



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: September 6, 2019

HCR19-103

SUBJECT: Loan Modification and Preliminary Bond Authorization for Grant Heights Apartments and Winona Apartments

COUNCIL DISTRICT(S): 8 and 9

ORIGINATING DEPARTMENT: Real Estate Division

CONTACT/PHONE NUMBER: J.P. Correia/619-578-7575

REQUESTED ACTION:

Approve a proposed transfer of an existing San Diego Housing Commission loan for the Grant Heights Apartments, located at 2651-2663 J Street, San Diego, from Urban Housing/Grant Heights LP, to a to-be-formed limited partnership, and take the initial steps for the Housing Authority of the City of San Diego to issue up to \$9,000,000 of tax-exempt Multifamily Housing Revenue Bonds to facilitate a to-be-formed limited partnership's acquisition with rehabilitation of two separate apartment complexes that are proposed to be combined into a single project to be called Grant Heights II, to be composed of: Grant Heights Apartments, located at 2651-2663 J Street, and Winona Apartments, located at 3845 Winona Avenue, San Diego, which consists of 41 combined rental housing units that will remain affordable for 55 years and one manager's unit.

EXECUTIVE SUMMARY OF KEY FACTORS:

- Grant Height was constructed in 1973 and renovated in 2002 using tax credits plus a Housing Commission residual receipts loan. Winona was constructed in 1986. The properties are located approximately five miles apart.
- The experienced co-developers, Urban League of San Diego County and San Diego Community Housing Corporation, propose a 50 percent pay down of the Grant Heights Housing Commission existing loan. In 2005, Winona paid off its Housing Commission loan.
- The co-developers are seeking preliminary approvals to issue up to \$9,000,000 in tax-exempt Multifamily Housing Revenue Bonds.
- Prevailing wages will not apply because neither federal nor state funds will be utilized.
- Temporary relocation may be needed as work is taking place in the individual units.
- The total development cost is estimated at \$16,938,294 (\$403,293/unit).
- Staff requests that the Housing Commission Board recommend that the Housing Authority of the City of San Diego approve the transfer of the existing Housing Commission loan and take initial steps to issue up to \$9,000,000 in tax-exempt Multifamily Housing Revenue Bonds.
- Approval of the proposed actions will enable application, on October 11, 2019, to the California Tax Credit Allocation Committee for a 4 percent tax credit allocation, and to the California Debt Limit Allocation Committee for a tax-exempt Bonds allocation.



REPORT

DATE ISSUED: August 29, 2019

REPORT NO: HCR19-103

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of September 6, 2019

SUBJECT: Loan Modification and Preliminary Bond Authorization for Grant Heights
Apartments and Winona Apartments

COUNCIL DISTRICTS: 8 and 9

REQUESTED ACTION

Seven-day advance notice of San Diego Housing Commission (Housing Commission) hearing of the following matter has been provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4)(a)(b) for Staff Recommendations Nos. 1 – 4.

Approve a proposed transfer of an existing San Diego Housing Commission loan for the Grant Heights Apartments, located at 2651-2663 J Street, San Diego, from Urban Housing/Grant Heights LP, to a to-be-formed limited partnership, and take the initial steps for the Housing Authority of the City of San Diego to issue up to \$9,000,000 of tax-exempt Multifamily Housing Revenue Bonds to facilitate a to-be-formed limited partnership's acquisition with rehabilitation of two separate apartment complexes that are proposed to be combined into a single project to be called Grant Heights II, to be composed of: Grant Heights Apartments, located at 2651-2663 J Street, and Winona Apartments, located at 3845 Winona Avenue, San Diego, which consists of 41 combined rental housing units that will remain affordable for 55 years, and one manager's unit.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) take the following actions, and recommend that the Housing Authority of the City of San Diego (Housing Authority) and San Diego City Council (City Council) take the following actions as described in this report.

Housing Commission:

Authorize the Housing Commission's President and Chief Executive Officer (President & CEO), or his designee, to take the following actions:

- 1) For the Grant Heights Apartments (Grant Heights), located at 2651-2663 J Street, San Diego:
 - a. Approve the proposed ownership transfer from the current owner/borrower, Urban Housing/Grant Heights LP (UHG), to a to-be-formed limited partnership;
 - b. Execute any and all necessary documents and instruments to effectuate the transfer to a to-be-formed limited partnership of the covenants and provisions in the Housing Commission and UHG's existing February 12, 2002 "Acquisition, Rehabilitation and Permanent Financing Agreement" and the related February 12, 2002 "Declaration of Covenants,

- Conditions and Restrictions,” including extending the affordability term, as described herein;
- c. Adjust financing terms/conditions, as necessary, for consistency with requirements of other funding sources or to accommodate market changes that may occur;
 - d. Approve the to-be-formed limited partnership’s assumption of the Housing Commission’s existing residual receipt loan, along with a 50 percent pay down of the Housing Commission’s outstanding loan amount at escrow closing/bond issuance;
- 2) For the Winona Avenue Apartments (Winona), located at 3845 Winona Avenue, San Diego:
- a. Approve the development’s proposed ownership transfer from the current owner, San Diego Community Housing Corporation (SDCHC), to a to-be-formed new limited partnership;
 - b. Execute any and all necessary documents and instruments to effectuate the transfer to a to-be-formed limited partnership of the covenants and provisions in the Housing Commission and SDCHC’s July 16, 1997 “Declaration of Covenants, Conditions and Restrictions,” including extending the affordability term, as described herein;
 - c. Adjust financing terms/conditions, as necessary, for consistency with requirements of other funding sources or to accommodate market changes that may occur;
- 3) Approve combining Grant Heights and Winona, into one project to be called Grant Heights II; and
- 4) Authorize the Housing Commission’s President & CEO, or designee, to take such actions as are necessary, convenient and/or appropriate to implement these approvals and delegate authority by the Housing Commission upon advice of the General Counsel:

The proposed approval of these recommendations will be contingent upon the co-developers receiving all necessary third-party funding commitments as described in this report. Such third-party funding commitments will be subject to the Housing Commission’s General Counsel’s approval.

Housing Authority:

- 5) Approve the following steps to issue Housing Authority tax-exempt Multifamily Housing Revenue Bonds for Grant Heights II:
- a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$9,000,000 in Multifamily Housing Revenue Bonds for the acquisition and rehabilitation of Grant Heights II by a to-be-formed limited partnership;
 - 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 \$9,000,000 for Grant Heights II. Issuance of the bonds will require Housing Authority approval at a later date;
 - c. Approve a bond financing team of Quint & Thimmig L.L.P. as Bond Counsel, and PFM Group as Bond Financial Advisor;
- 6) Authorize the Housing Commission’s President & CEO, or 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; and

City Council

- 7) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing, and adopt a resolution approving the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount up to \$9,000,000 for the acquisition and rehabilitation of Grant Heights II.

SUMMARY

A Development Summary is at Attachment 1.

Table 1 –Development Details

Addresses	Grant Heights: 2651-2663 J Street, San Diego Winona: 3845 Winona Avenue, San Diego
Council Districts	Grant Heights: 8 Winona: 9
Community Plan Areas	Grant Heights: Southeastern San Diego Community Plan and Grant Hill Historic District (Grant Hill neighborhood). Winona: Mid-City Communities Plan (City Heights neighborhood).
Co-developers	Urban League of San Diego County (Urban League) and San Diego Community Housing Corporation (SDCHC)
Development Type	Acquisition with rehabilitation.
Construction Type	Type V
Parking Type (42 spaces total)	Grant Heights: 28 parking surface spaces Winona: 14 parking spaces (two surface and 12 tuck-under garage spaces)
Housing Type	Multifamily
Lot Sizes	Grant Heights: .58 acres, 25,265 square feet Winona: .31 acres, 13,504 square feet
Units (42-units total)	Grant Heights: 27 units affordable, plus one manager's unit Winona: 14 units affordable, no manager's unit
Density	Grant Heights: 48.3 dwelling units per acre (28 units ÷ .58 acres). Winona: 24.1 dwelling units per acre (14 units ÷ .31 acres).
Affordable Unit Mix	Grant Heights: 10 one-bedrooms (545 to 617 sq. ft.), 17 two-bedrooms (741 to 743 sq. ft.), and one manager's unit. Winona: 9 one-bedrooms (533 sq. ft.), 4 two-bedrooms (693 to 939 sq. ft.), 1 three-bedroom (936 sq. ft.), and no manager's unit.
Gross Building Area (28,422 sq. ft. total)	Grant Heights: 19,496 square feet. Winona: 8,926 square feet.
Net Rentable Area (27,397 sq. ft. total)	Grant Heights: 18,646 square feet. Winona: 8,751 square feet.

The Developments

Grant Heights is an existing 28-unit family rental complex located at 2651-2663 J Street. Winona is an existing 14-unit family rental complex located at 3845 Winona Avenue. The two properties are located approximately five miles apart (Attachment 2 - Site Maps). SDCHC and Urban League would like to form a strategic alliance by combining the ownership of these two existing rental properties into a single new to-be-formed limited partnership. The co-developers are proposing to combine the two properties, with a 50 percent pay down on the existing Grant Heights Housing Commission loan. Combining the two properties may promote economies of scale and may mitigate the impact of

issuance costs that are inherent in seeking bond issuance allocations and tax credit allocations. Obtaining a bond issuance allocation from CDLAC will enable the co-developers to apply for 4 percent tax credits.

Grant Heights was constructed in 1973 and was renovated in 2002 using tax credit funds and Housing Commission funds. It consists of 28 apartments in two two-story and two three-story walkup buildings, on approximately .58 acres. It is located south of Market Street, north of Imperial Avenue, near 30th Street. In February 2002, the Housing Commission provided an \$867,279 residual receipts 55-year subordinate loan to UHGH L.P., an affiliate of Urban League, with affordability restrictions that will remain in effect until 2057. The Grant Heights units are encumbered/benefited by a Section 8 Housing Assistance Payment contract with the U.S. Department of Housing and Urban Development.

Winona was constructed in 1986. It consists of 14 apartments in two two-story and two three-story walkup buildings, on approximately .31 acres. It is located north of El Cajon Boulevard, east of Fairmount Avenue, near Euclid Avenue. In July 1997, the Housing Commission provided a \$181,753 residual receipts subordinate loan to SDCHC, with 55 years of affordability restrictions. In July 2005, SDCHC fully paid off the Housing Commission's loan. Although Winona's original loan was paid off, the Housing Commission's original loan affordability restrictions remain in effect until July 18, 2052.

Co-developers' Requests

The co-developers are requesting Housing Commission approval to:

- a) Allow the ownership transfer of both properties into a single new combined project (to be called Grant Heights II, to be owned by a to-be-formed limited partnership;
- b) Allow the to-be-formed limited partnership to assume the existing Grant Heights loan, with a 50 percent pay down on the loan's balance;
- c) Request that the Housing Authority apply for and obtain a CDLAC allocation to issue up to \$9,000,000 of tax-exempt Multifamily Housing Revenue Bonds for the proposed acquisition with rehabilitation of both properties; and
- d) Have the co-developers complete a rehabilitation of the two properties.

No additional Housing Commission cash loan funds are requested for the proposed acquisition with rehabilitation.

The Properties

Grant Heights is owned by UHGH L.P. (Urban League is the controlling general partner of UHGH L.P.). The apartments are a mix of one-bedroom, and two-bedroom units, with a community building and two laundry rooms. It is a wood-frame construction, on a concrete slab, with exterior painted stucco. Adjacent to the development's north, south, and east are residential uses. Grant Hill Neighborhood park is nearby to the east. Directly to the west is the Kimbrough Elementary School. The 32nd & Commercial trolley station is approximately one mile away.

