaled \$37,550 and \$54,364 at December 31, 2017 and 2016, respectively.	1,326,789	1,885,000
The note receivable from El Norte Housing Associates, L.P. in the original amount of \$462,889 bears interest at 3%. Beginning in 2014, payments from residual receipts (100%) generated in the preceding year are due by April 30, with any remaining principal and accrued interest due December 31, 2068. Accrued interest totaled \$36,819 and \$33,654 at December 31, 2017 and 2016, respectively.	462,889	462,889

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 8 - Notes Receivable - Related Parties: (Continued)

	<u>2017</u>	<u>2016</u>
The note receivable from Foothill Oak Housing Associates, L.P. in the original amount of \$25,000 and bears interest at 4.32%. Principal and accrued interest are due December 31, 2067. Accrued interest totaled \$1,846 and \$1,521 at December 31, 2017 and 2016, respectively.	\$ 6,000	\$ 6,000
The note receivable from Fruit Avenue Housing Associates, LP in the original amount of \$8,251,620 bears interest at 2.26% compounded annually. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due December 31, 2073. Accrued interest totaled \$194,324 and \$7,664 at December 31, 2017 and 2016, respectively.	8,251,620	8,251,620
The note receivable from Lindo Housing Associates, L.P. in the original amount of \$2,246,408 bears interest at 2.57%. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due December 31, 2072. Accrued interest totaled \$123,273 and \$63,898 at December 31, 2017 and 2016, respectively.	2,246,408	2,246,408
The note receivable from Mission Cove Seniors Housing Associates, L.P. in the original amount of \$50,000 bears interest at 5%. Principal and interest are payable from residual receipts determined on an annual basis beginning in 2018. Principal and accrued interest are due 55 years from the close of the permanent loan, but not later than December 31, 2073. Accrued interest totaled \$6,390 and \$3,705 at December 31, 2017 and 2016, respectively.	50,000	50,000
The note receivable from Monument Boulevard Housing, L.P. in the original amount of \$9,917,907 bears interest at 2.58% compounded annually. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due no later than August 1, 2062. Accrued interest totaled \$87,426 and \$-0- at December 31, 2017 and 2016, respectively.	9,917,907	-
The note receivable from North Santa Fe Housing Associates, L.P. in the original amount of \$370,120 bears interest at 4%. Beginning in the calendar year following receipt of a certificate of occupancy for the Project, payments from residual receipts generated in the preceeding year are due by May 1, with any remaining principal and accrued interest due December 31, 2075. Accrued interest totaled \$60,176 and \$43,626 at December 31, 2017 and 2016, respectively.	370,120	370,120

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 8 - Notes Receivable - Related Parties: (Continued)

	<u>2017</u>	<u>2016</u>
The Organization loaned \$210,000 to Oak Knoll Housing Associates, L.P. The note receivable from Oak Knoll Housing Associates, L.P. is noninterest bearing. Payments of principal shall be paid from surplus cash calculated annually. Any unpaid principal is due May 1, 2064.	\$ 210,000	\$ 210,000
The note receivable from Texas Street Senior Housing Associates, L.P. in the original amount of \$2,727,985 bears interest at 2.24% compounded annually. Principal and interest are payable annually from residual receipts determined on an annual basis beginning in 2018. Principal and accrued interest are due 55 years from the close of the permanent loan, but not later than December 31, 2073. Accrued interest totaled \$88,151 and \$26,452 at December 31, 2017 and 2016, respectively.	2,727,985	2,727,985
The note receivable from Texas Street Senior Housing Associates, L.P. in the original amount of \$750,000 bears interest at 2.24% compounded annually. Principal and accrued interest are due July 1, 2073. Accrued interest totaled \$24,235 and \$7,187 at December 31, 2017 and 2016, respectively.	750,000	750,000
The note receivable from Turnagain Renaissance Housing Associates L.P. in the original amount of \$200,000 bears interest at 4.32% per annum. Payments of principal and interest are due at maturity on December 31, 2064. Accrued interest totaled \$78,920 and \$70,280 at December 31, 2017 and 2016, respectively.	200,000	200,000
The note receivable from Woodcroft Street Housing Associates, L.P. in the original amount of \$1,500,000 and bears interest at 4.00%. Interest is payable annually beginning May 1, 2014. Principal and accrued interest are due March 1, 2054. Secured by a deed of trust. Accrued interest totaled \$43,677 and \$149,201 at December 31, 2017 and 2016, respectively.	1,023,011	1,140,000
Total Notes Receivable - Related Parties	<u>\$ 31,980,646</u>	<u>\$ 23,733,041</u>

There are no required payments due in the next five years. Accrued interest totaled \$953,830 and \$474,154 at December 31, 2017 and 2016, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 9 - Property and Equipment:

Property and equipment consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Land	\$ 16,564,795	\$ 17,369,580
Buildings and improvements	88,591,617	71,495,476
Equipment	464,054	458,624
Furniture and fixtures	1,117,193	1,109,369
Vehicles and trailer	3,483	3,483
Construction in progress	1,357,120	1,967,705
Subtotal	108,098,262	92,404,237
Less: Accumulated depreciation	(30,688,363)	(28,630,523)
Property and Equipment, Net	<u>\$ 77,409,899</u>	<u>\$ 63,773,714</u>

Note 10 - Investments in Limited Partnerships:

The Organization owns partner interests in limited partnerships accounted for on the equity method. The following are the balances in the Organization's partnership capital accounts at December 31:

	<u>2017</u>	<u>2016</u>
Alabama Manor Housing Associates, L.P. (.01%)	\$ (307)	\$ (292)
Cedar Nettleton Housing Associates, L.P. (.01%)	190	197
Community Road Housing Associates, L.P. (.01%)	(420)	(381)
Cypress Cove Housing Associates, L.P. (.01%)	98,204	13,386
Delta Village Housing Associates, L.P. (.01%)	667,567	1,066,597
Dove Family Housing Associates, L.P. (.005%)	(486)	(511)
East Mountain Housing Associates, L.P. (.01%)	26,447	26,505
El Norte Housing Associates, L.P. (.01%)	249,877	249,919
Fallbrook View Housing Associates, L.P. (.01%)	(624)	(564)
Florida Street Housing Associates, L.P. (.01%)	944,314	944,391
Foothill Oak Housing Associates, L.P. (.01%)	(66)	(26)
Fruit Avenue Housing Associates, L.P. (.01%)	215	92
Lindo Housing Associates, L.P. (.01%)	474,070	474,112
Mission Cove Seniors Housing Associates, L.P. (.01%)	100	100
Mission Grove Housing Associates, L.P. (.01%)	51,383	244,592
Monument Boulevard Housing Associates, L.P. (.01%)	717,402	-
Mountain View Housing Associates, L.P. (.01%)	577,141	536,953
North Santa Fe Housing Associates, L.P. (.01%)	(180)	(101)
Oak Knoll Housing Associates, L.P. (.01%)	362,620	362,641
Paradise Creek Housing Partners, L.P. (.005%)	(111)	(31)
Paradise Creek II Housing Partners, L.P. (.005%)	50	50
Preservation Investment – Parkside Terrace LLC (25%)	2,069,775	-

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 10 - Investments in Limited Partnerships: (Continued)

	<u>2017</u>	<u>2016</u>
Poway Villas Housing Associates, L.P. (1%)	\$ (3,291)	\$ (3,260)
Solutions Family Center, L.P. (.01%)	(5,455)	(3,212)
Texas Street Senior Housing, L.P. (.01%)	322,558	322,558
Turnagain Renaissance Housing Associates, L.P. (.01%)	2,229	2,275
Woodcroft Street Housing Associates, L.P. (.01%)	<u>(256,420)</u>	<u>(256,349)</u>
	<u>\$ 6,296,782</u>	<u>\$ 3,979,641</u>

CHW provided development, management and other services to these partnerships for which it earned the following amounts for the years ended December 31:

	<u>Management Fees</u>	<u>2017 Other Services</u>	<u>Developer Fees</u>
Alabama Manor Housing Associates, L.P.	\$ 21,375	\$ 56,244	\$ -
Cedar Nettleton Housing Associates, L.P.	12,500	-	962,908
Community Road Housing Associates, L.P.	35,265	24,996	-
Cypress Cove Housing Associates, L.P.	25,750	100,000	-
Delta Village Housing Associates, L.P.	25,365	37,538	-
Dove Family Housing Associates, L.P.	53,570	130,000	-
East Mountain Housing Associates, L.P.	31,827	30,900	-
El Norte Housing Associates, L.P.	22,076	30,000	-
Fallbrook View Housing Associates, L.P.	33,297	60,000	-
Florida Street Housing Associates, L.P.	14,347	45,900	-
Foothill Oak Housing Associates, L.P.	67,532	-	-
Fruit Housing Associates, L.P.	4,900	-	5,715,648
Lindo Housing Associates, L.P.	26,523	46,350	-
Mission Cove Seniors Housing Associates, L.P.	-	-	600,000
Mission Grove Housing Associates, L.P.	66,313	-	-
Monument Boulevard Housing Associates, L.P.	-	-	1,000,000
Mountain View Housing Associates, L.P.	17,955	30,975	-
North Santa Fe Housing Associates, L.P.	15,759	40,171	-
Oak Knoll Housing Associates, L.P.	27,259	13,629	-
Paradise Creek Housing Partners, L.P.	-	47,500	-
Paradise Creek II Housing Partners, L.P.	-	-	-
Poway Villas Housing Associates, L.P.	22,467	-	-
Texas Street Senior Housing, L.P.	-	20,000	2,137,956
Turnagain Renaissance Housing Associates, L.P.	22,486	-	-
Woodcroft Street Housing Associates, L.P.	49,172	53,045	-
Wooster Ave, LLC	-	-	375,000
	<u>\$ 595,738</u>	<u>\$ 767,248</u>	<u>\$ 10,791,512</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 10 - Investments in Limited Partnerships: (Continued)

		2016	
	Management Fees	Other Services	Developer Fees
Alabama Manor Housing Associates, L.P.	\$ 32,861	\$ 54,600	\$ -
Breihan Housing Associates, L.P.	21,343	45,000	-
Cedar Nettleton Housing Associates, L.P.	-	-	641,939
Community Road Housing Associates, L.P.	34,072	25,000	-
Cypress Cove Housing Associates, L.P.	25,000	-	1,750,000
Delta Village Housing Associates, L.P.	25,220	24,579	-
Dove Family Housing Associates, L.P.	216,002	130,000	-
East Mountain Housing Associates, L.P.	30,900	10,000	689,880
El Norte Housing Associates, L.P.	21,538	30,000	-
Fallbrook View Housing Associates, L.P.	89,191	60,000	-
Florida Street Housing Associates, L.P.	19,192	45,900	-
Foothill Oak Housing Associates, L.P.	65,564	-	-
Fruit Housing Associates, L.P.	-	-	1,282,152
Lindo Housing Associates, L.P.	25,750	45,000	1,006,674
Mission Cove Seniors Housing Associates, L.P.	-	-	800,000
Mission Grove Housing Associates, L.P.	49,739	20,000	-
Mountain View Housing Associates, L.P.	2,083	17,500	1,378,838
North Santa Fe Housing Associates, L.P.	15,375	38,813	-
Oak Knoll Housing Associates, L.P.	26,337	55,000	-
Paradise Creek Housing Partners, L.P.	-	-	300,000
Paradise Creek II Housing Partners, L.P.	-	-	300,000
Poway Villas Housing Associates, L.P.	22,467	-	-
Concord Sun Ridge, LLC	-	-	204,000
Texas Street Senior Housing, L.P.	-	-	750,000
Turnagain Renaissance Housing Associates, L.P.	22,486	-	-
Woodcroft Street Housing Associates, L.P.	47,740	51,500	-
	<u>\$ 792,860</u>	<u>\$ 652,892</u>	<u>\$ 9,103,483</u>