Winona is owned by SDCHC. These apartments are a mix of one-bedroom, two-bedroom, and three-bedroom units, with a laundry room. It is a wood-frame construction, on a concrete slab, with exterior painted stucco. Adjacent to the development's north and south are single-family residential uses. To the east are multifamily residential uses. To the west are single-family and multifamily residential uses.

Building Conditions/Proposed Rehabilitation Work

Both apartment complexes are in need of rehabilitation work to address immediate and long-term capital needs, to extend useful life and maintain marketability. The scope of the proposed rehabilitation includes: seismic risk analysis, site improvements, repairs to stairs/railings, exterior façade and walls, roof replacement, carpet replacement, appliances, cabinets, countertops, drywall repairs, painting, re-glazing bathtubs, vinyl blinds, laundry room improvements, electrical and plumbing improvements, and Americans with Disabilities Act of 1990 improvements. On July 17, 2019, Partner Engineering and Science Inc. completed Property Condition Reports for the two properties. A summary of the estimated scope of rehabilitation work is at Attachments 3A and 3B. The co-developers' pro forma currently estimates rehabilitation costs at \$3,160,000 (\$75,240 per unit) including a 10 percent contingency.

Appraisal

On July 29, 2019, Kinetic Valuation Group appraised Grant Heights at \$7,200,000 and appraised Winona at \$2,590,000.

Prevailing Wages

Prevailing wages are not applicable because neither federal nor state funds will be utilized.

Relocation

As of June 2019, there were no vacant units at either property. The co-developers do not anticipate any permanent relocation of tenants. However, rehabilitation work will necessitate that the tenants may need to be temporarily relocated while work is taking place in their unit. Relocation will comply with the Federal Uniform Relocation Act. Overland Pacific & Cutler Inc. will be the relocation consultant. The co-developers' pro forma budgets \$149,000 for temporary relocation (42 units estimated at \$2,000 per unit = \$84,000 plus \$65,000 for consultant's costs).

Accessibility

The California Tax Credit Allocation Committee (CTCAC) requires wheelchair accessibility in 10 percent of the units, with an additional 4 percent of the units accessible to residents with visual and/or hearing impairment.

Project Sustainability

The Grant Heights II combined development will be rehabilitated in conformance with CTCAC's minimum energy efficiency standards for rehabilitation projects, which require demonstrating at least 10 percent post-rehabilitation improvement in energy efficiency over existing conditions.

Development Team

Both SDCHC and Urban League are 501(c)(3) nonprofits. Urban League was founded in 1953. Its focus includes: employment, on-the-job training, youth education, housing counseling, health outreach for the elderly, and workforce re-entry. It develops, preserves, and maintains affordable housing. SDCHC was founded in 1994. It is dedicated to developing affordable housing that offers services designed to assist residents in achieving upward economic mobility. SDCHC's mission is to increase, preserve, and improve quality affordable housing opportunities for working families in San Diego. In addition to Winona, SDCHC currently owns and operates apartments that utilized Housing Commission loans, as follows:

- Hacienda Townhomes, at 350 17th Street, San Diego, a 51-unit apartment complex, with a \$748,197 Housing Commission loan that was funded in 1992.

- Oceanview Apartments, at 3992 Oceanview Boulevard, San Diego, a four-unit complex with three loans totaling \$504,450. It was purchased from the nonprofit HOPE CDC in 2009.

During the tax-credit compliance period, the combined Grant Heights II project will be owned by a to-be-formed single-asset limited partnership. An organization chart is at Attachment 4.

Table 2 - Development Team Summary

ROLE	FIRM/CONTACT
Owner/Borrower	To-be-formed tax credit limited partnership
General Partners (.01 percent)	Urban League and SDCHC
Tax Credit Investor/Limited Partner (99.99 percent)	To be selected
Developers	Urban League and SDCHC
Architect	Basis Architecture & Consulting
Property Management	To be selected by the co-developers
General Contractor	To be selected
Relocation Consultant	Overland Pacific & Cutler Inc.
Construction/Permanent Lender	To be selected

FINANCING STRUCTURE

The Housing Commission's existing loan for Grant Heights will not be increased with additional direct cash loan funds for the proposed acquisition with rehabilitation. The Grant Heights existing residual receipts loan is estimated at \$1,302,830 (\$867,279 principal plus \$435,551 accrued interest to estimated closing). The Grant Heights loan will have a 50 percent pay down on the loan's balance as of the estimated closing date (currently estimated at \$651,415). The proposed pay down amount may be revised, depending upon final development revenues and costs, as approved by the President & CEO or his designee. The Housing Commission's Grant Heights 2002 original loan terms are summarized as follows: 3 percent simple interest per annum, with payments of 50 percent of all residual receipts, the loan due in 55 years, with 27 units restricted at 45 to 50 percent of San Diego Area Median Income (AMI) as defined by the U.S. Department of Housing and Urban Development (HUD). The Grant Heights II proposed combined 42-unit project has an estimated total development cost of \$16,938,294 (\$403,293 per unit). Proposed financing will include a combination of sources including: 4 percent tax credits, tax-exempt Multifamily Housing Revenue Bond financing, seller carryback financing, a deferred developer's fee, and the Housing Commission's proposed carryback loan financing. The co-developers' pro forma is included as Attachment 5 and is summarized below.

Table 3 – Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent loan (Multifamily Housing Revenue Bonds)	\$3,289,000	Acquisition: Building \$8,980,000 Land + 810,000 Total acquisition \$9,790,000	\$9,790,000	\$233,095
Housing Commission carryback loan on Grant Heights original financing	668,640	Construction costs \$2,872,800 Contingency + 287,280 Total construction \$3,160,080	3,160,080	75,240
Operating income during construction	75,000	Financing costs	940,174	22,385
Operating reserve transfer	125,000	Reserves	256,858	6,116
Seller (Urban Housing) contribution/carryback	5,547,721	Other soft costs	599,182	14,266
Seller (SDCHC) carryback financing	1,441,539	Developer fee	1,980,000	47,143
Deferred developer fee	580,000	Permits & Fees	63,000	1,500
4 percent tax credits equity	5,211,394	Relocation costs	149,000	3,548
Total Development Cost	\$16,938,294	Total Development Cost (TDC)	\$16,938,294	\$403,293

Developer Fee

\$1,980,000 – Gross developer fee

- 580,000 – Minus deferred developer fee

\$1,400,000 – Net cash developer fee (paid from development sources)

On April 25, 2017, the Housing Authority approved the “Request for Approval of Updated Developer Fees” (HAR17-011). That report approved certain developer fee guidelines for multifamily loans and bond issuances; its Attachment 1 stated: “Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis....” The proposal is a \$1,980,000 total developer fee that complies with HAR17-011.

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	$\$16,938,294 \div 42 \text{ units} =$	\$403,293
Housing Commission Subsidy Per Unit	$\$668,640 \div 42 \text{ units} =$	\$15,920
Acquisition/Land Cost Per Unit	$\$9,790,000 \div 42 \text{ units} =$	\$233,095
Gross Building Square Foot Hard Cost (combined for two sites)	$\$3,160,080 \div 28,422 \text{ sq. ft.} =$	\$111
Net Rentable Square Foot Hard Cost (combined for two sites)	$\$3,160,080 \div 27,397 \text{ sq. ft.} =$	\$115

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 the previous two years are listed in Table 5. These developments are similar in terms of size, target population, and rehabilitation/construction type and are provided as a comparison to the proposed Grant Heights II combined development.

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 – Grant Heights II	2019	19 ones, 21 twos, 1 three, + 1 manager	42	\$16,938,294 (no prevailing wage)	\$403,293	\$15,920	\$111
Harbor View	2018	24 twos, 35 threes, + 1 manager	60	\$12,096,464 (no prev. wage)	\$201,608	\$0	\$39
Parkside	2018	5 ones, 29 twos, 5 threes, + 1 manager	40	\$10,668,798 (no prev. wage)	\$266,720	\$48,556	\$97
Casa Puleta	2017	11 twos, 26 threes, 16 fours, + 1 manager	54	\$10,797,804 (no prev. wage)	\$328,691	\$0	\$28

Juniper Gardens	2012	29 twos, 10 threes + 1 manager	40	\$12,260,064 (no prev. wage)	\$306,502	\$71,103	--
Knox Glen	2012	9 twos, 30 threes, 14 fours + 1 manager	54	\$10,398,826 (no prev. wage)	\$192,571	\$49,809	--

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 the 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 co-developers plan to submit a bond application to CDLAC on October 11, 2019, and to obtain a bond allocation at CDLAC's December 11, 2019 meeting. If necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development.

The co-developers will be seeking a CDLAC bond allocation of approximately \$9,000,000. The co-developers propose 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 bonds disclosure. The up to \$9,000,000 bond allocation that will be sought from CDLAC is approximately 5.6 percent higher than the estimated \$8,500,000 amount for which the Grant Heights II combined 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 co-developers propose that the bonds will be used for acquisition, rehabilitation, and permanent financing.

If approved by third-party financing sources, 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 L.L.P. as Bond Counsel and the PFM Group 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 Issuance and Post-Issuance Compliance Policy (No. PO300.301).

AFFORDABLE HOUSING IMPACT

As shown in Table 6 (below), the Housing Commission's existing loan and existing bonds restrict 41 units, at Grant Heights and Winona Apartments to households with incomes ranging from 45 to 60 percent of AMI.

Table 6 – Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
Grant Heights: 1-bedroom, 1 bath (550 square feet)	45%	6	\$902
Grant Heights: 2-bedrooms, 1 bath (721-743 square feet)	45%	7	\$1,083
Subtotal 45% AMI Units	--	13	--
Grant Heights: 1-bedroom, 1 bath (545-617 square feet)	50%	4	\$1,003
Grant Heights: 2-bedrooms, 1 bath (721-743 square feet)	50%	10	\$1,203
Winona: 1-bedroom, 1 bath (553 square feet)	50%	9	\$1,003
Winona: 2-bedrooms, 1 bath (693-939 square feet)	50%	4	\$1,203
Winona 3-bedrooms, 1 ½ baths (936 square feet)	50%	1	\$1,391
Subtotal 50% AMI Units	--	28	--
2-bedroom Manager's Unit (721 square feet)	-	1	--
Total Units		42	

The Housing Commission loans' original 55-year affordability restrictions will remain in effect:

- On February 12, 2002, Grant Heights received an \$867,279 residual receipts loan that included 55 years of affordability restrictions that will remain in effect until 2057, on 27 units at 45 to 50 percent of AMI.
- On July 16, 1997, Winona received a \$181,753 residual receipts loan that included 55 years of affordability restrictions that will remain in effect until 2051, on 14 units at 50 percent of AMI.

As shown in Table 7 (below), under the proposed actions the properties' rent and occupancy restrictions will be extended by an additional 18 years on Grant Heights and an additional 23 years on Winona.

Table 7 – Estimated Current and Proposed Terms of Affordability Restrictions

Current Public Funding	Amounts Owed	Current Restricted Units	Restrictions Current Term	Restrictions Proposed Term
<u>Grant Heights:</u> Housing Commission's original 2002 loan. . . . Estimated accrued interest Estimated total 2002 loan	\$867,279 +435,551 \$1,302,830	13 units at 45 percent AMI +14 units at 50 percent AMI 27 units restricted	<u>Original Term:</u> 55 years: Feb 2002 to Feb 2057	<u>Proposed Affordability Term –</u> 55 years: Feb 2020 to Feb 2075
<u>Winona:</u> Housing Commission's original 1997 loan. . . .	\$0: paid off	14 units restricted at 50 percent AMI	<u>Original Term:</u> 55 years: July 1997 to July 2052	<u>Proposed Affordability Term –</u> 55 years: Feb 2020 to Feb 2075
<u>Grant Heights:</u> CTCAC original 2002 tax-credits	--	13 units at 45 percent AMI +14 units at 50 percent AMI 27 units restricted	<u>Original Term:</u> 55 years 2002 to 2057	No change
<u>Grant Heights II:</u> CTCAC estimated proposed tax-credits allocation	\$5,209,410	13 units at 45 percent AMI +28 units at 60 percent AMI 41 units restricted	n/a	<u>Estimated Term:</u> 55 years Feb 2020 to Feb 2075

FISCAL CONSIDERATIONS

No Housing Commission new direct cash loan funds are proposed with this report's actions. Under this report's proposal, the to-be-formed limited partnership will be providing a 50 percent pay down of the Housing Commission's existing Grant Heights outstanding loan amount at escrow closing/bond issuance.

Estimated funding sources:

Bond Issuance Fee - \$22,500 (.0025 bond issuer fee x \$9,000,000)

Estimated funding uses:

Rental Housing Finance Program Administration - \$22,500

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 co-developers are responsible for the payment of all costs under the financing, including the Housing Commission's .0025 Bond amount issuer fee (estimated at \$22,500 with a \$9,000,000 Bond issue) and the Housing Commission's ongoing annual bonds administration fee (estimated as \$10,000 at permanent financing conversion), as well as the Housing Commission's Bond Counsel and Financial Advisor fees.

Estimated Development Schedule

The estimated development timeline is as follows.

Milestones	Estimated Dates
• Housing Authority preliminary actions consideration	• October 1, 2019
• City Council IRS-required TEFRA hearing	• October 1, 2019
• CDLAC bond application & CTCAC tax credit application	• October 11, 2019
• CDLAC bond & CTCAC tax credit allocation meetings	• December 11, 2019
• Housing Commission proposed final bond authorization	• January 2020
• Housing Authority proposed final bond authorization	• January 2020
• Estimated bond issuance and escrow closing	• February 2020
• Estimated start of rehabilitation	• February 2020
• Estimated completion of rehabilitation	• June 2020

STATEMENT FOR PUBLIC DISCLOSURE

The co-developers Statements for Public Disclosure are at Attachments 7 and 8.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

The co-developers anticipate taking informational presentations to the two community planning groups in September 2019.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include: Urban League and SDCHC as the co-developers, residents of the Grant Heights Apartments and the Winona Apartments, the Southeastern San Diego community, the Mid-City

August 29, 2019

Loan Modification and Preliminary Bond Authorization for Grant Heights and Winona Apartments

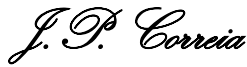
Page 11

community, and the Housing Commission as a lender. The property rehabilitation is expected to have a positive impact on the community because it will preserve and improve existing affordable housing.

ENVIRONMENTAL REVIEW

The proposed rehabilitation is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines because Grant Heights and Winona are existing facilities and the proposed actions do not involve expansion of the existing use. The project meets the criteria set forth in CEQA Section 15301(a), which allows for exterior and interior alterations of existing facilities. Processing under the National Environmental Policy Act (NEPA) is not required as there are no federal funds involved with this action.

Respectfully submitted,



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

Approved by,



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

Attachments: 1) Development Summary
2) Site Maps
3) Rehabilitation Scope of Work Summaries
 A) Grant Heights
 B) Winona
4) Organization Chart
5) Co-developers' Project Pro Forma
6) Multifamily Housing Revenue Bond Program
7) Developer's Disclosure Statement: Urban League
8) Developer's Disclosure Statement: SDCHC

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

ATTACHMENT 1 – DEVELOPMENT SUMMARY

Table 1 –Development Details

Addresses	Grant Heights: 2651-2663 J Street, San Diego Winona: 3845 Winona Avenue, San Diego
Council Districts	Grant Heights: 8 Winona: 9
Community Plan Areas	Grant Heights: Southeastern San Diego Community Plan and Grant Hill Historic District (Grant Hill neighborhood). Winona: Mid-City Communities Plan (City Heights neighborhood).
Co-developers	Urban League of San Diego County (Urban League) and San Diego Community Housing Corporation.
Development Type	Acquisition with rehabilitation.
Construction Type	Type V
Parking Type (42 spaces total)	Grant Heights: 28 parking surface spaces. Winona: 14 parking spaces (two surface and 12 tuck-under garage spaces).
Housing Type	Multifamily
Lot Sizes	Grant Heights: .58 acres, 25,265 square feet. Winona: .31 acres, 13,504 square feet.
Units (42-units total)	Grant Heights: 27-units affordable, plus one manager's unit. Winona: 14-units affordable, no manager's unit.
Density	Grant Heights: 48.3 dwelling units per acre (28 units ÷ .58 acres). Winona: 24.1 dwelling units per acre (14 units ÷ .31 acres).
Affordable Unit Mix	Grant Heights: 10 one-bedrooms (545 to 617 sq. ft.), 17 two-bedrooms (741 to 743 sq. ft.), and one manager's unit. Winona: 9 one-bedrooms (533 sq. ft.), 4 two-bedrooms (693 to 939 sq. ft.), 1 three-bedroom (936 sq. ft.), and no manager's unit.
Gross Building Area (28,422 sq. ft. total)	Grant Heights: 19,496 square feet. Winona: 8,926 square feet.
Net Rentable Area (27,397 sq. ft. total)	Grant Heights: 18,646 square feet. Winona: 8,751 square feet.

Table 2 - Development Team Summary

ROLE	FIRM/CONTACT
Owner/Borrower Managing General Partner (.01 percent) Administrative General Partner Tax Credit Investor/Limited Partner (99.99 percent)	To-be-formed tax credit limited partnership Urban League SDCHC To be selected
Developers	Urban League and SDCHC
Architect	Basis Architecture & Consulting
Property Management	To be selected by the co-developers
General Contractor	To be selected
Relocation Consultant	Overland Pacific & Cutler Inc.
Construction/Permanent Lender	To be selected

Table 3 – Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent loan (Multifamily Housing Revenue Bonds)	\$3,289,000	Acquisition: Building \$8,980,000 Land + 810,000 Total acquisition \$9,790,000	\$9,790,000	\$233,095
Housing Commission carry back loan on Grant Heights original financing	668,640	Construction costs \$2,872,800 Contingency + 287,280 Total construction \$3,160,080	3,160,080	75,240
Operating income during construction	75,000	Financing costs	940,174	22,385
Operating reserve transfer	125,000	Reserves	256,858	6,116
Seller (Urban Housing) contribution/carryback	5,547,721	Other soft costs	599,182	14,266
Seller (SDCHC) carry back financing	1,441,539	Developer fee	1,980,000	47,143
Deferred developer fee	580,000	Permits & Fees	63,000	1,500
4 percent tax credits equity	5,211,394	Relocation costs	149,000	3,548
Total Development Cost	\$16,938,294	Total Development Cost (TDC)	\$16,938,294	\$403,293

Table 4 - Key Performance Indicators

Development Cost Per Unit	\$16,938,294 ÷ 42 units =	\$403,293
Housing Commission Subsidy Per Unit	\$668,640 ÷ 42 units =	\$15,920
Acquisition/Land Cost Per Unit	\$9,790,000 ÷ 42 units =	\$233,095
Gross Building Square Foot Hard Cost (combined for two sites)	\$3,160,080 ÷ 28,422 sq. ft. =	\$111
Net Rentable Square Foot Hard Cost (combined for two sites)	\$3,160,080 ÷ 27,397 sq. ft. =	\$115

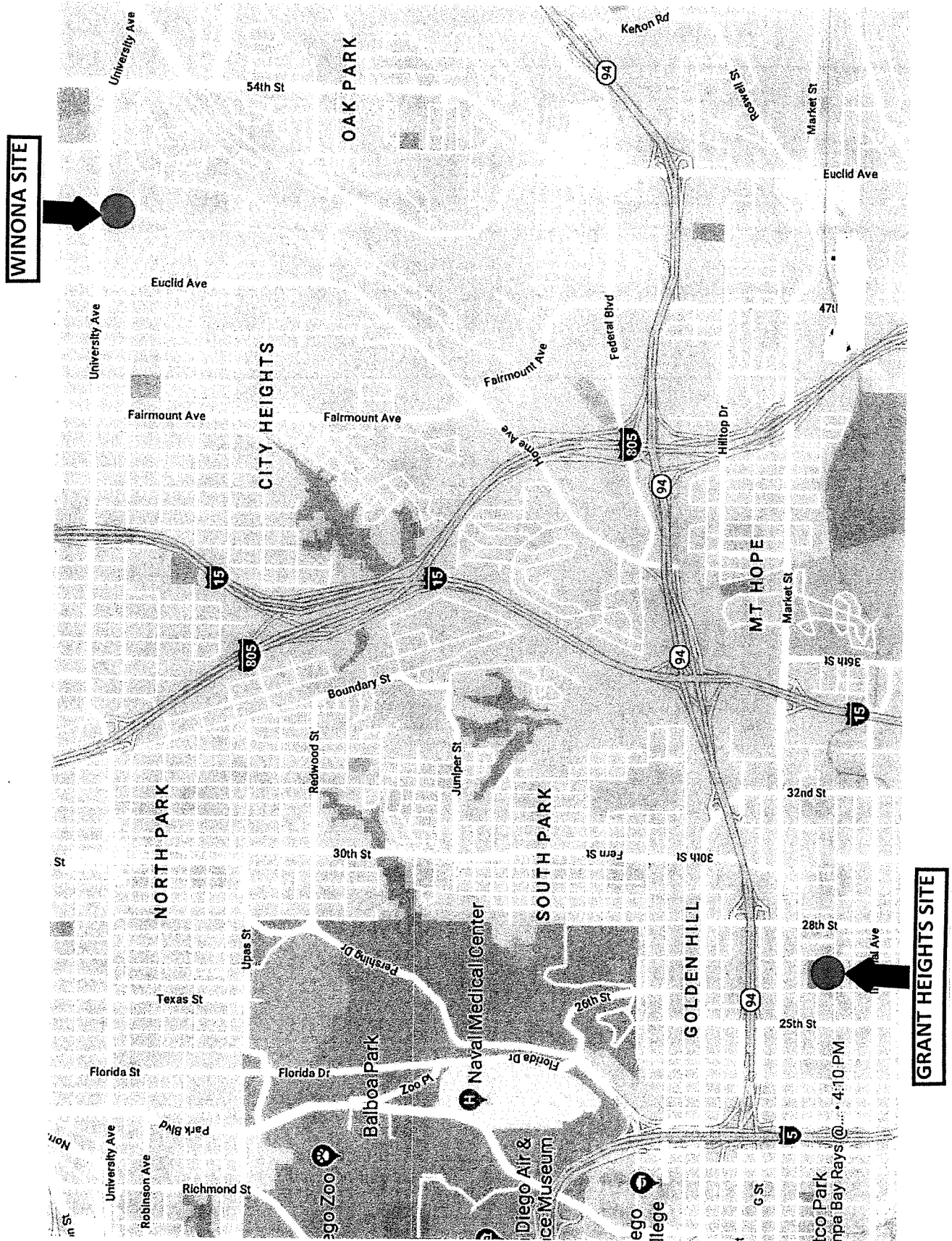
Table 5 - Comparable Development Projects