In addition, the Organization earned interest on advances and notes receivable to related entities totaling \$943,537 and \$527,515 and loan fees totaling \$33,217 and \$37,824 for the years ended December 31, 2017 and 2016, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 11 - Notes Payable – Amortized Debt

Notes payable – amortized debt consists of the following at December 31:

<u>Community HousingWorks</u>	<u>2017</u>	<u>2016</u>
The note payable which was originated on November 24, 2015 is held by the San Diego Housing Commission in the original amount of \$121,871. The note is noninterest bearing. Principal is payable in annual installments of \$30,468 beginning June 30, 2016 through the maturity date of June 30, 2019. Unsecured.	\$ 60,935	\$ 91,403
Note payable which was originated on July 7, 2008 is held by Northern Trust Company in the original amount of \$1,000,000. The note bears interest at 2% per annum. Principal and accrued interest are due May 15, 2018. Unsecured.	1,000,000	1,000,000
The note payable which was originated on August 13, 2013 is held by Union Bank, N.A. in the original amount of \$750,000 and bears interest at 2.50% per annum. Interest is payable quarterly. Principal and accrued interest are due September 1, 2018. The loan may be extended on each of the next two (2) anniversaries for an additional twelve (12) months. Unsecured.	750,000	750,000
The note payable which was originated March 25, 2015 is held by Union Bank, N.A. in the original amount of \$650,000 and bears interest at 2% per annum. Interest is payable quarterly. Principal and accrued interest are due April 1, 2020. Unsecured.	650,000	650,000
The note payable which was originated on September 30, 2013 is held by NWSL 2012 AHMI Fund, LLC in the original amount of \$1,000,000 and bears interest at 5.25% per annum. Interest is payable quarterly. Principal and accrued interest are due October 1, 2018. Secured by a security agreement and a deposit account control agreement covering certain accounts totaling \$-0- and \$175,217 at December 31, 2017 and 2016, respectively.	-	1,000,000
The revolving line of credit note which was originated on October 27, 2014, is held by Western Alliance Bank in the original amount of \$2,000,000 and bears interest at the index rate plus 1% per annum (4% at December 31, 2016). Interest is payable monthly. Principal and accrued interest are due March 15, 2019. Unsecured.	-	1,541,000

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 11 - Notes Payable – Amortized Debt: (Continued)

Community HousingWorks (Continued)

2017

2016

The note payable which was originated on January 31, 2011 is held by Sunwest Bank in the original amount of \$250,000 and bears interest at 3.0% per annum. Interest is payable quarterly. Principal and accrued interest are due January 31, 2021. Unsecured.

\$ 250,000

\$ 250,000

The note payable which was originated on March 17, 2016 is held by Poway Villas Community Housing Association in the original amount of \$2,500,000 and bears interest at 3.00% per annum. Interest is payable quarterly. Principal and accrued interest are due April 1, 2021. Unsecured.

2,500,000

2,500,000

Total Community HousingWorks

5,210,935

7,782,403

Partnership and Limited Liability Companies

Kalmia Street Housing Associates, L.P.

The note payable which was originated on July 29, 2015, is held by the Community Housing Capital, Inc. in the original amount of \$822,500 and bears interest at 5.50%, payable monthly. Principal and accrued interest are due July 29, 2017. Secured by a deed of trust.

822,500

822,500

SR Preservation, LLC

The mortgage payable which was assumed on February 27, 2016 was financed by tax-exempt bonds in the original amount of \$9,585,000 issued by the California Statewide Communities Development Authority as Series 1999 P Bonds. The Series 1999 P bonds bear interest at 6.875%. Monthly installments of interest-only in the amount of \$54,914 were due through December 2016; monthly sinking fund deposits for principal repayment began January 1, 2017. Secured by a deed of trust. The mortgage was repaid on August 31, 2017 when the property was sold.

-

9,585,000

The mortgage payable which was assumed on February 27, 2016 was financed by taxable bonds in the original amount of \$2,015,000 issued by the California Statewide Communities Development Authority as Series 1999 P-T Bonds. The Series 1999 P-T bonds bear interest at 9%. The mortgage required monthly payments of \$19,995 for principal and interest through maturity on May 1, 2036. Secured by a deed of trust. The mortgage was repaid in January 2017.

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13,673

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 11 - Notes Payable – Amortized Debt: (Continued)

Partnership and Limited Liability Companies (Continued)

2017

2016

SR Preservation, LLC (Continued)

The note payable to NEF Preservation Fund I LP was originated on February 27, 2016 in the original amount of \$11,385,000. The note bears interest at 10% compounded annually. Payments of interest were payable quarterly from operating cash flow. The note was due the earliest to occur of: (i) the date of any sale, refinancing, resyndication of the Project, (ii) the date when SR Preservation is no longer the sole member of Sun Ridge, (iii) the date when Community HousingWorks is no longer the sole member of SR Preservation, (iii) the date that is four (4) years from the date of origination (February 27, 2020), (iv) the acceleration of the note by the lender as the result of an event of default. The note was guaranteed by Community HousingWorks up to a maximum obligation of \$1,331,843. Accrued interest totaled \$-0- and \$601,391 at December 31, 2017 and 2016, respectively. The note was repaid on August 31, 2017 when the property was sold.

Total SR Preservation

Less: Unamortized debt issuance costs

Total SR Preservation, LLC, Net

\$	-	\$	11,385,000
	-		20,983,673
	-		(462,292)
	-		20,521,381

West Vista Alliance LLC

The note payable which was originated on November 5, 2014, is held by the Neighborworks Capital Corporation in the original amount of \$1,900,000 (\$1,400,000 advanced at December 31, 2016) and bears interest at 5.50%, payable quarterly. Principal and accrued interest were due November 1, 2017, with an option to extend the maturity date by twelve months. Secured by a deed of trust. The note was repaid in October 2017.

Total Partnership and Limited Liability Companies

-	1,400,000
822,500	22,743,881

Esperanza Housing and Community Development Corporation

The note payable which was originated in December 2003 is held by JPMorgan Chase Bank in the original amount of \$1,500,000 and bears interest at 7.74% per annum. Principal and interest are payable in monthly installments of \$10,736 commencing January 1, 2004. Principal and accrued interest are due December 1, 2033. Secured by a deed of trust on Hillside Village.

1,180,104	1,216,068
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(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 11 - Notes Payable – Amortized Debt: (Continued)

	<u>2017</u>	<u>2016</u>
The note payable which was originated on December 7, 2016 is held by the Community Housing Capital, Inc. in the original amount of \$7,470,000. Interest only payments and bears interest at 5.50% per annum are due monthly for the first thirty-six (36) months. Beginning with the thirty-seventh (37 th) month of the term of the note, the interest rate will be modified for the remaining twenty-four (24) months of the term of the note to an amount equal to the prime rate of interest as published in the Wall Street Journal on the date that is closest to the end of the thirty-six (36) month anniversary of the term of the note plus 2.00% per annum, provided, however, that the interest rate for the remaining twenty-four (24) month term of the note shall not be less than the base rate or more than 6.25% per annum. Principal and accrued interest are due no later than December 7, 2021. Secured by a deed of trust on Ulric Apartments.	\$ 7,470,000	\$ 7,470,000
The first mortgage note which was originated on March 3, 1994 is held by CitiCorp in the original amount of \$210,000. The notes bears interest at 4.93%. Monthly installments of principal and interest are based on a 30 year amortization of the original note balance and are payable by the Partnership in the amount of \$1,292 each month through April 1, 2024. Secured by a deed of trust on Daybreak Grove/ Sunrise Place Apartments.	77,780	87,994
The first mortgage note is held by Pacific Life in the original amount of \$614,000. The note bears interest at 9.27% per annum. Monthly installments of principal and interest are based on a 30 year amortization of the original note balance and are payable by the Partnership in the amount of \$5,060 each month through October 1, 2027. Secured by a deed of trust on Orange Place Apartments.	389,877	414,153
The first mortgage note which was originated on November 5, 1998 is held by Pacific Life in the original amount of \$1,945,820. The note bears interest at 8.24% per annum. Monthly installments of principal and interest are based on a 30 year amortization of the original note balance and are payable by the partnership in the amount of \$14,605 each month through December 1, 2028. Secured by a deed of trust on Parkview Terrace.	1,265,009	1,332,957
The first mortgage note is held by Bank of America in the original amount of \$953,000. The note bears interest at 8.76% per annum. Monthly installments of principal and interest are based on a 30-year amortization of the original note balance and are payable by the partnership in the amount of \$7,504 each month through October 1, 2031. Secured by a deed of trust on Bandar Salaam Apartments.	720,623	746,310

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 11 - Notes Payable – Amortized Debt: (Continued)

	<u>2017</u>	<u>2016</u>
<u>Esperanza Housing and Community Development Corporation</u> <u>(Continued)</u>		
The note payable which was originated on March 22, 2017 is held by Jones Lang LaSalle Multifamily, LLC in the original amount of \$31,000,000. Payments of interest only at the variable rate of LIBOR plus 2.69% (4.06188% at December 31, 2017) adjusted monthly are payable monthly beginning on May 1, 2017 through the maturity date. Principal and accrued interest are due October 1, 2019. Secured by a deed of trust on Parkside Terrace Apartments.	\$ 31,000,000	\$ -
The note payable which was originated on March 22, 2017 is held by the Parkside Terrace, LLC in the original amount of \$8,750,000 and bears interest at 10%. Principal and interest are payable from cash flow determined on a quarterly basis. Principal and accrued interest are due no later than December 31, 2021. Collateralized by a deed of trust on Parkside Terrace Apartments.	<u>8,569,098</u>	<u>-</u>
Total Esperanza Housing and Community Development Corporation	50,672,491	11,267,482
Less: Unamortized debt issuance costs	<u>(535,484)</u>	<u>(133,137)</u>
Total Esperanza Housing and Community Development Corporation, Net	<u>50,137,007</u>	<u>11,134,345</u>
Total Notes Payable – Amortized Debt, Net	<u>\$ 56,170,442</u>	<u>\$ 41,660,629</u>

Debt issuance costs total \$810,511 and \$819,366, less accumulated amortization of \$275,027 and \$223,937 at December 31, 2017 and 2016, respectively.