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 – Grant Hts./Winona	2019	19 ones, 21 twos, 1 three, + 1 manager	42	\$16,938,294 (no prevailing wage)	\$403,293	\$15,920	\$111
Harbor View	2018	24 twos, 35 threes, + 1 manager	60	\$12,096,464 (no prev. wage)	\$201,608	\$0	\$39
Parkside	2018	5 ones, 29 twos, 5 threes, + 1 manager	40	\$10,668,798 (no prev. wage)	\$266,720	\$48,556	\$97
Casa Puleta	2017	11 twos, 26 threes, 16 fours, + 1 manager	54	\$10,797,804 (no prev. wage)	\$328,691	\$0	\$28
Juniper Gardens	2012	29 twos, 10 threes + 1 manager	40	\$12,260,064 (no prev. wage)	\$306,502	\$71,103	--
Knox Glen	2012	9 twos, 30 threes, 14 fours + 1 manager	54	\$10,398,826 (no prev. wage)	\$192,571	\$49,809	--

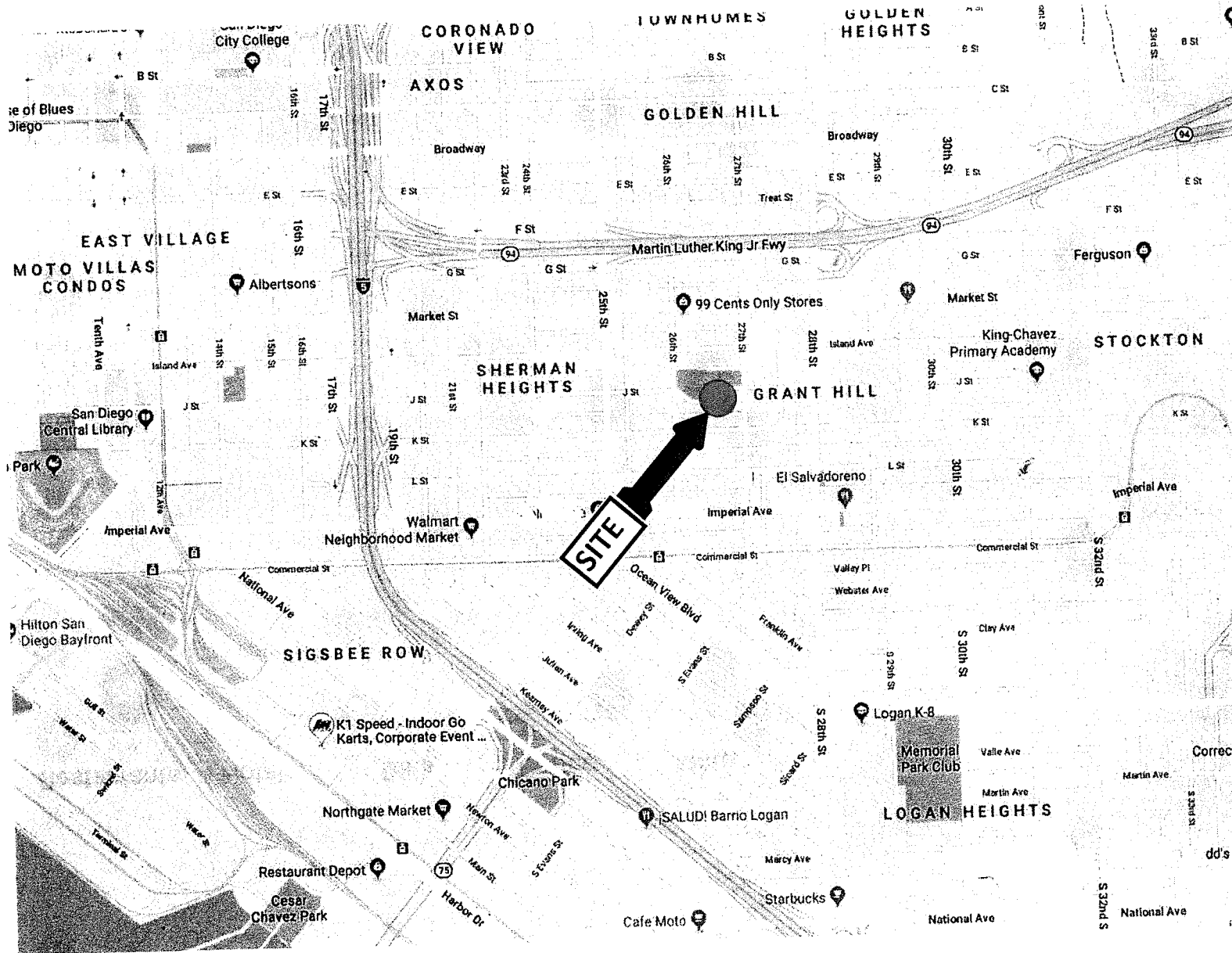
Table 6 – Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
Grant Heights: 1-bedroom, 1 bath (550 square feet)	45%	6	\$902
Grant Heights: 2-bedrooms, 1 bath (721-743 square feet)	45%	7	\$1,083
Subtotal 45% AMI Units	--	13	--
Grant Heights: 1-bedroom, 1 bath (545-617 square feet)	50%	4	\$1,003
Grant Heights: 2-bedrooms, 1 bath (721-743 square feet)	50%	10	\$1,203
Winona: 1-bedroom, 1 bath (553 square feet)	50%	9	\$1,003
Winona: 2-bedrooms, 1 bath (693-939 square feet)	50%	4	\$1,203
Winona 3-bedrooms, 1 ½ baths (936 square feet)	50%	1	\$1,391
Subtotal 50% AMI Units	--	28	--
2-bedroom Manager's Unit (721 square feet)	-	1	--
Total Units		42	