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

<u>Years Ended</u> <u>December 31</u>	
2018	\$ 2,754,869
2019	31,257,523
2020	861,949
2021	19,017,648
2022	246,489
Thereafter	2,567,448
Less: Unamortized debt issuance costs	<u>(535,484)</u>
Total	<u>\$ 56,170,442</u>

Note 12 - Notes Payable - Residual Receipts Debt:

The Organization obtains financing through notes that are repayable from a percentage of the annual residual receipts generated by the related property. Payments are applied first to any unpaid accrued interest and then to principal. Interest accrued on these notes based on the stated rate in the note agreement with interest rates ranging from 0% to 11.5%. These notes are each secured by a deed of trust on the property indicated below. The notes payable and accrued interest consist of the following at December 31:

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 12 - Notes Payable – Residual Receipts Debt: (Continued)

				2017	
	Property	Interest Rate	Maturity Date	Interest	Principal
Community HousingWorks:					
City of Escondido	Las Casitas Maple	0%	December 31, 2029	\$ -	\$ 170,000
City of Escondido	Las Casitas Maple	3%	February 1, 2039	103,015	182,355
City of Escondido	Las Casitas Washington	3%	March 2, 2039	68,930	122,000
San Diego Department of Housing and Community Development	Las Casitas Washington	0%	October 29, 2022	-	122,500
Western Alliance Bank	North Park Seniors	0%	January, 2033	-	750,000
Esperanza Housing and Community Development Corporation:					
San Diego Housing Commission	Bandar Salaam	3%	July, 2055	1,057,632	2,100,000
First Republic Bank (AHP)	Bandar Salaam	0%	July, 2032	-	482,000
California Department of Housing and Community Development	Daybreak Grove/Sunrise	3%	February, 2054	566,901	846,000
City of Escondido	Daybreak Grove/Sunrise	3%	December 4, 2021	372,524	502,407
City of Escondido	Eucalyptus View	3%	October, 2055	46,420	125,000
City of Escondido	Eucalyptus View	3%	October, 2055	243,104	480,945
California Housing Finance Agency	Eucalyptus View	0%	November 1, 2056	-	63,092
Poway Housing Authority	Hillside Village	3%	June, 2058	1,312,667	3,930,370
JPMorgan Chase Bank (AHP)	Hillside Village	0%	December 1, 2021	-	280,000
County of San Diego	Marisol Apartments	3%	January 15, 2052	157,877	249,746
City of Oceanside	Marisol Apartments	0%	February 20, 2052	-	310,797
City of Oceanside	Marisol Apartments	0%	August 19, 2036	-	70,000
County of San Diego	Marisol Apartments	3%	February 20, 2052	238,822	400,000
City of Escondido	Orange Place	3%	July 20, 2050	253,606	400,000
City of Escondido	Orange Place	3%	February 11, 2051	480,325	763,516
City of Escondido	Orange Place	0%	December 31, 2049	-	250,000
Bank of America (AHP)	Parkview Terrace	0%	October 1, 2054	-	90,000
San Diego Community Foundation Charitable Real Estate Fund	Parkview Terrace	5.5%	March 15, 2039	2,979,289	3,708,006
Escondido Family Housing Corporation:					
California Department of Housing and Community Development	Esperanza Gardens	3%	May, 2035	492,373	1,000,000
Community Housing Solutions:					
County of San Diego	Pine View Apartments	3%	April 1, 2045	1,000,807	2,623,000
County of San Diego	Pine View Apartments	3%	July 1, 2064	162,599	714,276
Low Income Investment Fund	Pine View Apartments	11.5%	Indefinite	921,922	707,531
Total Notes Payable - Residual Receipts Debt				10,458,813	21,443,541
Less: Unamortized debt issuance costs				-	(3,807)
Total Notes Payable - Residual Receipts Debt, Net				\$ 10,458,813	\$ 21,439,734

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 12 - Notes Payable - Residual Receipts Debt: (Continued)

Debt issuance costs total \$10,767, related to Esperanza Gardens, less accumulated amortization of \$6,960 and \$6,690 at December 31, 2017 and 2016, respectively.

Note 13 - Bonds Payable - Pine View:

The bonds payable which were originated on September 30, 2004, were issued by the California Statewide Communities Development Authority in the original amount of \$9,000,000. In 2009, Citibank agreed to restructure the outstanding Bonds payable totaling \$9,000,000 into a Tranche A amount and a Tranche B Hope Amount.

Tranche A

The Tranche A amount totaling \$6,100,000 bears interest at a variable rate determined weekly (1.76% and .08% at December 31, 2017 and 2016, respectively). Monthly payments are made to the bond reserve account to pay the interest monthly, with the remaining amount held for principal payments as they become due in accordance with terms of the Tranche A repayment agreement. The Tranche A amount is secured by a deed of trust, all of the revenues of Pine View and a letter of credit. The outstanding balance of the Tranche A amount \$5,100,000 and \$5,300,000 at December 31, 2017 and 2016, respectively.

Pine View is required to provide an irrevocable letter of credit. The letter of credit was issued by Citibank and totals \$5,158,685 and \$5,360,986 at December 31, 2017 and 2016, respectively. In accordance with the terms of the Second Amendment to the Reimbursement Agreement the maturity date was extended to September 1, 2018. Pine View pays a monthly fee on the letter of credit to Citibank. The letter of credit fees totaled \$52,348 and \$54,031 for the years ended December 31, 2017 and 2016, respectively.

Pine View entered into an Interest Rate Cap Agreement effective August 26, 2014 that caps the interest rate on Tranche A at 3.50% and is only in effect if the variable rate exceeds 3.5%, through the termination date of September 1, 2018 (Note 2).

Tranche B Hope Amount

Beginning October 10, 2014 in accordance with the terms of the Second Amendment to Reimbursement Agreement any remaining net monthly cash income is to be applied to the Tranche B Hope Amount balance. The Tranche B Hope Amount is due on September 1, 2018 in accordance with the terms of the Second Amendment to Reimbursement Agreement. Payments totaling \$202,167 and \$205,294 were made for the years ended December 31, 2017 and 2016, respectively. The outstanding balance of the Tranche B Hope Amount totaled \$2,442,685 and \$2,644,852 at December 31, 2017 and 2016, respectively.

However, if on or prior to the maturity date the Borrower arranges for a bona fide sale or refinancing of the property that would generate net proceeds in an amount of at least the principal and interest balance of the Tranche A amount, so long as Citibank receives all of the net proceeds of the sale or refinancing up to the principal and interest balance of the Tranche A amount and the total of (1) the first \$300,000 of any net proceeds in excess of the principal and interest balance of the Tranche A amount and (2) 60% of all additional net proceeds, Citibank will release its liens on the property in connection with the sale, or, in the case of a refinance, will release the lien of the Tranche A amount and subordinate the remaining Tranche B Hope Amount. In the case of a bona fide refinance of the property that produces net proceeds to repay the principal and interest balance of the Tranche A amount, Citibank will release the lien of the Tranche A amount and will subordinate the Tranche B Hope Amount to the new financing, so long as Citibank received the payments set forth in the immediately preceding paragraph and will extend the maturity date of the remaining Tranche B Hope Amount to be coterminous with the new financing maturity date.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 13 - Bonds Payable - Pine View: (Continued)

The bonds payable consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Tranche A	\$ 5,100,000	\$ 5,300,000
Tranche B Hope Amount	<u>2,442,685</u>	<u>2,644,852</u>
Total Bonds Payable	7,542,685	7,944,852
Less: Unamortized debt issuance costs	<u>(145,645)</u>	<u>(170,424)</u>
Total Bonds Payable, Net	<u>\$ 7,397,040</u>	<u>\$ 7,774,428</u>

Debt issuance costs total \$296,923, less accumulated amortization of \$151,278 and \$126,499 at December 31, 2017 and 2016, respectively.

The required principal payments on the bonds payable are as follows for the years ended December 31:

<u>Years Ended</u> <u>December 31</u>	<u>Bonds Payable</u>		<u>Total</u>
	<u>Tranche A</u>	<u>Tranche B</u>	
2018	\$ 5,100,000	\$ 2,442,685	\$ 7,542,685
Total	<u>\$ 5,100,000</u>	<u>\$ 2,442,685</u>	<u>\$ 7,542,685</u>

Note 14 - Commitments and Contingencies:

Operating Leases

The Organization leases office space under lease agreements expiring on various dates through November 30, 2018. Future minimum rental payments are as follows:

<u>Years Ended</u> <u>December 31</u>	<u>Escondido</u>	<u>Escondido</u> <u>Sublease</u> <u>(Income)</u>	<u>Camino</u> <u>Del Rio</u>	<u>Total</u> <u>(Net)</u>
2018	\$ <u>120,520</u>	\$ <u>(50,841)</u>	\$ <u>397,210</u>	\$ <u>466,889</u>

Rent, common area and maintenance expense net of the sublease rental income totaled \$566,240 and \$343,323 for the years ended December 31, 2017 and 2016, respectively. The Organization subleases office space at the Escondido office under sublease agreements expiring August 31, 2018. Rental income from sublease totaled \$74,471 and \$72,093 for the years ended December 31, 2017 and 2016, respectively.

Lease Agreement

On September 26, 2000, Haley Ranch Estates Housing Associates, L.P ("Haley Ranch") entered into a lease and regulatory agreement with the Poway Redevelopment Agency ("Agency") to operate and maintain the Haley Ranch Estates rental housing project for an initial term ending on September 1, 2003. Haley Ranch has agreed to pay the Agency the sum of one dollar annually, plus an amount equal to 50% of the residual receipts, as defined in the lease agreement during the initial lease period. The subsequent term of the lease commenced on September 2, 2003 and will end on September 25, 2042. Haley Ranch has four ten-year renewal options under this lease with the Agency ending September 25, 2082.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 14 - Commitments and Contingencies: (Continued)

Retirement Plan

CHW has established a 401(k) safe-harbor profit-sharing plan (the "Plan") for eligible employees. The Plan allows for employee contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code. CHW makes a matching contribution equal to 100% of the first 3% and 50% of the amount that exceeds 3% up to 5%. CHW contributed \$121,690 and \$86,546 for the years ended December 31, 2017 and 2016, respectively.

Capital Contribution Commitments and Operating Guarantees

The Partnership and Operating Agreements provide for various obligations of the Organization as the General Partner or Managing Member, including their obligation to provide funds for any development and operating deficits, and is obligated as a guarantor on certain debt obligations. The Organization has not incurred any losses related to these obligations at December 31, 2017 and 2016.

Litigation

Legal claims and lawsuits arise from time to time in the normal course of business. There are pending legal issues in which the Organization's management is involved. The Organization's management and legal counsel estimate that the potential claims against the Organization not covered by insurance, resulting from such litigation would not materially affect the operations or financial condition of the Organization.

Grant Awards and Notes Receivables

CHW has evaluated the projected cash flow available for repayment of the notes receivable and has recorded an allowance for uncollectible amounts equal to the balance of the notes receivable. Interest earned on the notes receivable is expected to be collected and has been accrued at December 31, 2017 and 2016.

Paradise Creek Housing Partners, L.P. and Paradise Creek II Housing Partners, L.P.

Notes receivable from Paradise Creek Housing Partners, L.P. ("PHCP") and Paradise Creek II Housing Partners, L.P. (PHCP-II") consist of the following at December 31, 2017 and 2016:

In 2011, CHW was awarded a grant in the amount of \$14,957,000 for the sole purpose of CHW making a loan to PCHP. The note receivable dated November 19, 2014 bears interest at .25% beginning after construction has been completed. Payments of principal and interest are payable annually from cash flow, with any remaining balance due November 19, 2069. The balance of the note receivable and interest receivable totals \$14,957,000 and \$37,392 and \$14,957,000 and \$1,639, respectively, at December 31, 2017 and 2016, respectively. Grant advances totaling \$-0- and \$3,533,836 have been recorded as grant revenue for the years ended December 31, 2017 and 2016, respectively.

In 2011, CHW was awarded a grant in the amount of \$5,350,800 for the sole purpose of CHW making a loan to PCHP. The note receivable dated November 19, 2014 is noninterest bearing. Principal payments are payable annually from cash flow, as defined, with any remaining balance due November 19, 2069. The balance of the note receivable totals \$5,350,800 and \$4,815,720 at December 31, 2017 and 2016, respectively. Grant advances totaling \$535,080 and \$4,271,904 have been recorded as grant revenue for the years ended December 31, 2017 and 2016, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 14 - Commitments and Contingencies: (Continued)

Grant Awards and Notes Receivables (Continued)

Paradise Creek Housing Partners, L.P. and Paradise Creek II Housing Partners, L.P.

In 2015, CHW was awarded a grant in the amount of \$14,909,000 for the sole purpose of CHW making a loan to PCHP-II. The note receivable dated October 2015 bears interest at .25% beginning after construction has been completed. Payments of principal and interest are payable annually from cash flow, with any remaining balance due 55 years after the expiration of the stabilization period, as defined. The balance of the note receivable totals \$14,909,000 and \$14,909,000 at December 31, 2017 and 2016, respectively. Grant advances totaling \$-0- and \$14,909,000 have been recorded as grant revenue for the years ended December 31, 2017 and 2016, respectively.