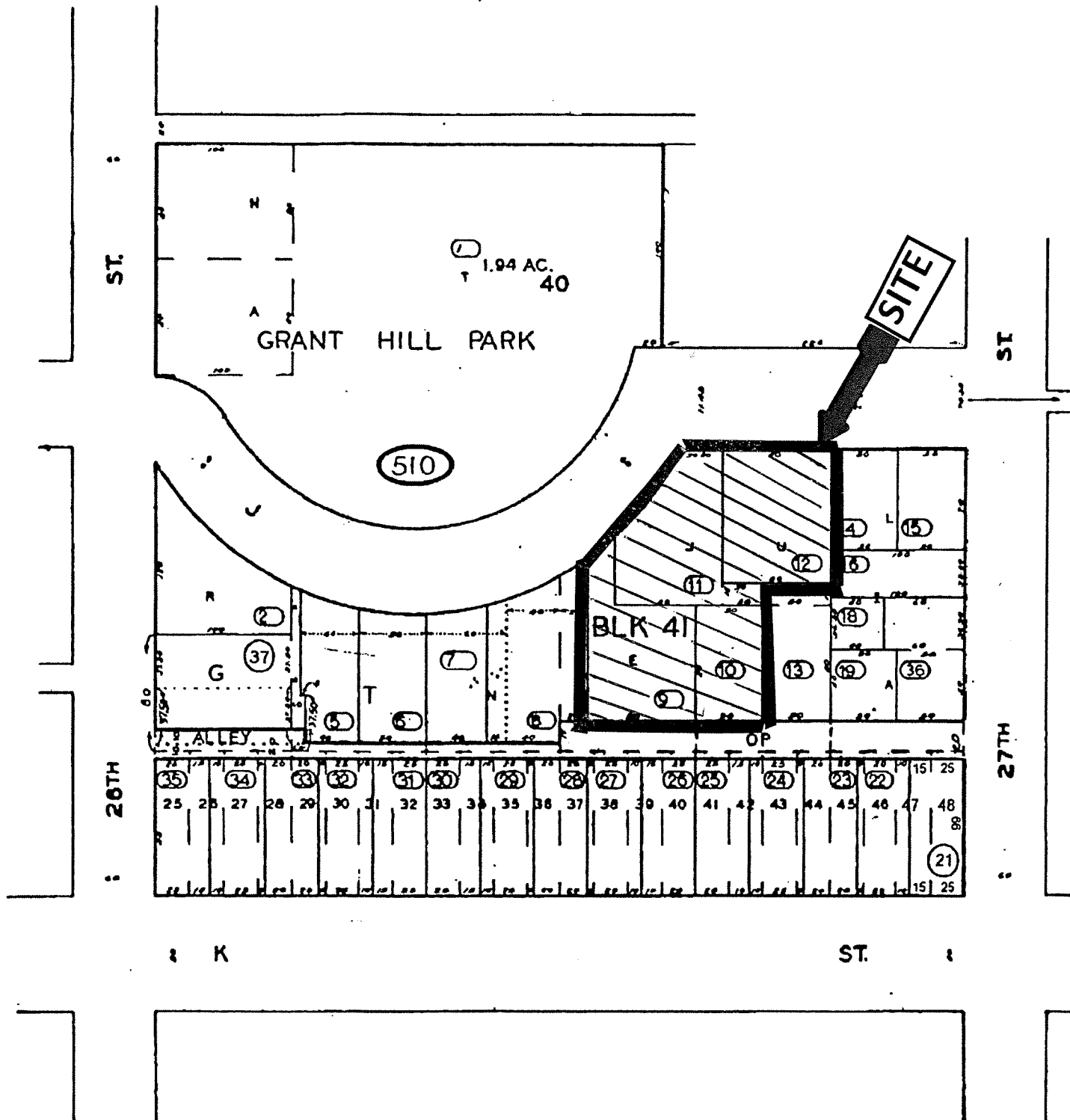
ATTACHMENT 2A – BOTH SITES MAP



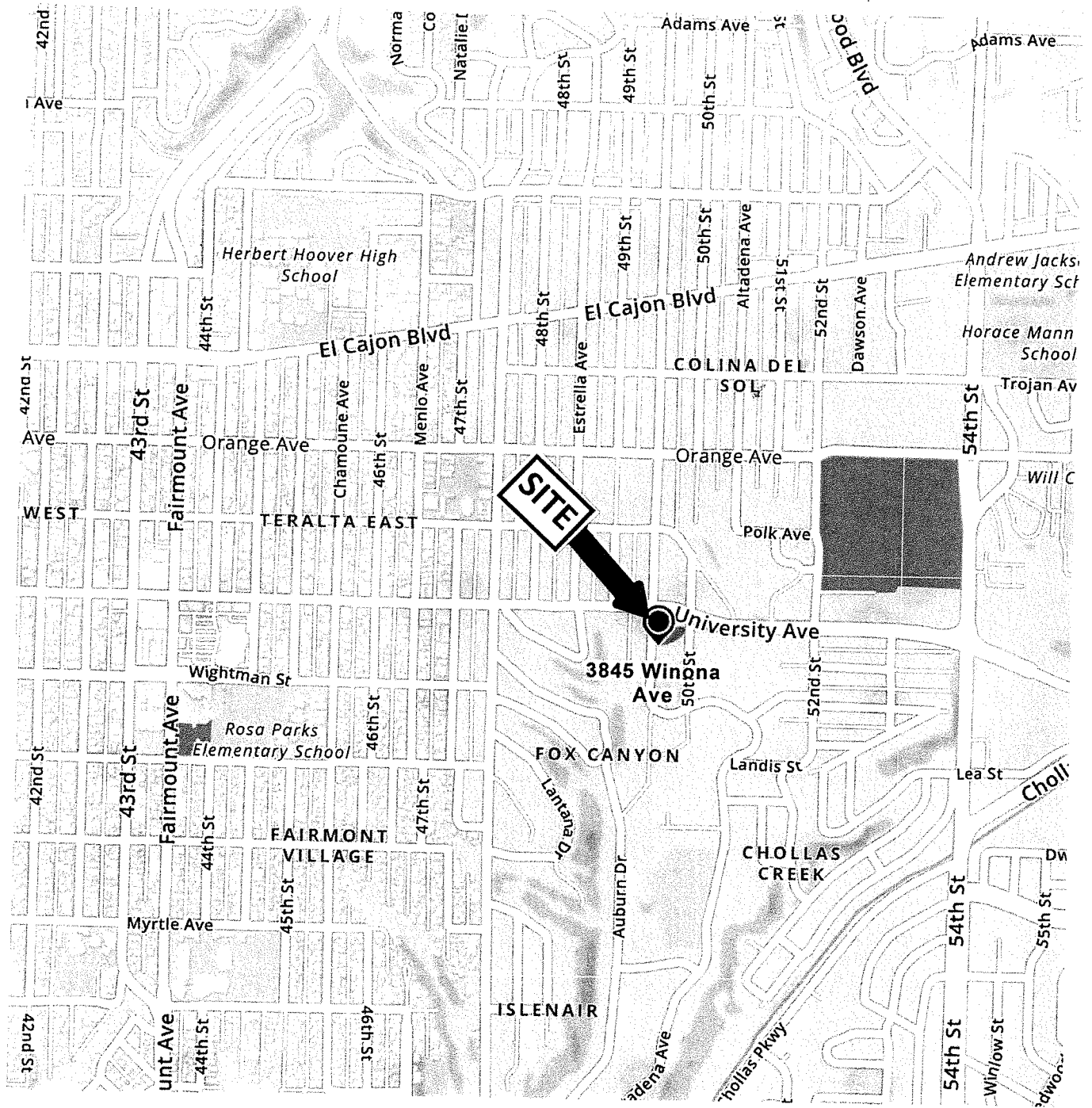
ATTACHMENT 2B – GRANT HEIGHTS MAPS



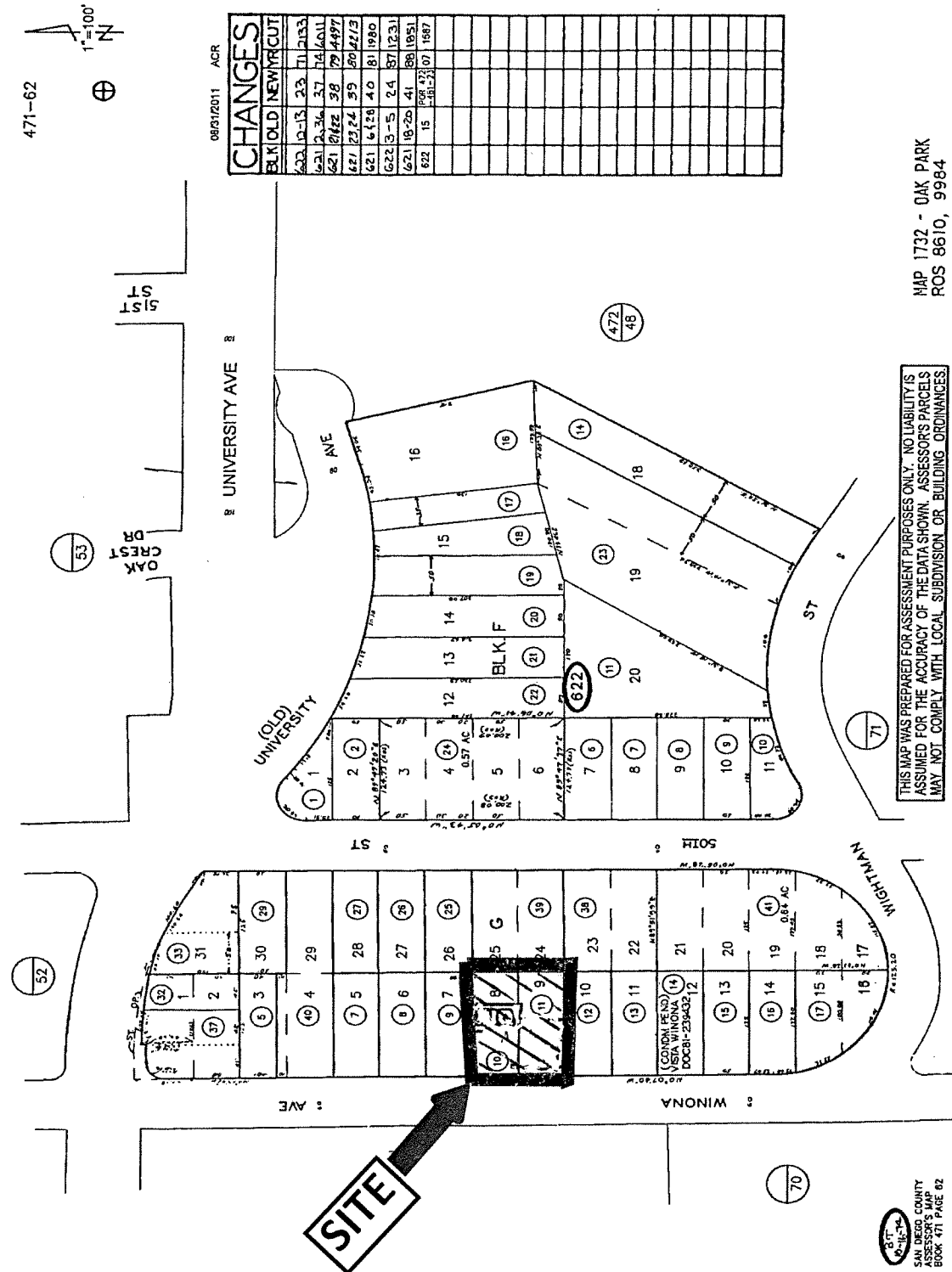
ATTACHMENT 2B – GRANT HEIGHTS MAPS continued



ATTACHMENT 2C – WINONA MAPS



ATTACHMENT 2C – WINONA MAPS continued



08

471-621-622

This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

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Page 1 of 1 Requested By: Michael Moore , Printed: 6/27/2019 4:16 PM

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ATTACHMENT 3A GRANT HEIGHTS REHABILITATION SCOPE OF WORK SUMMARY

Date: 6/13/2019

Grant Heights/Winona

Scattered Sites Project

San Diego, CA

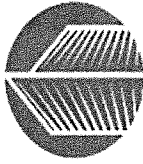


Unit Breakdown		
19	1 Bedroom	
22	2 Bedroom	
1	3 Bedroom	
42		

Non-Prevailing Wage Project

Address	Description	Quantity	Unit Cost	Total Price
1 2651-2663 J Street	Grant Heights	28	\$ 58,761.96	\$ 1,645,335.00
2 3845 Winona Avenue	Winona	14	\$ 56,138.64	\$ 785,941.00
TOTAL		42		\$ 2,431,276.00
Total Construction Cost, Before Fees				
Per Unit Based on Hard Costs			\$57,887.52	
General Requirements	6%	\$145,876.56		
Overhead	2%	\$48,625.52		
Profit	6%	\$145,876.56		
Insurance	1.35%	\$32,822.23		
Bond	1.15%	\$27,959.67		
Grand Total			\$2,832,436.54	
Cost Per Unit			\$67,438.97	

Project Information
Grant Heights
2651-2663 J Street
San Diego, CA 92102



MFRG-ICON

CONSTRUCTION

Unit Mix

10	1 Bed/1 Bath
18	2 Bed/1 Bath
28	Total Units

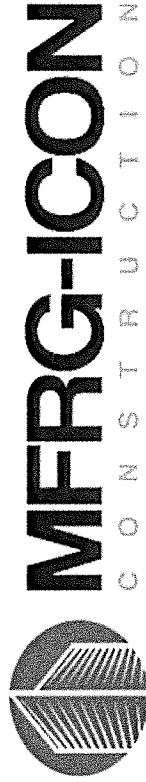
Date: 6/13/2019

Non-Prevailing Wage Project

Allowance

Y / N	Trade Item	Description of Work	Qty	Unit Cost	Line Total
Division 2 - Site Work					
	Demolition	Demo Standard Units (with Abatement); Includes Tile Countertops	25	\$2,350.00	\$58,750.00
Y	Demolition	Allowance - Demo ADA Units (with Abatement)	3	\$4,500.00	\$13,500.00
	Demolition	Demo Gutters & Stucco "Crown" at Roof Line of Buildings	1	\$12,000.00	\$12,000.00
	Demolition	Demo Existing Tile Flooring in Kitchen, Dining and Bath	28	\$1,600.00	\$44,800.00
Y	Asbestos Abatement	Allowance - Air Clearance Testing	1	\$8,000.00	\$8,000.00
Y	Soil Treatment/Termite	Allowance - Interior Terifoam and Subterranean Termite Treatment	1	\$20,000.00	\$20,000.00
Y	Asphalt Pave/Surface/Stripe	Allowance - Parking Lot Asphalt Selective R & R, Crackfill and Restripe (Includes ADA Parking)	1	\$22,000.00	\$22,000.00
Y	Landscaping & Irrigation	Allowance - Landscaping and Irrigation Upgrades	1	\$20,000.00	\$20,000.00
Y	Landscaping & Irrigation	Allowance - Tree Trimming	1	\$10,000.00	\$10,000.00
		Div 2 Total			\$209,050.00
Division 3 - Concrete					
Y	Concrete	Allowance - General Concrete Repairs - Outside of P.O.T. Replacement	1	\$5,000.00	\$5,000.00
Y	Concrete	Allowance - ADA Path-of-Travel Improvements	1	\$18,000.00	\$18,000.00
Y	Concrete	Allowance - Structural Stair Footings	4	\$4,000.00	\$16,000.00
		Div 3 Total			\$39,000.00
Division 4 - Masonry					
Y	Retaining Wall	Allowance - Structural Repair of CMU Stem Wall Bldg. 2655	1	\$32,000.00	\$32,000.00
Y	Retaining Wall	Allowance - Structural Observation and Seismic Report	1	\$10,000.00	\$10,000.00
		Div 4 Total			\$42,000.00
Division 5 - Metals					
Y	Steel Stairs & Precast Steps	Allowance - Replace Existing Stairs with Steel Stringers/Trex Treads Bldg 2663, 2651	4	\$25,800.00	\$103,200.00
Y	Railings and Handrails	Allowance - Code Compliant Railings & Extensions	1	\$10,000.00	\$10,000.00
Y	Ornamental Iron (Fence/Rail)	Allowance - Site Fencing Repairs and Modifications	1	\$5,000.00	\$5,000.00
		Div 5 Total			\$118,200.00

Project Information
 Grant Heights
 2651-2663 J Street
 San Diego, CA 92102



Unit Mix

10	1 Bed/1 Bath
18	2 Bed/1 Bath
28	Total Units

Date: 6/13/2019

Non-Prevailing Wage Project

Allowance Y / N	Trade Item	Description of Work	Qty	Unit Cost	Line Total
Division 6 - Woods & Plastics					
Y	<i>Rough Carpentry</i>	Allowance - Accessible Unit Reframing	3	\$3,000.00	\$9,000.00
	<i>Cabinets</i>	Install New Cabinets in Unit Kitchens and Bathrooms with Hardware	28	\$2,750.00	\$77,000.00
	<i>Finish Carpentry</i>	Install Quartz Countertops in Kitchens and Bathrooms	28	\$850.00	\$23,800.00
		Div 6 Total			\$109,800.00
Division 7 - Waterproof/Insulation/Roof					
Y	<i>Waterproofing</i>	Allowance - Install New Waterproof Membrane and Coating Balconies, Water Test	1	\$3,000.00	\$3,000.00
Y	<i>Stucco & Exterior Plaster</i>	Allowance - Exterior Stucco Repairs	1	\$25,000.00	\$25,000.00
	<i>Roofing - Flat & Membrane</i>	Overlay Roof with Polyiso Insulation(R-Value 5.7) & New 60 Mil TPO Roof	1	\$72,404.00	\$72,404.00
	<i>Gutters & Downspouts</i>	Gutter and Downspout Replacement	1	\$30,649.00	\$30,649.00
		Div 7 Total			\$131,053.00
Division 8 - Doors/Hardware/Glass/Glaze					
	<i>Doors</i>	Replace Entry Door Hardware - Lever and Deadbolt, Weatherstripping, Sweep & Threshold	28	\$785.00	\$21,980.00
	<i>Doors</i>	Replace Entry Door Hardware - Lever and Deadbolt on Security Door	28	\$335.00	\$9,380.00
Y	<i>Doors</i>	Allowance - Selective Interior and Closet Door Replacements	1	\$4,000.00	\$4,000.00
Y	<i>Doors</i>	Allowance - Replace Leasing Office & Common Area Doors & Hardware - ADA Compliant	1	\$7,500.00	\$7,500.00
	<i>Windows</i>	Replace Windows and Patio Doors with Vinyl Retrofit Dual Pane Low E	1	\$92,860.00	\$92,860.00
		Div 8 Total			\$135,720.00

Project Information
 Grant Heights
 2651-2663 J Street
 San Diego, CA 92102

Date: 6/13/2019



Unit Mix

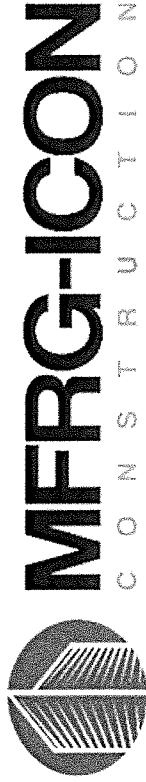
10	1 Bed/1 Bath
18	2 Bed/1 Bath
28	Total Units

Non-Prevailing Wage Project

Allowance		Y / N	Trade Item	Description of Work	Qty	Unit Cost	Line Total
Division 9 - Drywall/Floor/Ceiling/Paint							
	Drywall			General Drywall Repairs - Standard Units	25	\$550.00	\$13,750.00
Y	Drywall			Allowance - Unit Drywall - Accessible Units	3	\$1,450.00	\$4,350.00
	Vinyl Flooring			Install Vinyl Plank in Standard Units, No Bedrooms - 8 mil	25	\$2,450.00	\$61,250.00
	Vinyl Flooring			Install Vinyl Plank Throughout Entire Unit - Accessible Units - 12 mil	3	\$4,215.00	\$12,645.00
	Vinyl Flooring			Install 4" Cove Base and Rubber Transitions in Kitchens and Bathrooms	25	\$305.00	\$7,625.00
Y	Vinyl Flooring			Allowance - Overlay Community Rooms and Office with LVP and Base - 18 mil	1	\$8,000.00	\$8,000.00
	Carpet			Install Carpet in Bedrooms	46	\$575.00	\$26,450.00
	Final Clean			Clean Up and Supplies	28	\$475.00	\$13,300.00
	Painting			Paint Kitchens and Bathrooms - Standard Units	25	\$1,025.00	\$25,625.00
	Painting			Paint Existing Linen Cabinets	28	\$225.00	\$6,300.00
	Painting			Paint Unit Complete - Accessible Units	3	\$2,300.00	\$6,900.00
	Exterior Painting			Exterior - Powerwash, Paint Building, Building Metals, Site Fence - 3 Color Scheme	28	\$1,985.00	\$55,580.00
	Tub Reglaze			Reglaze Existing Tubs and Shower Surrounds	25	\$595.00	\$14,875.00
Div 9 Total							\$256,650.00
Division 10 - Specialties							
Y	Signage			Allowance - Install New Building and Site Signage (Excludes Monument Signage)	1	\$10,000.00	\$10,000.00
	Signage			Install New Unit Signage	28	\$74.00	\$2,072.00
Y	Mailboxes			Allowance - Install New Pedestal Mounted Mailboxes and Parcel Lockers	28	\$175.00	\$4,900.00
	Bath Accessories			Install New Toilet Paper Holders	28	\$37.00	\$1,036.00
	Bath Accessories			Install New Towel Bars	28	\$44.00	\$1,232.00
	Bath Accessories			Install New Towel Rings	28	\$39.00	\$1,092.00
	Bath Accessories			Install New Curved Shower Curtain Rods, Curtain and Rings	28	\$168.00	\$4,704.00
	Bath Accessories			Install New Surface Mounted Medicine Cabinets	28	\$165.00	\$4,620.00
Div 10 Total							\$29,656.00

Project Information
Grant Heights
2651-2663 J Street
San Diego, CA 92102

Date: 6/13/2019



Unit Mix

10	1 Bed/1 Bath
18	2 Bed/1 Bath
28	Total Units

Non-Prevailing Wage Project

Allowance		Y / N	Trade Item	Description of Work	Qty	Unit Cost	Line Total
Division 11 - Equipment							
	Appliances			Install New Energy Star Refrigerator - BLK/WHIT	28	\$785.00	\$21,980.00
	Appliances			Install New Gas Ranges - BLK/WHIT	28	\$625.00	\$17,500.00
	Appliances			Install New Grease Shields at Ranges	56	\$50.00	\$2,800.00
	Appliances			Install New Ducted Range Hood - BLK/WHIT	28	\$191.00	\$5,348.00
						Div 11 Total	\$47,628.00
Division 12 - Furnishings							
	Blinds and Shades			Install New Vinyl Window Blinds with Standard Box Valance	28	\$395.00	\$11,060.00
						Div 12 Total	\$11,060.00
Division 13 - Owner Specialties							
Y	Laundry Room			Allowance - Laundry Room Improvements (Flooring, Paint, Washer Boxes, Light Fixtures)	1	\$5,500.00	\$5,500.00
Y	Community Building			Allowance - Leasing Office and Common Room Improvements	1	\$27,500.00	\$27,500.00
Y	Community Building			Allowance - Common Area Bathroom Reconfiguration and Modifications	2	\$3,000.00	\$6,000.00
Y	Unit Upgrades			Allowance - Accessible Unit Improvements	3	\$25,000.00	\$75,000.00
						Div 13 Total	\$114,000.00
Division 14 - Elevators & Handling Systems							
Y	Wheelchair Lifts			Allowance - Wheelchair Lift Modernization (Equipment, Controls, Accessibility)	1	\$40,000.00	\$40,000.00
						Div 14 Total	\$40,000.00

Project Information
Grant Heights
2651-2663 J Street
San Diego, CA 92102



Unit Mix

10	1 Bed/1 Bath
18	2 Bed/1 Bath
28	Total Units

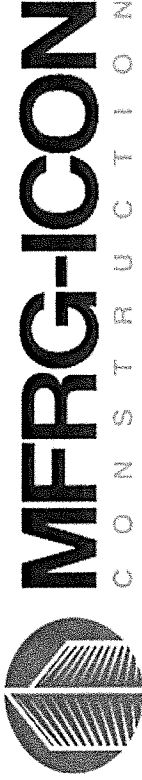
Date: 6/13/2019

Non-Prevailing Wage Project

Allowance Y / N	Trade Item	Description of Work	Qty	Unit Cost	Line Total
		Division 15 - Fire Protection/Plumbing/HVAC			
	Plumbing & Hot Water	1/4 Turn Angle Stops: All Sinks and Toilets	140	\$52.00	\$7,280.00
	Plumbing & Hot Water	Install New Kitchen Sink, Faucet, P-Trap Assembly and Supply Lines	28	\$915.00	\$25,620.00
	Plumbing & Hot Water	Remove and Install New Garbage Disposal	28	\$190.00	\$5,320.00
	Plumbing & Hot Water	Install New ADA Lo Flo Toilets	28	\$515.00	\$14,420.00
	Plumbing & Hot Water	Install New Bathroom Faucet, Drop-in Sink and Supply Lines	28	\$565.00	\$15,820.00
	Plumbing & Hot Water	Install New Low Flo Showerheads	25	\$72.00	\$1,800.00
	Plumbing & Hot Water	Install New Tub/Shower Valve and Trim - Overflow Plate, Drain Stopper, Handles	25	\$681.00	\$17,025.00
	Plumbing & Hot Water	Install New Grab Bars and Backing at ADA Unit Bathrooms	3	\$299.00	\$897.00
Y	Plumbing & Hot Water	Allowance - Common Area Bathroom Finish & Fixture Replacements	2	\$3,000.00	\$6,000.00
Y	Plumbing & Hot Water	Allowance - Common Area Mop Sink and Fixtures	1	\$2,100.00	\$2,100.00
Y	Plumbing & Hot Water	Allowance - Accessible Plumbing Reconfiguration and Fixtures, Tub/Shower	3	\$5,800.00	\$17,400.00
	Plumbing & Hot Water	Replace Gas Water Heaters, Expansion Tanks and Recirculating Pumps - Standard EFF	4	\$13,350.00	\$53,400.00
Y	Plumbing & Hot Water	Allowance - Install Seismic Gas Valve at Master Meter	1	\$5,000.00	\$5,000.00
	HVAC	Allowance - Inspect, Clean, Service and Replace Cover	28	\$650.00	\$18,200.00
	HVAC	Allowance - Remove and Replace Existing HVAC System at Leasing Office/Community Room	1	\$8,000.00	\$8,000.00
	HVAC	Install New Humidistat Fan in Bathrooms with Light and Humidity Control	28	\$525.00	\$14,700.00
		Div 15 Total			\$212,982.00

Project Information
Grant Heights
2651-2663 J Street
San Diego, CA 92102

Date: 6/13/2019



Unit Mix

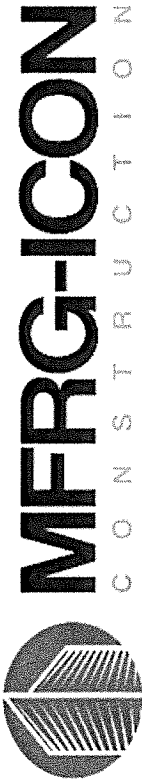
10	1 Bed/1 Bath
18	2 Bed/1 Bath
28	Total Units

Non-Prevailing Wage Project

Allowance Y / N	Trade Item	Description of Work	Qty	Unit Cost	Line Total
		Division 16 - Electrical			
	Electrical	Install New Hardwired Smoke/CO2 Combo	28	\$110.00	\$3,080.00
	Electrical	Install New 10 Year Battery Smoke Detectors in Bedrooms	46	\$90.00	\$4,140.00
	Electrical	Replace Existing GFCI in Kitchen	84	\$90.00	\$7,560.00
	Electrical	Relocate & Replace Existing GFCI in Bathroom	28	\$200.00	\$5,600.00
	Electrical	Install New Electrical Switches, Receptacles, Cable & Phone Plates in Units	28	\$425.00	\$11,900.00
	Electrical	Add Receptacle for Gas Range	28	\$185.00	\$5,180.00
	Electrical	Add Receptacle for Refrigerator	28	\$185.00	\$5,180.00
	Electrical	Add Receptacle for Range Hood	28	\$185.00	\$5,180.00
	Electrical	Provide and Install Kitchen LED Fixture	28	\$225.00	\$6,300.00
	Electrical	Provide and Install Ceiling Fan w/ LED Light Kit in Dining Rooms-Assumes Fan Rated Box	28	\$300.00	\$8,400.00
	Electrical	Provide and Install Bathroom Vanity LED Fixture	28	\$160.00	\$4,480.00
	Electrical	Provide and Install Living Room Wall Sconce Fixture	10	\$135.00	\$1,350.00
	Electrical	Provide and Install Hallway Light Fixture	28	\$135.00	\$3,780.00
	Electrical	Remove Heat Lamp in Bathroom, Install LED Bulb & Trim	28	\$87.00	\$2,436.00
	Electrical	Replace Existing Door Bell Chime & Button	28	\$130.00	\$3,640.00
	Electrical	Replace/Relocate Interior Subpanels Including AFCI Breakers	28	\$1,670.00	\$46,760.00
	Electrical	Audio Visual Upgrades in AV Units	2	\$1,785.00	\$3,570.00
Y	Electrical	Allowance - Common Building, Site and Community Area Lighting	1	\$12,000.00	\$12,000.00
Y	Security Access & Surveillance	Allowance - Install/Upgrade Entry Call Box & Fob Access	1	\$8,000.00	\$8,000.00
		Div 16 Total			\$148,536.00