In 2015, CHW was awarded a grant in the amount of \$4,000,000 for the sole purpose of CHW making a loan to PCHP-II. The note receivable dated October 2015 is noninterest bearing bears interest at .25% beginning after construction has been completed. Principal payments are payable annually from cash flow, as defined, with any remaining balance due 55 years after the expiration of the stabilization period, as defined. The balance of the note receivable totals \$3,600,000 and \$-0- at December 31, 2017 and 2016, respectively. Grant advances totaling \$3,600,000 and \$-0- have been recorded as grant revenue for the years ended December 31, 2017 and 2016, respectively.

Fruit Avenue Housing Associates, L.P.

In 2017, CHW was awarded a grant in the amount of \$672,811 which it loaned to Fruit Housing Associates, L.P. to complete a weatherization program at Parks at Fig Apartments. The note receivable dated December 16, 2016 bears interest at 7.0% per annum. Principal and interest payments are payable annually from cash flow, as defined, with any remaining balance due November 30, 2071. The balance of the note receivable and interest receivable totals \$672,811 and \$4,055 and \$-0- and \$-0- at December 31, 2017 and 2016, respectively. Grant advances totaling \$672,811 and \$-0- have been recorded as grant revenue for the years ended December 31, 2017 and 2016, respectively.

The following is a summary of the assets, revenue and expense recorded as of and for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Notes receivable	\$ 39,489,611	\$ 34,681,720
Less: Allowance for uncollectible	(39,489,611)	(34,681,720)
Notes Receivable, Net	<u>\$ -</u>	<u>\$ -</u>
Interest receivable	\$ 41,447	\$ 1,639
Interest Income	<u>\$ 39,808</u>	<u>\$ 1,639</u>
Grant revenue	\$ 4,807,891	\$ 22,714,740
Less: Allowance for uncollectible	(4,807,891)	(22,714,740)
Revenue, Net	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 15 - Net Assets:

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions received with donor restrictions for which the funds were not spent for their intended use at December 31, 2017 and 2016. Temporarily restricted net assets are summarized as follows at December 31:

	<u>2017</u>	<u>2016</u>
Financial education	\$ 131,250	\$ 42,333
CDBG Revolving Loan Fund	116,508	115,370
The Neighborhood Reinvestment Corporation	77,300	85,000
Contributions receivable, net	57,290	47,448
Enhanced analytics	-	22,224
Total Temporarily Restricted Net Assets	<u>\$ 382,348</u>	<u>\$ 312,375</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors totaling \$110,661 and \$243,131 for the years ended December 31, 2017 and 2016, respectively:

Permanently Restricted Net Assets

Permanently restricted net assets consist of grants received from The Neighborhood Reinvestment Corporation Revolving Loan and Capital Projects (NRC), doing business as NeighborWorks America. These funds are permanently restricted and were used to fund loans to borrowers and are currently used to provide funds for capital projects. The interest earned on the loans is available for unrestricted purposes. Permanently restricted net assets totaled \$1,577,224 and \$2,253,176 at December 31, 2017 and 2016, respectively.

Permanently restricted net assets released from donor restrictions totaled \$675,952 and \$563,294 for the years ended December 31, 2017 and 2016, respectively.

Note 16 - Acquisitions and Dispositions of Partnership Interests:

During 2017, the Organization deconsolidated Monument Boulevard Housing Associates, L.P. The assets and liabilities have been removed from the consolidated statement of financial position, which had no effect on net assets for the year ended December 31, 2017.

During 2016, the Organization acquired limited partnership interests in three partnerships. As a result, the Organization has now consolidated these wholly owned partnerships and has included the capital accounts of the partnerships at acquisition into net assets. The following amounts have been reported as acquisition of partnership interest in the consolidated statements of activities for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Breihan Housing Associates, L.P.	\$ -	\$ 2,695,305
Eucalyptus View Cooperative Housing Associates, L.P.	-	796,013
Winona Gardens Housing Associates, L.P.	-	(520,014)
Total Acquisition of Partnership Interest	<u>\$ -</u>	<u>\$ 2,971,304</u>

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 16 - Acquisitions and Dispositions of Partnership Interests: (Continued)

During 2016, the Organization deconsolidated Texas Street Senior Housing, L.P. and Mission Cove Seniors Housing Associates, L.P. The assets and liabilities have been removed from the consolidated statement of financial position, which had no effect on net assets for the years ended December 31, 2017 and 2016.

Note 17 - Subsequent Events:

In March 2018, Morningside Housing Associates, L.P. entered into an agreement to sell the 1.95-acre parcel of land at 206 Cedar Road, Vista, CA for \$2.8 million.

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF REAL ESTATE ENTITIES
DECEMBER 31, 2017

Partnership Name	Property Name	Number of Units	Location	CHW Equity Owned Through 100% Owned Single Member LLC	CHW Equity
Alabama Manor Housing Associates, L.P.	Alabama Manor Apartments	67	San Diego	N/A	0.010%
Breihan Housing Associates, L.P.	Hillside Village	71	Poway	N/A	0.010%
Cedar Nettleton Housing Associates, L.P.	Cedar Nettleton Apartments	68	Vista	Vista Lilac LLC	0.010%
Cedar Road Housing Associates	<i>Sold December 14, 2016</i>	-	-	N/A	1.000%
CHW Arizona Street Development, L.P.	N/A	-	-	N/A	99.00%
CHW Ulric Street Development, L.P.	Ulric Apartments	36	San Diego	N/A	1.000%
Community Road Housing Associates, L.P.	Solara	56	Poway	N/A	0.010%
Community Housing Solutions	PineView Apartments	101	Fallbrook	N/A	100.00%
Concord Sun Ridge, LLC	<i>Sold August 31, 2017</i>	-	Concord	SR Preservation, LLC (Dissolved 12/31/17)	100.00%
Concord Sun Ridge, LLC	N/A	-	-	N/A	-
Cypress Cove Housing Associates, L.P.	Manzanita Apartments	200	Escondido	Mission Manzanita, LLC	0.010%
Daybreak Housing Associates	Daybreak Grove / Sunrise Place	21	Escondido	N/A	-
Delta Village Housing Associates, L.P.	Las Serenas	108	San Diego	N/A	0.010%
Dove Family Housing Associates, L.P.	La Costa Paloma	180	Carslbad	N/A	0.005%
East Mountain Housing Associates, L.P.	The Groves Apartments	44	Pasadena	Northwest Manor LLC	0.010%
El Norte Housing Associates, L.P.	Avocado Court Apartments	36	Escondido	El Norte Housing Opportunities LLC	0.010%
Esperanza Gardens Apartments, L.P.	Esperanza Garden Apartments	10	Encinitas	N/A	-
Eucalyptus View Cooperative Housing Associates, L.P.	Eucalyptus View	24	Escondido	N/A	0.010%
Fallbrook View Housing Associates, L.P.	Fallbrook View Apartments	80	Fallbrook	N/A	0.010%
Florida Street Housing Associates, L.P.	Kalos Apartments	83	San Diego	Another Nurturing Neighborhood LLC	0.010%
Foothill Oak Housing Associates, L.P.	Los Robles Apartments	76	Vista	Foothill Oak Housing Opportunities LLC	0.010%
Fruit Avenue Housing Associates, L.P.	Parks at Fig Garden	366	Fresno	Ashlan Ave Housing, LLC	0.010%
Haley Ranch Estates Housing Associates, L.P.	Haley Ranch Estates	65	Poway	N/A	1.000%
Kalmia Street Housing Associates, L.P.	<i>Development</i>	-	-	N/A	99.00%
Keeler Court Housing Associates, L.P.	<i>Development</i>	-	-	Las Conchas Housing Opportunities LLC	99.00%
Lindo Housing Associates, L.P.	Maplewood Apartments	79	Lakeside	Lakeside Family Housing LLC	0.010%
Mission Cove Seniors Housing Associates, L.P.	Mission Cove Seniors (<i>Construction 138 units</i>)	-	Oceanside	Carolyn Compass Rose, LLC	0.010%
Mission Grove Housing Associates, L.P.	Old Grove Apartments	56	Oceanside	N/A	0.010%
Monument Boulevard Housing Associates, L.P.	Sun Ridge Apartments	198	Concord	Concord Victory Lane, LLC	0.010%
Morningside Housing Associates, L.P.	<i>Development</i>	-	-	West Alliance, LLC	99.00%
Mountain View Housing Associates, L.P.	Mayberry Townhomes	70	San Diego	Alta Vista Townhomes, LLC	0.010%
Nettleton Road Housing Associates	<i>Sold December 14, 2016</i>	-	-	N/A	1.000%
North Santa Fe Housing Associates, L.P.	North Santa Fe Apartments	68	Vista	Buena Vista Alliance LLC	0.010%
Oak Knoll Housing Associates, L.P.	Oak Knoll Villas	52	Poway	Fallbrook Renaissance LLC	0.010%
Orange Place Housing Associates	Orange Place Apartments	32	Escondido	N/A	1.000%
Paradise Creek Housing Partners, L.P.	Paradise Creek	109	National City	CHW Paradise Creek Development Co., LLC	0.005%
Paradise Creek II Housing Partners, L.P.	Paradise Creek II (<i>Construction 92 units</i>)	-	National City	CHW Paradise Creek II Development Co., LLC	0.005%
Parks at Fig, LLC	<i>Sold December 16, 2016</i>	-	-	N/A	100.00%
Poway Villas Housing Associates, L.P.	Poway Villas	60	Poway	CHW Civic Center LLC	0.010%
Solutions Family Center, L.P.	Solutions	33	Vista	N/A	1.000%
South Santa Fe Housing Associates, L.P.	<i>Development</i>	-	-	Paseo Artist Village LLC	1.00%
Texas Street Senior Housing, L.P.	North Park Seniors	76	San Diego	Howard Avenue Senior Housing LLC	0.010%
The Bowron Road Group Limited Partnership	Parkview Terrace	92	Poway	N/A	0.002%
Tremont Street Apartments Limited Partnership	Marisol Apartments	22	Oceanside	N/A	1.000%
Turnagain Renaissance Housing Associates, L.P.	Turnagain Artns	80	Fallbrook	Fallbrook Renaissance LLC	0.010%
Winona Gardens Housing Associates, L.P.	Bandar Salaam Apartments	68	San Diego	N/A	0.010%
Woodcroft Street Housing Associates, L.P.	Azusa Apartments	88	Azusa	Big Dalton Wash LLC	0.010%
Wooster Ave, LLC	Parkside Terrace Apartments	201	San Jose	N/A	0.000%
15th Avenue Housing Cooperative	15th Avenue Apartments	16	Escondido	N/A	-
	Las Casitas Apartments	14	San Diego	N/A	100.00%
		<u>3,106</u>			

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF REAL ESTATE ENTITIES
DECEMBER 31, 2016

Partnership Name	Property Name	Number of Units	Location	CHW Equity Owned Through 100% Owned Single Member LLC	CHW Equity
Alabama Manor Housing Associates, L.P.	Alabama Manor Apartments	67	San Diego	N/A	0.010%
Breihan Housing Associates, L.P.	Hillside Village	71	Poway	N/A	0.010%
Cedar Nettleton Housing Associates, L.P.	Cedar Nettleton Apartments	68	Vista	Vista Lilac LLC	0.010%
Cedar Road Housing Associates	<i>Sold December 14, 2016</i>	-	-	N/A	1.000%
CHW Arizona Street Development, L.P.	N/A	-	-	N/A	99.00%
CHW Ulric Street Development, L.P.	Ulric Apartments	36	San Diego	N/A	1.000%
Community Road Housing Associates, L.P.	Solara	56	Poway	N/A	0.010%
Community Housing Solutions	PineView Apartments	101	Fallbrook	N/A	100.000%
Concord Sun Ridge, LLC	Sun Ridge Apartments	198	Concord	SR Preservation, LLC	100.00%
Cypress Cove Housing Associates, L.P.	Manzanita Apartments	200	Escondido	Mission Manzanita, LLC	0.010%
Daybreak Housing Associates	Daybreak Grove / Sunrise Place	21	Escondido	N/A	-
Delta Village Housing Associates, L.P.	Las Serenas	108	San Diego	N/A	0.010%
Dove Family Housing Associates, L.P.	La Costa Paloma	180	Carlsbad	N/A	0.005%
East Mountain Housing Associates, L.P.	The Groves Apartments	44	Pasadena	Northwest Manor LLC	0.010%
El Norte Housing Associates, L.P.	Avocado Court Apartments	36	Escondido	El Norte Housing Opportunities LLC	0.010%
Esperanza Gardens Apartments, L.P.	Esperanza Garden Apartments	10	Encinitas	N/A	-
Eucalyptus View Cooperative Housing Associates, L.P.	Eucalyptus View	24	Escondido	N/A	0.010%
Fallbrook View Housing Associates, L.P.	Fallbrook View Apartments	80	Fallbrook	N/A	0.010%
Florida Street Housing Associates, L.P.	Kalos Apartments	83	San Diego	Another Nurturing Neighborhood LLC	0.010%
Foothill Oak Housing Associates, L.P.	Los Robles Apartments	76	Vista	Foothill Oak Housing Opportunities LLC	0.010%
Fruit Avenue Housing Associates, L.P.	Parks at Fig Garden	366	Fresno	Ashlan Ave Housing, LLC	0.010%
Haley Ranch Estates Housing Associates, L.P.	Haley Ranch Estates	65	Poway	N/A	1.000%
Kalmia Street Housing Associates, L.P.	<i>Development</i>	-	-	N/A	99.00%
Lindo Housing Associates, L.P.	Maplewood Apartments	79	Lakeside	Lakeside Family Housing LLC	0.010%
Mission Cove Seniors Housing Associates, L.P.	Mission Cove Seniors (<i>Construction 138 units</i>)	-	Oceanside	Carolyn Compass Rose, LLC	0.010%
Mission Grove Housing Associates, L.P.	Old Grove Apartments	56	Oceanside	N/A	0.010%
Monument Boulevard Housing Associates, L.P.	<i>Development</i>	-	-	Concord Victory Lane, LLC	1.000%
Morningside Housing Associates, L.P.	<i>Development</i>	-	-	West Alliance, LLC	99.00%
Mountain View Housing Associates, L.P.	Mayberry Townhomes	70	San Diego	Alta Vista Townhomes, LLC	0.010%
Nettleton Road Housing Associates	<i>Sold December 14, 2016</i>	-	-	N/A	1.000%
North Santa Fe Housing Associates, L.P.	North Santa Fe Apartments	68	Vista	Buena Vista Alliance LLC	0.010%
Oak Knoll Housing Associates, L.P.	Oak Knoll Villas	52	Poway	Fallbrook Renaissance LLC	0.010%
Orange Place Housing Associates	Orange Place Apartments	32	Escondido	N/A	1.000%
Paradise Creek Housing Partners, L.P.	Paradise Creek	109	National City	CHW Paradise Creek Development Co., LLC	0.005%
Paradise Creek II Housing Partners, L.P.	Paradise Creek II (<i>Construction 92 units</i>)	-	National City	CHW Paradise Creek II Development Co., LLC	0.005%
Parks at Fig, LLC	<i>Sold December 16, 2016</i>	-	-	N/A	100.00%
Poway Villas Housing Associates, L.P.	Poway Villas	60	Poway	CHW Civic Center LLC	0.010%
Solutions Family Center, L.P.	Solutions	33	Vista	N/A	1.000%
Texas Street Senior Housing, L.P.	North Park Seniors (<i>Construction 49 units</i>)	-	San Diego	Howard Avenue Senior Housing LLC	0.010%
The Bowron Road Group Limited Partnership	Parkview Terrace	92	Poway	N/A	0.002%
Tremont Street Apartments Limited Partnership	Marisol Apartments	22	Oceanside	N/A	1.000%
Turnagain Renaissance Housing Associates, L.P.	Turnagain Arms	80	Fallbrook	Fallbrook Renaissance LLC	0.010%
Winona Gardens Housing Associates, L.P.	Bandar Salaam Apartments	68	San Diego	N/A	0.010%
Woodcroft Street Housing Associates, L.P.	Azusa Apartments	88	Azusa	Big Dalton Wash LLC	0.010%
15th Avenue Housing Cooperative	15th Avenue Apartments	16	Escondido	N/A	-
	Las Casitas Apartments	14	San Diego	N/A	100.00%
		<u>2,829</u>			

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions
Current Assets:					
Cash and cash equivalents	\$ 17,095,878	\$ 121,272	\$ 1,207,899	\$ 45,365	\$ 228,218
Security deposits	6,996	-	407,487	11,112	58,305
Grants and contracts receivable	153,114	-	-	-	-
Contributions receivable, net	60,713	-	-	-	-
Accounts receivable - related parties	11,950,737	-	-	-	-
Accounts receivable - other, net	301,046	-	41,408	-	10,788
Intercompany accounts receivable	5,297,140	-	-	-	9,627
Prepaid expenses	93,318	10,890	368,834	2,776	10,749
Property held for sale	-	1,470,971	-	-	-
Total Current Assets	<u>34,958,942</u>	<u>1,603,133</u>	<u>2,025,628</u>	<u>59,253</u>	<u>317,687</u>
Noncurrent Assets:					
Contributions receivable, net	5,278	-	-	-	-
Restricted reserves	-	-	5,204,396	418,195	101,596
Loans receivable, net	696,151	-	-	-	-
Intercompany notes receivable	1,373,132	-	-	-	-
Notes receivable - related parties, net	10,566,789	8,251,620	13,162,237	-	-
Interest receivable	588,245	194,324	217,021	-	-
Property and equipment, net	672,853	2,158,668	68,003,164	596,728	5,978,486
Investments in limited partnerships	15,969,482	1,209,293	192,947	(896)	-
Deposits	54,624	-	63,206	1,000	12,182
Other assets, net	-	-	36,109	-	-
Total Noncurrent Assets	<u>29,926,554</u>	<u>11,813,905</u>	<u>86,879,080</u>	<u>1,015,027</u>	<u>6,092,264</u>
TOTAL ASSETS	<u>\$ 64,885,496</u>	<u>\$ 13,417,038</u>	<u>\$ 88,904,708</u>	<u>\$ 1,074,280</u>	<u>\$ 6,409,951</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONT
DECEMBER 31, 2017

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions
<u>Current Liabilities:</u>					
Accounts payable and accrued expenses	\$ 1,036,063	\$ 8,800	\$ 763,022	\$ 927	\$ 37,467
Security deposits	15,962	-	407,637	11,112	58,022
Intercompany payables	9,627	2,807,855	2,360,532	18,486	110,267
Deferred revenue	44,953	-	65,635	3,533	4,113
Current portion of noncurrent liabilities	1,750,000	822,500	182,369	-	7,397,040
Total Current Liabilities	<u>2,856,605</u>	<u>3,639,155</u>	<u>3,779,195</u>	<u>34,058</u>	<u>7,606,909</u>
<u>Noncurrent Liabilities:</u>					
Deferred revenue	292,161	-	-	-	-
Intercompany notes payable	-	-	245,891	-	1,127,241
Notes payable - amortized debt, net	5,210,935	822,500	50,137,007	-	-
Bonds payable, net	-	-	-	-	7,397,040
Notes payable - residual receipts debt, net	1,346,855	-	15,051,879	996,193	4,044,807
Interest payable - residual receipts debt	171,945	-	7,709,167	492,373	2,085,328
Less: Current portion	<u>(1,750,000)</u>	<u>(822,500)</u>	<u>(182,369)</u>	<u>-</u>	<u>(7,397,040)</u>
Total Noncurrent Liabilities	<u>5,271,896</u>	<u>-</u>	<u>72,961,575</u>	<u>1,488,566</u>	<u>7,257,376</u>
Total Liabilities	<u>8,128,501</u>	<u>3,639,155</u>	<u>76,740,770</u>	<u>1,522,624</u>	<u>14,864,285</u>
<u>Net Assets:</u>					
Unrestricted	54,797,423	9,777,883	12,163,938	(448,344)	(8,454,334)
Temporarily restricted	382,348	-	-	-	-
Permanently restricted	1,577,224	-	-	-	-
Total Net Assets	<u>56,756,995</u>	<u>9,777,883</u>	<u>12,163,938</u>	<u>(448,344)</u>	<u>(8,454,334)</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 64,885,496	\$ 13,417,038	\$ 88,904,708	\$ 1,074,280	\$ 6,409,951

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions
<u>Current Assets:</u>					
Cash and cash equivalents	\$ 15,022,033	\$ 628,755	\$ 850,866	\$ 43,032	\$ 242,867
Security deposits	6,110	123,528	280,221	11,112	50,842
Grants and contracts receivable	61,214	-	-	-	-
Contributions receivable, net	28,416	-	-	-	-
Accounts receivable - related parties	8,405,281	-	-	-	-
Accounts receivable - other, net	432,462	9,169	7,708	-	804
Intercompany accounts receivable	2,676,653	-	-	-	10,500
Prepaid expenses	69,611	47,256	116,594	2,670	11,356
Total Current Assets	<u>26,701,780</u>	<u>808,708</u>	<u>1,255,389</u>	<u>56,814</u>	<u>316,369</u>
<u>Noncurrent Assets:</u>					
Contributions receivable, net	19,032	-	-	-	-
Restricted reserves	-	687,734	3,888,918	393,640	140,542
Loans receivable, net	773,516	-	-	-	-
Intercompany notes receivable	1,354,390	-	-	-	-
Notes receivable - related parties, net	12,237,091	8,251,620	3,244,330	-	-
Interest receivable	505,555	7,664	6,080	-	-
Property and equipment, net	1,235,957	23,220,497	32,518,567	650,697	6,147,996
Investments in limited partnerships	14,124,793	1,084,621	193,488	(393)	-
Deposits	53,978	248,190	67,740	1,000	12,182
Other assets, net	-	-	37,491	-	-
Total Noncurrent Assets	<u>30,304,312</u>	<u>33,500,326</u>	<u>39,956,614</u>	<u>1,044,944</u>	<u>6,300,720</u>
TOTAL ASSETS	<u>\$ 57,006,092</u>	<u>\$ 34,309,034</u>	<u>\$ 41,212,003</u>	<u>\$ 1,101,758</u>	<u>\$ 6,617,089</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONT
DECEMBER 31, 2016