Project Information
 Grant Heights
 2651-2663 J Street
 San Diego, CA 92102

Date: 6/13/2019



Unit Mix	
10	1 Bed/1 Bath
18	2 Bed/1 Bath
28	Total Units

Non-Prevailing Wage Project

Allowance Y / N	Trade Item	Description of Work	Qty	Unit Cost	Line Total
		Total Construction Hard Costs			\$1,645,335.00
		General Condition		6%	\$98,720.10
		Overhead		2%	\$32,906.70
		Profit		6%	\$98,720.10
		Bond (other fees)		1.35%	\$22,212.02
		Liability Insurance (other fees)		1.15%	\$18,921.35
		Grand Total			\$1,916,815.27
		Total Cost Per Unit	28		\$68,457.69
		<i>Excludes Permits, Security, and Section 3 Hiring</i>			
		ALTERNATES			
Y	Sewer & Drainage	Allowance - Camera and Hydrojet Waste Lines	1	\$5,000.00	\$5,000.00
	Vinyl Flooring	Furniture Manipulation for New Flooring - Standard Units	26	\$475.00	\$12,350.00
Y	Electrical	Allowance - Bury CCTV & Electrical Conduit On Exteriors of Buildings	3	\$7,000.00	\$21,000.00

ATTACHMENT 3B WINONA REHABILITATION SCOPE OF WORK SUMMARY

Project Information
Winona
3845 Winona Avenue
San Diego, CA 92105



Date: 6/13/2019

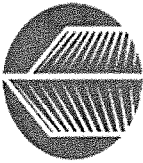
Unit Mix	
9	1 Bed/1 Bath
3	2 Bed/1 Bath (693)
1	2 Bed/1 Bath (939)
1	3 Bed/2 Bath
14	Total Units

Non-Prevailing Wage Project

Allowance Y / N	Trade Item	Description of Work	Qty	Unit Cost	Line Total
Division 2 - Site Work					
	Demolition	Demo Standard Units (with Abatement)	12	\$2,100.00	\$25,200.00
Y	Demolition	Allowance - Demo ADA Units (with Abatement)	2	\$4,500.00	\$9,000.00
	Demolition	Demo Gutters & Downspouts at Courtyard	1	\$2,500.00	\$2,500.00
Y	Asbestos Abatement	Allowance - Air Clearance Testing	1	\$5,000.00	\$5,000.00
Y	Soil Treatment/Termite	Allowance - Interior Terfoam and Subterranean Termite Treatment	1	\$11,210.00	\$11,210.00
Y	Asphalt Sealcoat	Allowance - Restripe Parking Area with ADA Parking Signage	1	\$1,950.00	\$1,950.00
Y	Fences & Gates	Allowance - Perimeter Fence Replacement/Repairs at Front of Property	1	\$12,000.00	\$12,000.00
Y	Landscaping & Irrigation	Allowance - Landscaping and Irrigation Upgrades	1	\$14,000.00	\$14,000.00
		Div 2 Total			\$80,860.00
Division 3 - Concrete					
Y	Concrete	Allowance - General Concrete Repairs - Outside of P.O.T. Replacement	1	\$5,000.00	\$5,000.00
Y	Concrete	Allowance - ADA Path-of-Travel Improvements	1	\$4,500.00	\$4,500.00
		Div 3 Total			\$9,500.00
Division 4 - Masonry					
		N/A			\$0.00
		Div 4 Total			\$0.00
Division 5 - Metals					
Y	Railings & Handrails	Allowance - Stair Railings and Extension Replacement	1	\$30,000.00	\$30,000.00
Y	Railings & Handrails	Allowance - Install New Cane Detection at Stair Risers	3	\$2,500.00	\$7,500.00
Y	Railings & Handrails	Allowance - Remove and Replace Metal Window Guards, Egress Release as Required	1	\$5,500.00	\$5,500.00
Y	Metal Trash Enclosure Doors	Allowance - Dumpster Enclosure Gates	1	\$4,500.00	\$4,500.00
		Div 5 Total			\$47,500.00

Project Information

Winona
3845 Winona Avenue
San Diego, CA 92105



MFRG-ICON
CONSTRUCTION

Unit Mix

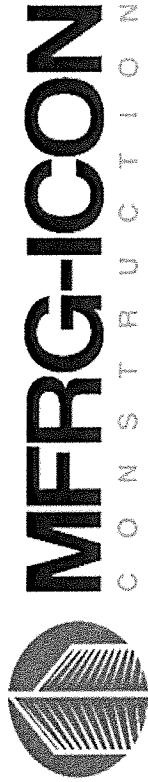
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1	2 Bed/1 Bath (939)
1	3 Bed/2 Bath
14	Total Units

Date: 6/13/2019

Non-Prevailing Wage Project

Allowance Y / N	Trade Item	Description of Work	Qty	Unit Cost	Line Total
Division 6 - Woods & Plastics					
Y	Rough Carpentry	Allowance - ADA Unit Reframing	2	\$3,000.00	\$6,000.00
	Rough Carpentry	Full Building Roofing Fascia Replacement	1	\$9,250.00	\$9,250.00
	Cabinets	Install New Cabinets in Unit Kitchens, Bathrooms & Hall Linens with Hardware	14	\$4,636.00	\$64,904.00
	Finish Carpentry	Install Quartz Countertops in Kitchens and Bathrooms	14	\$1,611.00	\$22,554.00
		Div 6 Total			\$102,708.00
Division 7 - Waterproof/Insulation/Roof					
Y	Waterproofing	Allowance - Install New Desert Crete Decking System on Walk Decks, Water Test	1	\$18,900.00	\$18,900.00
Y	Stucco & Exterior Plaster	Allowance - Exterior Stucco Repairs	1	\$5,000.00	\$5,000.00
	Roofing - Shingles	Tear Off Existing Roofs & Install 25 Year GAF Shingles, Flashings & Attic Ventilation	1	\$70,409.00	\$70,409.00
Y	Roofing - Shingles	Allowance - Decking Replacement	1	\$5,000.00	\$5,000.00
	Gutters & Downspouts	Gutter and Downspout Replacement	1	\$9,152.00	\$9,152.00
		Div 7 Total			\$108,461.00
Division 8 - Doors/Hardware/Glass/Glaze					
	Doors	Replace Entry Door Hardware - Lever and Deadbolt, Weatherstripping, Sweep & Threshold	14	\$785.00	\$10,990.00
	Doors	Replace Entry Door Hardware - Lever and Deadbolt on Security Door	14	\$335.00	\$4,690.00
Y	Doors	Allowance - Selective Interior and Closet Door Replacement	1	\$2,500.00	\$2,500.00
	Windows	Replace Windows with Vinyl Retrofit Dual Pane Low E	1	\$56,590.00	\$56,590.00
		Div 8 Total			\$74,770.00

Project Information
Winona
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San Diego, CA 92105



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Date: 6/13/2019

Non-Prevailing Wage Project

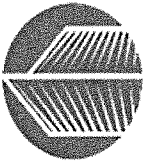
Allowance

Y / N	Trade Item	Description of Work	Qty	Unit Cost	Line Total
Division 9 - Drywall/Floor/Ceiling/Paint					
	Drywall	General Drywall Repairs - Standard Units	12	\$550.00	\$6,600.00
Y	Drywall	Allowance - Unit Drywall - Accessible Units	2	\$1,450.00	\$2,900.00
	Vinyl Flooring	Install Vinyl Plank in Standard Units; Excludes Bedrooms - 8 mil	12	\$2,450.00	\$29,400.00
	Vinyl Flooring	Install Vinyl Plank Throughout Entire Unit - Accessible Units - 12 mil	2	\$4,215.00	\$8,430.00
	Vinyl Flooring	Install 4" Cove Base and Rubber Transitions in Kitchens and Bathrooms	12	\$305.00	\$3,660.00
	Carpet	Install Carpet in Bedrooms	20	\$575.00	\$11,500.00
	Final Clean	Clean Up and Supplies	15	\$475.00	\$7,125.00
	Painting	Paint Kitchens and Bathrooms - Standard Units	12	\$1,125.00	\$13,500.00
	Painting	Paint Unit Complete - Accessible Units	2	\$2,300.00	\$4,600.00
	Exterior Painting	Exterior - Powerwash, Paint Building, Building Metals, Site Fence - 3 Color Scheme	14	\$1,985.00	\$27,790.00
	Tub Reglaze	Reglaze Existing Tubs and Shower Surrounds	13	\$595.00	\$7,735.00
		Div 9 Total			\$123,240.00

Division 10 - Specialties

Y	Signage	Allowance - Install New Building and Site Signage	1	\$3,500.00	\$3,500.00
	Signage	Install New Unit Signage	14	\$74.00	\$1,036.00
Y	Mailboxes	Allowance - Install New Mailboxes and Parcel Lockers	14	\$175.00	\$2,450.00
	Bath Accessories	Install New Toilet Paper Holders	15	\$37.00	\$555.00
	Bath Accessories	Install New Towel Bars	15	\$44.00	\$660.00
	Bath Accessories	Install New Towel Rings	15	\$39.00	\$585.00
	Bath Accessories	Install New Curved Shower Curtain Rods, Curtain and Rings	15	\$168.00	\$2,520.00
	Bath Accessories	Install New Semi-Recessed Medicine Cabinets	15	\$165.00	\$2,475.00
		Div 10 Total			\$13,781.00

Project Information
Winona
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San Diego, CA 92105



MFRG-ICON
CONSTRUCTION

Unit Mix

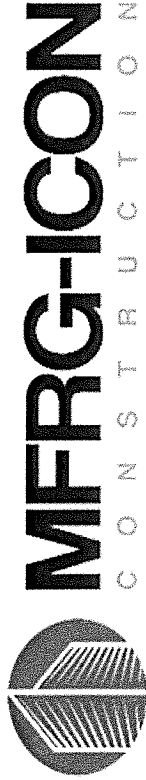
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Date: 6/13/2019

Non-Prevailing Wage Project

Allowance Y / N	Trade Item	Description of Work	Qty	Unit Cost	Line Total
Division 11 - Equipment					
	<i>Appliances</i>	Install New Energy Star Refrigerator - BLK/WHT	14	\$785.00	\$10,990.00
	<i>Appliances</i>	Install New Electric Ranges - BLK/WHT	14	\$685.00	\$9,590.00
	<i>Appliances</i>	Install New Grease Shields at Ranges	14	\$50.00	\$700.00
	<i>Appliances</i>	Install New Ducted Range Hood - BLK/WHT	14	\$191.00	\$2,674.00
		Div 11 Total			\$23,954.00
Division 12 - Furnishings					
	<i>Blinds and Shades</i>	Install New Vinyl Window Blinds with Standard Box Valance	14	\$415.00	\$5,810.00
		Div 12 Total			\$5,810.00
Division 13 - Owner Specialties					
Y	<i>Laundry Room</i>	Allowance - Laundry Room Improvements (Flooring, Paint, Washer Boxes, Light Fixtures)	1	\$5,500.00	\$5,500.00
Y	<i>Unit Upgrades</i>	Allowance - Accessible Unit Improvements	2	\$25,000.00	\$50,000.00
		Div 13 Total			\$55,500.00