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions
<u>Current Liabilities:</u>					
Accounts payable and accrued expenses	\$ 724,531	\$ 727,066	\$ 384,423	\$ 804	\$ 74,988
Security deposits	9,264	123,524	280,212	11,112	50,840
Intercompany payables	10,500	760,398	1,793,730	17,775	104,750
Deferred revenue	44,953	8,635	29,125	4,196	8,685
Current portion of noncurrent liabilities	-	2,469,093	163,116	-	200,000
Total Current Liabilities	<u>789,248</u>	<u>4,088,716</u>	<u>2,650,606</u>	<u>33,887</u>	<u>439,263</u>
<u>Noncurrent Liabilities:</u>					
Deferred revenue	337,114	-	-	-	-
Intercompany notes payable	-	-	245,149	-	1,109,241
Notes payable - amortized debt, net	7,782,403	22,743,881	11,134,345	-	-
Bonds payable, net	-	-	-	-	7,774,428
Notes payable - residual receipts debt, net	1,371,355	-	15,051,879	995,923	4,044,807
Interest payable - residual receipts debt	162,933	-	7,452,881	465,658	1,902,488
Less: Current portion	-	(2,469,093)	(163,116)	-	(200,000)
Total Noncurrent Liabilities	<u>9,653,805</u>	<u>20,274,788</u>	<u>33,721,138</u>	<u>1,461,581</u>	<u>14,630,964</u>
Total Liabilities	<u>10,443,053</u>	<u>24,363,504</u>	<u>36,371,744</u>	<u>1,495,468</u>	<u>15,070,227</u>
<u>Net Assets:</u>					
Unrestricted	43,997,488	9,945,530	4,840,259	(393,710)	(8,453,138)
Temporarily restricted	312,375	-	-	-	-
Permanently restricted	2,253,176	-	-	-	-
Total Net Assets	<u>46,563,039</u>	<u>9,945,530</u>	<u>4,840,259</u>	<u>(393,710)</u>	<u>(8,453,138)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 57,006,092</u>	<u>\$ 34,309,034</u>	<u>\$ 41,212,003</u>	<u>\$ 1,101,758</u>	<u>\$ 6,617,089</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions
Unrestricted Net Assets:					
<u>Support and Revenues:</u>					
Contributions	\$ 586,456	\$ -	\$ -	\$ -	\$ -
Developer fees	10,791,512	-	-	-	-
Grants and contracts	1,030,858	-	-	-	26,547
Loan fees and interest	744,327	274,262	158,072	2,479	-
Management fees	901,007	-	-	-	-
Other income	45,613	220,833	132,153	8,154	47,79
Program income	1,338,073	-	-	-	-
Rental income	-	1,891,840	6,731,326	127,272	1,186,76
Net assets released from restrictions	786,613	-	-	-	-
Total Support and Revenues	<u>16,224,459</u>	<u>2,386,935</u>	<u>7,021,551</u>	<u>137,905</u>	<u>1,261,18</u>
<u>Expenses:</u>					
Program Services:					
Asset management	1,088,758	-	-	-	-
Community programs	2,169,782	-	-	-	-
Real estate development	2,576,703	-	-	-	-
Rental real estate	-	2,521,305	9,539,596	192,036	1,262,37
Special needs housing programs	419,941	-	-	-	-
Total Program Services	<u>6,255,184</u>	<u>2,521,305</u>	<u>9,539,596</u>	<u>192,036</u>	<u>1,262,37</u>
Supporting Services:					
Management and general	1,250,451	-	-	-	-
Fundraising	395,788	-	-	-	-
Total Supporting Services	<u>1,646,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>7,901,423</u>	<u>2,521,305</u>	<u>9,539,596</u>	<u>192,036</u>	<u>1,262,37</u>
Change in Unrestricted Net Assets Before Other Revenue and (Expenses)	<u>8,323,036</u>	<u>(134,370)</u>	<u>(2,518,045)</u>	<u>(54,131)</u>	<u>(1,19)</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUE
FOR THE YEAR ENDED DECEMBER 31, 2017

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions
<u>Other Revenue and (Expenses):</u>					
Gain on sale of property and equipment	\$ -	\$ 13,188,181	\$ -	\$ -	\$ -
Loan forgiveness and recovery	40,734	-	-	-	-
Partnership loss	(710,988)	(678)	(541)	(503)	-
Total Other Revenue and (Expenses)	<u>(670,254)</u>	<u>13,187,503</u>	<u>(541)</u>	<u>(503)</u>	<u>-</u>
Change in Unrestricted Net Assets	<u>7,652,782</u>	<u>13,053,133</u>	<u>(2,518,586)</u>	<u>(54,634)</u>	<u>(1,19)</u>
<u>Temporarily Restricted Net Assets:</u>					
Contributions	179,496	-	-	-	-
Loan fees and interest	1,138	-	-	-	-
Net assets released from restrictions	<u>(110,661)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Temporarily Restricted Net Assets	<u>69,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Permanently Restricted Net Assets:</u>					
Net assets released from restriction	<u>(675,952)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Permanently Restricted Net Assets	<u>(675,952)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	7,046,803	13,053,133	(2,518,586)	(54,634)	(1,19)
Net Assets at Beginning of Year	46,563,039	9,945,530	4,840,259	(393,710)	(8,453,13)
Acquisition of Partnership Interest	-	(10,035,238)	10,035,238	-	-
Contributions/(Distributions), net	<u>3,147,153</u>	<u>(3,185,542)</u>	<u>(192,973)</u>	<u>-</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$ 56,756,995</u>	<u>\$ 9,777,883</u>	<u>\$ 12,163,938</u>	<u>\$ (448,344)</u>	<u>\$ (8,454,33)</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions
Unrestricted Net Assets:					
<u>Support and Revenues:</u>					
Contributions	\$ 717,761	\$ -	\$ -	\$ -	\$ -
Developer fees	9,103,483	-	-	-	-
Grants and contracts	471,120	-	-	-	52,425
Loan fees and interest	857,930	8,306	52,885	8,358	5
Management fees	1,188,103	-	-	-	-
Other income	244,663	194,500	72,743	3,382	32,74
Program income	1,250,239	-	-	-	-
Rental income	-	5,210,543	3,930,945	120,384	1,113,45
Net assets released from restrictions	806,425	-	-	-	-
Total Support and Revenues	<u>14,639,724</u>	<u>5,413,349</u>	<u>4,056,573</u>	<u>132,124</u>	<u>1,198,67</u>
<u>Expenses:</u>					
Program Services:					
Asset management	1,043,106	-	-	-	-
Classes and coaching	579,851	-	-	-	-
Community programs	1,288,536	-	-	-	-
Real estate development	2,428,809	-	-	-	-
Rental real estate	-	6,072,267	5,452,277	185,845	1,284,37
Special needs housing programs	438,260	-	-	-	-
Total Program Services	<u>5,778,562</u>	<u>6,072,267</u>	<u>5,452,277</u>	<u>185,845</u>	<u>1,284,37</u>
Supporting Services:					
Management and general	1,172,874	7,843	-	-	-
Fundraising	348,582	-	-	-	-
Total Supporting Services	<u>1,521,456</u>	<u>7,843</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>7,300,018</u>	<u>6,080,110</u>	<u>5,452,277</u>	<u>185,845</u>	<u>1,284,37</u>
Change in Unrestricted Net Assets Before Other Revenue and (Expenses)	<u>7,339,706</u>	<u>(666,761)</u>	<u>(1,395,704)</u>	<u>(53,721)</u>	<u>(85,70)</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUE
FOR THE YEAR ENDED DECEMBER 31, 2016

	Community HousingWorks	Partnership and Limited Liability Companies	Esperanza Housing and Community Development Corporation	Escondido Family Housing Corporation	Community Housing Solutions
<u>Other Revenue and (Expenses):</u>					
Gain on sale of property and equipment	\$ -	\$ 10,538,946	\$ 4,794,462	\$ -	\$ -
Loan forgiveness and recovery	102,146	-	268,000	-	-
Partnership loss	(1,434,986)	(767)	(12,355)	(2,491)	-
Partnership gain on sale of property and equipment	12,788,610	-	-	-	-
Pass-through grant revenue	134,649	-	-	-	-
Pass-through grant expenses	(134,649)	-	-	-	-
Total Other Revenue and (Expenses)	<u>11,455,770</u>	<u>10,538,179</u>	<u>5,050,107</u>	<u>(2,491)</u>	<u>-</u>
Change in Unrestricted Net Assets	<u>18,795,476</u>	<u>9,871,418</u>	<u>3,654,403</u>	<u>(56,212)</u>	<u>(85,70)</u>
<u>Temporarily Restricted Net Assets:</u>					
Contributions	101,624	-	-	-	-
Loan fees and interest	1,865	-	-	-	-
Net assets released from restrictions	(243,131)	-	-	-	-
Change in Temporarily Restricted Net Assets	<u>(139,642)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Permanently Restricted Net Assets:</u>					
Grants	450,000	-	-	-	-
Net assets released from restriction	(563,294)	-	-	-	-
Change in Permanently Restricted Net Assets	<u>(113,294)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>18,542,540</u>	<u>9,871,418</u>	<u>3,654,403</u>	<u>(56,212)</u>	<u>(85,70)</u>
Net Assets at Beginning of Year	<u>28,020,499</u>	<u>2,955,257</u>	<u>(345,938)</u>	<u>(337,498)</u>	<u>(8,367,43)</u>
Acquisition of Partnership Interest	-	-	2,971,304	-	-
Contributions/(Distributions), net	-	(2,881,145)	(1,439,510)	-	-
NET ASSETS AT END OF YEAR	<u>\$ 46,563,039</u>	<u>\$ 9,945,530</u>	<u>\$ 4,840,259</u>	<u>\$ (393,710)</u>	<u>\$ (8,453,13)</u>

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES -
COMMUNITY HOUSINGWORKS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services				Supporting
	Community Programs	Special Needs Housing Programs	Real Estate Development	Asset Management	Management and General
<u>Personnel Expenses:</u>					
Salaries and wages	\$ 1,381,230	\$ 61,150	\$ 1,725,983	\$ 625,848	\$ 581,285
Payroll taxes	118,457	5,306	119,680	50,200	44,731
Health insurance and other benefits	168,253	7,791	164,939	60,527	70,032
Temporary/contract personnel	11,976	1,459	8,290	5,277	32,619
Total Personnel Expenses	<u>1,679,916</u>	<u>75,706</u>	<u>2,018,892</u>	<u>741,852</u>	<u>728,667</u>
<u>Occupancy:</u>					
Office rent	93,533	17,368	174,354	77,341	151,547
Telephone/Internet	11,453	1,863	11,112	4,860	5,174
Utilities	66	14	155	65	70
Leasehold improvements	1,481	219	1,610	863	3,767
Total Occupancy	<u>106,533</u>	<u>19,464</u>	<u>187,231</u>	<u>83,129</u>	<u>160,558</u>
<u>Insurance</u>	<u>4,587</u>	<u>892</u>	<u>3,688</u>	<u>1,908</u>	<u>(15,735)</u>
<u>Supplies and Other</u>					
Administrative Costs	<u>175,599</u>	<u>17,091</u>	<u>249,585</u>	<u>61,527</u>	<u>133,333</u>
<u>Travel</u>	<u>38,730</u>	<u>2,071</u>	<u>21,558</u>	<u>29,735</u>	<u>11,991</u>
<u>Professional Fees:</u>					
Other professional services	30,918	34,642	50,475	132,539	71,685
Equipment/computer services	852	196	744	317	463
Accounting (Audit)	4,828	637	3,866	7,319	14,229
Total Professional Fees	<u>36,598</u>	<u>35,475</u>	<u>55,085</u>	<u>140,175</u>	<u>86,377</u>
<u>Program/Project Expenses:</u>					
Program/Project related expenses	79,451	83,237	802	7,372	2,722
Property operation cost	-	150,515	-	-	-
Total Program/Project Expenses	<u>79,451</u>	<u>233,752</u>	<u>802</u>	<u>7,372</u>	<u>2,722</u>
<u>Other Expense (Depreciation/Amortization/ Capital/Contribution)</u>	<u>48,368</u>	<u>35,490</u>	<u>39,862</u>	<u>23,060</u>	<u>142,538</u>
TOTAL EXPENSES	<u>\$ 2,169,782</u>	<u>\$ 419,941</u>	<u>\$ 2,576,703</u>	<u>\$ 1,088,758</u>	<u>\$ 1,250,451</u>

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES -
COMMUNITY HOUSINGWORKS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services					Supporti
	Community Programs	Special Needs Housing Programs	Real Estate Development	Classes and Coaching	Asset Management	Management and General
<u>Personnel Expenses:</u>						
Salaries and wages	\$ 833,625	\$ 116,443	\$ 1,724,802	\$ 363,470	\$ 583,018	\$ 633,410
Payroll taxes	76,533	10,817	115,976	31,114	50,287	46,722
Health insurance and other benefits	112,339	17,434	153,605	35,739	61,158	67,811
Temporary/contract personnel	3,176	12,438	11,916	2,308	16,497	14,914
Total Personnel Expenses	<u>1,025,673</u>	<u>157,132</u>	<u>2,006,299</u>	<u>432,631</u>	<u>710,960</u>	<u>762,857</u>
<u>Occupancy:</u>						
Office rent	35,036	7,690	82,694	30,918	46,972	105,961
Telephone/Internet	4,593	1,095	10,022	4,855	6,035	6,193
Utilities	95	576	283	60	147	151
Leasehold improvements	292	64	929	241	511	523
Total Occupancy	<u>40,016</u>	<u>9,425</u>	<u>93,928</u>	<u>36,074</u>	<u>53,665</u>	<u>112,828</u>
<u>Insurance</u>	<u>5,800</u>	<u>1,273</u>	<u>7,751</u>	<u>3,988</u>	<u>4,871</u>	<u>1,966</u>
<u>Supplies and Other</u>						
<u>Administrative Costs</u>	<u>115,910</u>	<u>19,561</u>	<u>177,680</u>	<u>43,833</u>	<u>66,328</u>	<u>82,245</u>
<u>Travel</u>	<u>22,135</u>	<u>1,326</u>	<u>20,144</u>	<u>16,352</u>	<u>8,414</u>	<u>10,558</u>
<u>Professional Fees:</u>						
Other professional services	14,306	45,339	20,951	6,270	153,115	46,658
Equipment/computer services	2,715	596	3,332	1,782	2,136	3,628
Accounting (Audit)	5,959	1,308	7,277	4,799	16,100	1,835
Total Professional Fees	<u>22,980</u>	<u>47,243</u>	<u>31,560</u>	<u>12,851</u>	<u>171,351</u>	<u>52,121</u>
<u>Program/Project Expenses:</u>						
Program/Project related expenses	26,022	52,554	922	14,177	3,705	3,113
Property operation cost	-	114,048	-	-	-	-
Total Program/Project Expenses	<u>26,022</u>	<u>166,602</u>	<u>922</u>	<u>14,177</u>	<u>3,705</u>	<u>3,113</u>
<u>Other Expense (Depreciation/ Amortization/Capital/Contribution)</u>	<u>30,000</u>	<u>35,698</u>	<u>90,525</u>	<u>19,945</u>	<u>23,812</u>	<u>147,186</u>
TOTAL EXPENSES	<u>\$ 1,288,536</u>	<u>\$ 438,260</u>	<u>\$ 2,428,809</u>	<u>\$ 579,851</u>	<u>\$ 1,043,106</u>	<u>\$ 1,172,874</u>

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
PARTNERSHIP AND LIMITED LIABILITY COMPANIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017				
	CHW Arizona Street	Parks at Fig Garden	Sun Ridge Apartments	Total	Parks at Fig Garden
Administrative	\$ 16,776	\$ 3,944	\$ 198,926	\$ 219,646	\$ 383,530
Debt servicing and monitoring fees	-	-	28,292	28,292	35,075
Depreciation	-	-	316,785	316,785	385,556
Interest expense	-	-	1,381,421	1,381,421	849,076
Marketing and leasing	-	75	2,012	2,087	23,909
Operating and maintenance	-	3,781	209,912	213,693	710,192
Taxes and insurance	800	15,750	225,732	242,282	265,667
Utilities	-	-	117,099	117,099	269,372
TOTAL EXPENSES	\$ 17,576	\$ 23,550	\$ 2,480,179	\$ 2,521,305	\$ 2,922,377

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL
ESPERANZA HOUSING AND COMMUNITY DEVELOPME
FOR THE YEARS ENDED DECEMBER 31, 2017**

	Program Services - 2017						
	Bandar Salaam Apartments	Cedar Road Apartments	Daybreak Grove Apartments	Eucalyptus View	Haley Ranch Estates	Hillside Village Apartments	Marisol Apartments
Administrative	\$ 108,330	\$ 1,795	\$ 34,729	\$ 91,974	\$ 169,668	\$ 167,412	\$ 115,412
Amortization	-	-	-	-	1,000	-	-
Depreciation	215,139	-	66,629	118,114	241,368	378,237	32,619
Marketing and leasing	214	3	-	119	1,238	875	1,111
Mortgage interest - amortized debt	65,006	-	4,835	-	-	94,242	-
Mortgage interest - residual receipts debt	63,875	-	40,514	21,560	-	117,911	20,211
Operating and maintenance	211,554	744	56,543	33,965	189,570	177,726	59,111
Partnership incentive management fee	-	-	10,015	-	6,856	-	-
Partnership management fee	32,095	-	19,225	8,025	26,921	36,803	18,011
Poway Redevelopment Agency - additional rent	-	-	-	-	6,856	-	-
Taxes and insurance	41,531	800	18,331	23,906	68,439	72,658	18,011
Utilities	142,742	3,716	20,392	37,465	15,606	85,525	17,211
TOTAL EXPENSES	\$ 880,486	\$ 7,058	\$ 271,213	\$ 335,128	\$ 727,522	\$ 1,131,389	\$ 280,911

	Program Services - 2016						
	Bandar Salaam Apartments	Cedar Road Apartments	Daybreak Grove Apartments	Eucalyptus View	Haley Ranch Estates	Hillside Village Apartments	Marisol Apartments
Administrative	\$ 112,112	\$ 93,008	\$ 38,441	\$ 64,077	\$ 161,238	\$ 42,586	\$ 124,811
Amortization	-	-	-	-	1,000	-	-
Depreciation	225,759	136,735	65,194	118,719	229,876	103,101	33,911
Marketing and leasing	328	380	-	67	1,254	623	411
Mortgage interest - amortized debt	67,169	36,260	5,327	520	-	25,194	-
Mortgage interest - residual receipts debt	64,050	36,474	40,514	21,561	-	28,272	20,211
Operating and maintenance	189,346	90,296	56,264	28,477	186,615	26,355	48,111
Partnership incentive management fee	-	-	10,754	-	10,900	2,719	-
Partnership management fee	31,160	26,293	18,486	7,791	26,011	7,114	17,511
Poway Redevelopment Agency - additional rent	-	-	-	-	10,900	-	-
Taxes and insurance	43,459	36,898	19,012	25,578	79,908	18,688	19,611
Utilities	143,120	40,363	22,016	31,747	14,689	16,545	16,711
TOTAL EXPENSES	\$ 876,503	\$ 496,707	\$ 276,008	\$ 298,537	\$ 722,391	\$ 271,197	\$ 281,611

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
ESCONDIDO FAMILY HOUSING CORPORATION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
	Esperanza Garden Apartments	Esperanza Garden Apartments
Administrative	\$ 21,132	\$ 24,445
Depreciation	53,969	52,946
Mortgage interest - residual receipts debt	30,270	28,719
Operating and maintenance	45,229	38,230
Partnership management fee	18,486	17,775
Taxes and insurance	10,542	11,760
Utilities	<u>12,408</u>	<u>11,970</u>
TOTAL EXPENSES	\$ <u>192,036</u>	\$ <u>185,845</u>

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
COMMUNITY HOUSING SOLUTIONS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
	<u>Pine View Apartments</u>	<u>Pine View Apartments</u>
Administrative	\$ 299,150	\$ 341,335
Depreciation	174,940	170,662
Interest on bonds payable - amortized debt	71,839	50,751
Interest on notes payable - residual receipts debt	200,840	200,730
Letter of credit fees	52,348	54,031
Marketing and leasing	376	558
Miscellaneous financial expenses	23,026	20,963
Operating and maintenance	237,845	218,873
Taxes and insurance	67,128	77,001
Utilities	134,885	149,474
TOTAL EXPENSES	\$ <u>1,262,377</u>	\$ <u>1,284,378</u>

**COMMUNITY HOUSINGWORKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Federal Grants/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Passed Through to Subrecipient</u>
U.S. Department of Housing and Urban Development:			
Direct Program:			
Continuum of Care Program	14.267	CA1025L9D011501 / CA1025L9D011602	\$ -
Total Direct Program			-
Pass-Through Programs From:			
Supportive Housing Program:	14.235	N/A	
County of San Diego Department of Community Development (Loan)			-
HOME Investment Partnerships Program:	14.239	N/A	
City of Escondido (Loan)			-
Section 4 Capacity Building for Community Development and Affordable Housing:	14.252		
Enterprise Community Partners		17SG0678	-
Continuum of Care Program:	14.267		
County of San Diego Department of Community Development		CA0709L9D011508 / CA0709L9D011609	-
Total Pass-Through Programs			-
Total U.S. Department of Housing and Urban Development			-
Neighborhood Reinvestment Corporation:	99.999		
Direct Programs:			
Capital Grant		N/A	-
Expendable Grant		N/A	-
Total Direct Programs			-
Total Neighborhood Reinvestment Corporation			-
Total Expenditures of Federal Awards			\$ -

COMMUNITY HOUSINGWORKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Community HousingWorks under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Community HousingWorks, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community HousingWorks.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* or the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Community HousingWorks has elected not to use the 10-percent de minimus indirect cost rate as allowed under Uniform Guidance.

Note 3 - Loan Programs:

The following is the activity of the loans payable for the year ended December 31, 2017:

CFDA Number	Program Name	Loans Outstanding at December 31, 2016	Loans Awarded for the Year Ended December 31, 2017	Loan Principal Repaid for the Year Ended December 31, 2017	Loans Outstanding at December 31, 2017
14.235	Supportive Housing Program: County of San Diego Department of Community Development	\$ 147,000	\$ -	\$ 24,500	\$ 122,500
14.239	Home Investment Partnerships Program: City of Escondido	182,355	-	-	182,355
	Total Loans	<u>\$ 329,355</u>	<u>\$ -</u>	<u>\$ 24,500</u>	<u>\$ 304,855</u>



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

To the Board of Directors
Community HousingWorks

We have audited, in accordance with the 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, the consolidated financial statements of Community HousingWorks, which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated May 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Community HousingWorks' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community HousingWorks' internal control. Accordingly, we do not express an opinion on the effectiveness of Community HousingWorks' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community HousingWorks' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California
May 21, 2018



Leaf & Cole, LLP
Certified Public Accountants
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**Independent Auditor's Report on Compliance
for the Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**

To the Board of Directors
Community HousingWorks

Report on Compliance for the Major Federal Program

We have audited Community HousingWorks' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Community HousingWorks' major federal program for the year ended December 31, 2017. Community HousingWorks' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Community HousingWorks' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community HousingWorks' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Community HousingWorks' compliance.

Opinion on the Major Federal Program

In our opinion, Community HousingWorks complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of Community HousingWorks is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community HousingWorks' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community HousingWorks' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California
May 21, 2018

**COMMUNITY HOUSINGWORKS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP:	Unmodified		
Internal control over financial reporting:			
Material weaknesses identified?	_____ Yes	_____ X	No
Significant deficiencies identified?	_____ Yes	_____ X	No
Noncompliance material to consolidated financial statements noted?	_____ Yes	_____ X	No

Federal Awards

Type of auditor's report issued on compliance for the major program:	Unmodified		
Internal control over major program:			
Material weaknesses identified?	_____ Yes	_____ X	No
Significant deficiencies identified?	_____ Yes	_____ X	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ X	No
Identification of the major program:			

CDFA Number

99.999

Name of Federal Program or Cluster

Neighborhood Reinvestment Corporation

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ X Yes _____ No

Section II - Financial Statement Findings:

None

Section III - Federal Award Findings and Questioned Costs:

None

MULTI-FAMILY RENTAL HOUSING LOANS FUNDED FY2016 Q3
01/01/2016 - 03/31/2016

FY 2018 Multi Family Bond Closings

Project	Address	Address Zip Code	Date Recorded	HOME	CBRG RLF	Inclusionary	HIF (Linkage)	Other	Total Loan	Total Bonds	Total Units	Affordable Units	Type	New Cont or Acq/Rehab?	Bond Counsel	Financial Advisor
Bella Vista	4742 Solita Ave	92113	8/4/2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,300,000	170	169	Family & Individuals	Rehab		
Bluewater (Fairmount Family)	6121 Fairmount Ave	92110	11/22/2017	\$ 2,000,000	\$ -	\$ -	\$ 7,468,500	\$ -	\$ 9,468,500	\$ 19,516,094	80	79	Family & Homeless Veterans	NC		
Casa Pulea	1445 South 45th St	92113	8/16/2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,400,000	54	53	Family	Rehab		
Cirila II		92106	4/11/2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,800,000	203	201	Family & Individuals	NC		
Coronado Terrace	1151 25th St	92154	10/21/2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,455,972	312	310	Family & Individuals	Rehab		
Hollywood Palms II	4572 Home Ave	92105	1/18/2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,048,124	94	94	Family & Individuals	Rehab		
Luna at Park	6041 Village Way	92130	9/27/2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,817,057	79	77	Family & Individuals	NC		
Lutter Tower	1455 2nd Ave	92101	10/16/2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000,000	200	198	Senior	Rehab		
New Palace	1814 5th Ave	92101	8/30/2017	\$ -	\$ 3,090,000	\$ -	\$ -	\$ 10,000	\$ 3,100,000	\$ 10,500,000	80	79	Homeless Seniors	Rehab		
Paseo La Paz																
(San Ysidro Family Apartments)	251-268 & 238-240 Cypress Dr	92173	5/16/2018	\$ 2,350,000	\$ -	\$ 6,900,000	\$ -	\$ -	\$ 9,250,000	\$ 28,600,000	140	138	Family & Individuals	NC		
Town & Country	4066 Mexima Dr	92113	11/1/2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,363,000	145	143	Family & Individuals	Rehab		
			TOTAL	\$ 4,350,000	\$ 3,090,000	\$ 14,800,000	\$ 10,000	\$ -	\$ 21,818,500	\$ 281,820,247	1,557	1,541				

FY 19 Multi Family Bond Closings

Parkside Apartments	4035 Park Haen Ct	92113	7/3/2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,250,000	40	39	Family & Individuals	Rehab		
Playa Del Sol	Ocean View Pkwy	92154	8/29/2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,760,000	42	41	Family & Individuals	NC		
Regency Centre	4765 Home Ave	92105	11/15/2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,305,000	100	99	Family & Individuals	Rehab		
Hillside Views	5471 Bayview Heights Place	92105	12/18/2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,000,000	300	297	Families & Individuals	Rehab		
West Park	1830 4th Ave	92101	4/18/2019	\$ -	\$ 3,000,000	\$ -	\$ 593,274	\$ -	\$ 3,593,274	\$ 9,000,000	47	46	Homeless Seniors	Rehab	Jones Hall	Ross
			TOTAL	\$ -	\$ 3,000,000	\$ -	\$ 593,274	\$ -	\$ 3,593,274	\$ 81,335,000	529	522				

FY 19 Multi Family Bond Closings Pipeline

Harbor View	4035 Park Haven Court	92113	Estd April 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000	60	59	Families & Individuals	Rehab	Jones Hall	PFM
			TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000	60	59				

FY 20 (and Future Year) Multi Family Bond Closings Pipeline

14th & Commercial	1402 Commercial St	92101	Estd Oct 2019	\$ 1,500,000	\$ -	\$ 4,650,000	\$ -	\$ -	\$ 6,150,000	\$ 101,000,000	326	323	Homeless (230) & affordable housing (93)	NC	Orrick	Ross
14th & Commercial VHP	1402 Commercial St	92101	Estd Oct 2019	\$ 1,000,000	\$ -	\$ 4,350,000	\$ -	\$ -	\$ 5,350,000	\$ 22,000,000	81	80	Homeless Veterans (40 & affordable housing (40)	NC	Orrick	Ross
Mariner's Village	6847 Polomac St	92139	Estd Nov 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,000,000	172	171	Families & Individuals	Rehab	Squire Patton	Ross
Wesley Terrace	5343 Monroe Ave	92115	Estd Aug 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,000,000	161	159	Seniors	Rehab	Squire Patton	CSG
Keeler Court	1290-1294 Keeler Court	92113	Estd Dec 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000,000	71	70	Families, Individuals, Homeless Veterans	NC	Kutak Rock	PFM
East Block Senior	Fairmount & El Cajon Blvd	92105	Estd Dec 2019	\$ 1,750,000	\$ -	\$ 4,000,000	\$ 1,000,000	\$ -	\$ 6,750,000	\$ 22,000,000	117	115	Seniors	NC	Thimig	CSG
East Block Family	Fairmount & El Cajon Blvd	92105	Estd Dec 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,000,000	78	77	Families	NC	Thimig	CSG
Scripps Mesa	10380 Spring Canyon Rd	92131	Estd March 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,000,000	264	53	Families	NC	Orrick	Ross
Utric	2645-2685 Utric St	92111	Estd June 2020	\$ 1,500,000	\$ -	\$ 5,500,000	\$ -	\$ -	\$ 7,000,000	\$ 32,750,000	96	95	Families	NC	Thimig	CSG
Veniana al Sur	4122 Beyer Blvd	92173	Estd June 2020	\$ 2,000,000	\$ -	\$ 1,900,000	\$ 500,000	\$ -	\$ 4,400,000	\$ 10,000,000	101	100	Homeless Senior & Senior	NC	Thimig	PFM
Mission Terrace	10210 San Diego Mission Rd	92108	Estd Dec 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000	77	76	Families	Rehab	Kutak Rock	PFM
Courthouse Commons	220 W Broadway	92101	Estd April 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,000,000	430	86	Families	NC	Jones Hall	Ross
SOCH Urban Housing	Scattered Sites		Estd Dec 2019	\$ 7,750,000	\$ -	\$ 20,400,000	\$ 1,500,000	\$ -	\$ 29,650,000	\$ 692,750,000	1,974	1,405	Families	Rehab	Thimig	Ross
			TOTAL	\$ 7,750,000	\$ -	\$ 20,400,000	\$ 1,500,000	\$ -	\$ 29,650,000	\$ 692,750,000	1,974	1,405				

HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE HOUSING AUTHORITY OF THE
CITY OF SAN DIEGO SETTING FORTH ITS OFFICIAL
INTENT TO ISSUE MULTIFAMILY HOUSING REVENUE
BONDS TO FINANCE ULRIC APARTMENTS AND
AUTHORIZING RELATED ACTIONS.

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (Act), the Housing Authority of the City of San Diego (Authority) is authorized to issue revenue bonds for the purpose of financing the acquisition, construction and equipping of multifamily affordable housing and for the provision of capital improvements in connection with and determined necessary to the multifamily affordable housing; and

WHEREAS, Community HousingWorks has requested that the Authority issue and sell multifamily housing revenue bonds (Bonds) pursuant to the Act for the purpose of making a loan to Ulric Street Housing Associates, L.P., a California limited partnership (Borrower), to be used by the Borrower to finance the acquisition and construction of a multifamily affordable housing development to be located at 2645-2685 Ulric Street, in San Diego, California, as more fully identified in Exhibit A hereto (Project); and

WHEREAS, as a part of financing the Project, the Authority desires to reimburse the Borrower, but only from Bond proceeds, for expenditures (Reimbursement Expenditures) made in connection with the Project within the period from the date sixty (60) days prior to the date of adoption of this Resolution to the date of issuance of the Bonds; and

WHEREAS, sections 1.103-8(a)(5) and 1.150-2 of the United States Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent tax-exempt borrowing; and

WHEREAS, the Authority wishes to declare its intention to authorize the issuance of the Bonds for the purpose of financing costs of the Project (including reimbursement of the Reimbursement Expenditures, when so requested by the Borrower upon such terms and conditions as may then be agreed upon by the Authority, the Borrower and the purchaser of the Bonds) in a principal amount not to exceed \$32,750,000, as set forth in Exhibit A; and

WHEREAS, section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

WHEREAS, section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling to file an application with the California Debt Limit Allocation Committee (CDLAC) for such allocation, and CDLAC has certain policies that are to be satisfied in connection with any such allocation; NOW, THEREFORE,

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

Section 1. Findings and Determinations.

(a) The above recitals, and each of them, are true and correct. The Authority hereby determines that it is necessary and desirable to provide financing to the Borrower for the Project (including reimbursement of the Reimbursement Expenditures) by the issuance and sale of the Bonds pursuant to the Act in a principal amount not to exceed \$32,750,000, as set forth in Exhibit A, subject to authorization of the issuance of the Bonds by resolution of the Authority at a meeting to be held for such purpose. The expected date of issue of the Bonds is within eighteen (18) months of the later of the date the first Reimbursement Expenditure was made and the first date the Project is placed in service and, in no event, later than three (3) years after the date of the first Reimbursement Expenditure.

(b) Proceeds of the Bonds to be used to reimburse for Project costs are not expected to be used directly or indirectly to pay debt service with respect to any obligation or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the Authority or any entity related in any manner to the Authority, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

(c) As of the date hereof, the Authority has a reasonable expectation that the Bonds will be issued to reimburse Project costs. This Resolution is consistent with the budgetary and financial circumstances of the Authority, as of the date hereof. The Bonds will be repaid solely from proceeds of the Bonds and amounts paid by the Borrower. No other moneys are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the Authority (or any related party) pursuant to its budget or financial policies to repay the Bonds.

Section 2. Declaration of Official Intent. This Resolution is being adopted by the Authority in part for the purpose of establishing compliance with the requirements of sections 1.103-8(a)(5) and 1.150-2 of the Treasury Regulations. In such regard, the Authority hereby declares its official intent to use proceeds of the Bonds to reimburse the Reimbursement Expenditures. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project, and nothing contained herein shall be construed to signify that the Project complies with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority, the City of San Diego (City) or any officer or agent of the City will grant any such approval, consent or permit that may be required in connection with the acquisition, construction and equipping of the Project, or that either the Authority or the City will make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3. Applications to CDLAC. The officers and/or the program managers of the Authority are hereby authorized and directed to apply to CDLAC for an allocation from the state ceiling of private activity bonds to be issued by the Authority for the Project in an amount not to exceed \$32,750,000 and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees, the posting of deposits and the provision of certificates, additional applications to CDLAC (if necessary), and any such actions heretofore taken by such officers and program managers are hereby ratified, approved and confirmed.

Section 4. Environmental. Action being taken at this time under and pursuant to this Resolution involves only consideration of the issuance of the Bonds, and so is not a “project” and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to

State of California CEQA Guidelines Section 15060(c)(3). The adoption of this Resolution does not constitute approval of a project.

Section 5. Approval of Bond Counsel and Financial Advisor. The financing team of Quint & Thimmig LLP as bond counsel and CSG Advisors Incorporated as financial advisor, is approved for the Project.

Section 6. Authority of President & Chief Executive Officer of Housing Commission. The President & Chief Executive Officer of the Housing Commission, or designee, is hereby authorized to execute all necessary documents, in a form approved by its General Counsel and/or Bond Counsel, and to perform such acts as are necessary to implement the approvals provided for in this Resolution.

Section 7. Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Marguerite E. Middaugh
Deputy General Counsel

MEM:jdf
06/03/19
Or.Dept.: SDHC
Doc. No.: 2020234

EXHIBIT A

DESCRIPTION OF PROJECT

Name: Ulric Apartments

Location: 2645-2685 Ulric Street, San Diego, California

Number of Units: 96

Approximate Bond Amount: \$32,750,000



The City of San Diego
Item Approvals

Item Subject: Preliminary Bond Authorization for Ulric Street Apartments.

Contributing Department	Approval Date
DOCKET OFFICE	06/03/2019

Approving Authority	Approver	Approval Date
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	DAVIS, JEFF	05/30/2019
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	06/04/2019
CITY ATTORNEY	MIDDAUGH, MARGUERITE	06/10/2019