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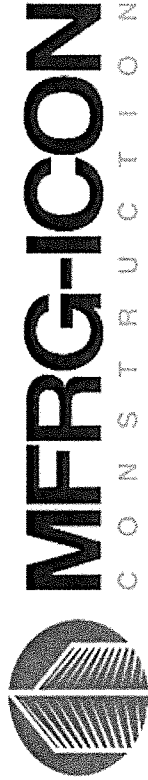
Date: 6/13/2019

Non-Prevailing Wage Project

Allowance

Y / N	Trade Item	Description of Work	Qty	Unit Cost	Line Total
Division 15 - Fire Protection/Plumbing/HVAC					
	Plumbing & Hot Water	1/4 Turn Angle Stops: All Sinks and Toilets	75	\$52.00	\$3,900.00
	Plumbing & Hot Water	Install New Kitchen Sink, Faucet, P-Trap Assembly and Supply Lines	14	\$915.00	\$12,810.00
	Plumbing & Hot Water	Remove and Install New Garbage Disposal	14	\$190.00	\$2,660.00
	Plumbing & Hot Water	Install New ADA Lo Flo Toilets	15	\$515.00	\$7,725.00
	Plumbing & Hot Water	Install New Bathroom Faucet, Drop-in Sink and Supply Lines	13	\$565.00	\$7,345.00
	Plumbing & Hot Water	Install New Low Flo Showerheads	13	\$72.00	\$936.00
	Plumbing & Hot Water	Install New Tub/Shower Valve and Trim - Overflow Plate, Drain Stopper, Handles	13	\$681.00	\$8,853.00
	Plumbing & Hot Water	Install New Grab Bars and Backing at Accessible Unit Bathrooms	2	\$299.00	\$598.00
Y	Plumbing & Hot Water	Allowance - ADA Plumbing Reconfiguration and Fixtures, Tub/Shower	2	\$5,800.00	\$11,600.00
	Plumbing & Hot Water	Replace Gas Water Heater, Expansion Tank and Recirculating Pumps - Standard EFF	1	\$13,350.00	\$13,350.00
Y	Plumbing & Hot Water	Allowance - Install Seismic Gas Valve at Master Meter	1	\$5,000.00	\$5,000.00
	HVAC	Replace Existing Electric Wall Heaters & Thermostats	34	\$595.00	\$20,230.00
	HVAC	Install New Humidistat Fan in Bathrooms with Light and Humidity Control	15	\$525.00	\$7,875.00
				Div 15 Total	\$102,882.00

Project Information
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 San Diego, CA 92105



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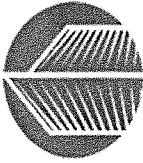
Date: 6/13/2019

Non-Prevailing Wage Project

Allowance Y / N	Trade Item	Description of Work	Qty	Unit Cost	Line Total
Division 16 - Electrical					
Electrical		Install New Hardwired Smoke/CO2 Combo	14	\$110.00	\$1,540.00
Electrical		Install New Hardwired Smoke Detectors in Bedrooms	20	\$90.00	\$1,800.00
Electrical		Replace Existing GFCI in Kitchen	14	\$90.00	\$1,260.00
Electrical		Replace Existing GFCI in Bathroom	14	\$90.00	\$1,260.00
Electrical		Install New Electrical Switches, Receptacles, Cable & Phone Plates in Units	14	\$425.00	\$5,950.00
Electrical		Add Receptacle for Range Hood	14	\$185.00	\$2,590.00
Electrical		Add New Countertop GFI Receptacle Per Code in Kitchen	14	\$200.00	\$2,800.00
Electrical		Provide and Install Kitchen LED Fixture	14	\$225.00	\$3,150.00
Electrical		Provide and Install Ceiling Fan with LED Light Kit in Dining Rooms-Assumes Fan Rated Box	14	\$300.00	\$4,200.00
Electrical		Provide and Install Bathroom Vanity LED Fixture	15	\$160.00	\$2,400.00
Electrical		Provide and Install Hallway Light Fixture	24	\$135.00	\$3,240.00
Electrical		Audio Visual Upgrades in AV Units	1	\$1,785.00	\$1,785.00
Y Electrical		Allowance - Common Building and Community Area Lighting	1	\$5,000.00	\$5,000.00
				Div 16 Total	\$36,975.00

Project Information

Winona
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San Diego, CA 92105



MFRG-ICON
C O N S T R U C T I O N

Unit Mix

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1	2 Bed/1 Bath (939)
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14	Total Units

Date: 6/13/2019

Non-Prevailing Wage Project

Allowance

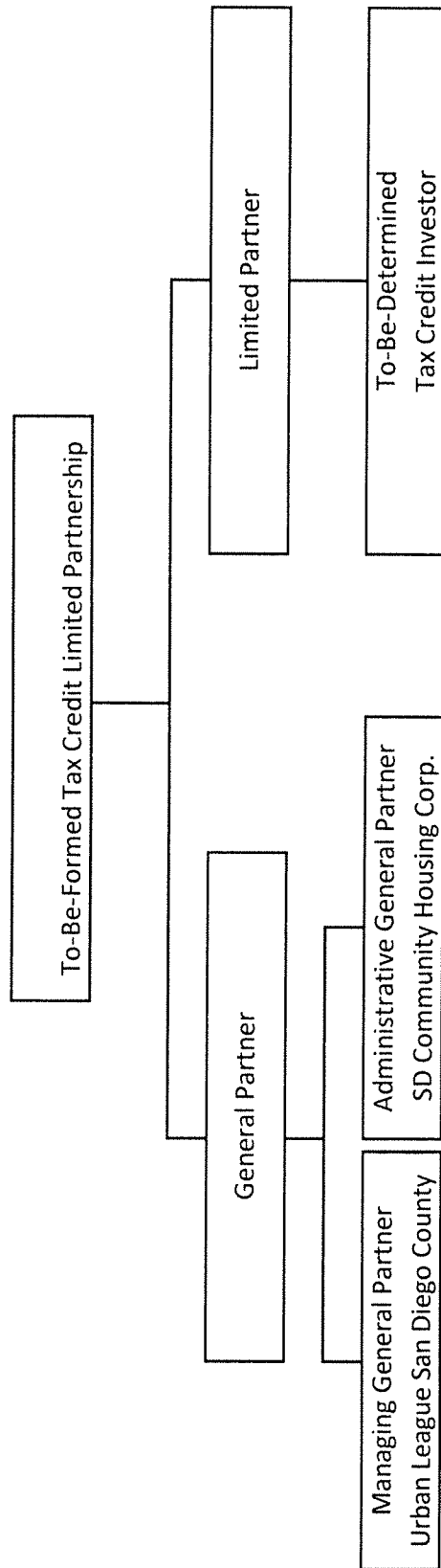
Y / N	Trade Item	Description of Work	Qty	Unit Cost	Line Total
		Total Construction Hard Costs			\$785,941.00
		General Condition		6%	\$47,156.46
		Overhead		2%	\$15,718.82
		Profit		6%	\$47,156.46
		Bond (other fees)		1.35%	\$10,610.20
		Liability Insurance (other fees)		1.15%	\$9,038.32
		Grand Total			\$915,621.26
		Total Cost Per Unit	14		\$65,401.52

Excludes Permits, Security, and Section 3 Hiring

ALTERNATES

Y	Sewer & Drainage	Allowance - Camera and Jet Waste Lines	1	\$3,000.00	\$3,000.00
	Vinyl Flooring	Furniture Manipulation for New Flooring - Standard Units	12	\$475.00	\$5,700.00
Y	Community Building	Allowance - Create Common Storage/Bike Rack Area Under Building	1	\$16,000.00	\$16,000.00

ATTACHMENT 4 – ORGANIZATION CHART



ATTACHMENT 5 – CO-DEVELOPERS' PROJECT PRO FORMA

Grant Heights & Winona Apartments

Modeling Assumption Overview

Physical Details ~ Outstanding Financing ~ Hypothetical Valuation

Project	Address	Units	QCT or DDA	Outstanding SDHC Principal (1)	Outstanding SDHC Interest (1)	Outstanding SDHC Principal & Interest	Reserves
Grant Heights	2661 J Street	28	Yes	867,279	470,000	1,337,279	125,000
Winona	3845 Winona Avenue	14	Yes	-	-	-	-
Totals		42		867,279	470,000	1,337,279	125,000

(1) Includes higher unit costs provided by the City of San Diego as of 1/1/19. Estimate as of 2/1/19

Schedule

Pre Construction Start Date	2/11/2019
Pre Construction Period (Days)	344
Construction Period Start	1/21/2020
Construction Period Schedule (Days)	180
Construction Period End	7/19/2020
Conversion Period (Days)	180
Conversion	1/15/2021
Total Days	704

Financing Sources - Construction and Permanent Period

Sources of Financing - Construction Period

Private Activity Bonds	8,500,000
Low Income Housing Tax Credits	781,709
San Diego Housing Commission	668,640
Seller Contribution/Carryback-ULSDC	4,398,435
Seller Carryback Note- SDCHC	1,441,539
Deferred Developer Fee	650,000
Reserve Transfer	125,000
Operating Income During Construction	75,000
Total	16,640,322

Sources of Financing - Permanent Period

Private Activity Bonds	3,289,000
Low Income Housing Tax Credits	5,211,394
San Diego Housing Commission	668,640
Seller Contribution/Carryback-ULSDC	5,547,721
Seller Carryback Note- SDCHC	1,441,539
Deferred Developer Fee	580,000
Reserve Transfer	125,000
Operating Income During Construction	75,000
Total	16,938,293

Pay In Schedules: Equity ~ Deferred Costs ~ Developer Fee

Costs Deferred Until Conversion		Cash Developer Fee Pay-In Schedule	
Replacement Reserve Transfer	125,000	Developer Fee	1,980,000
LIHTC Equity at Closing	15%	Closing	50%
LIHTC Equity at Construction Completion	80%	Completion/Certificate of Occupancy	45%
		Conversion/8609	5%

Relocation

Relocation Consultant Cost- Relocation Plan/Coordination/Benefits	\$149,000
Permanent Relocation Assumption	Zero- LURA's for both projects
Permanent Relocation Negotiated Settlement Amount	Zero- LURA's for both projects
Temporary Relocation Costs	~2-weeks at \$2000 stipend per unit

General Underwriting

Underwriting		Operating Expenses (Per Unit)	\$6,750
Interest Rate	5.25%	Replacement Reserve (Per Unit)	\$350
Term (Years)	35	Income Escalator	2.0%
DSCR	1.15	Expense Escalator	3.0%
Tax Credit Pricing	\$0.94	Vacancy Factor Year 1	5.0%
Applicable Fraction	100%	Vacancy Factor Year 2+	5.0%
Annual Issuer Fee	0.125%	LP Asset Management Fee	\$5,000
Bond Issuance Amt.	8,500,000	GP Asset Management Fee	\$20,000
Construction Int. Rate	4.75%		

Grant Heights & Winona Apartments

Sources & Uses of Funds Summary

CONSTRUCTION FINANCING			
SOURCES		USES	
Private Activity Bonds	\$ 8,500,000	Acquisition	\$ 9,790,000
LIHTC	\$ 781,709	Construction	\$ 3,160,080
San Diego Housing Commission	\$ 668,640	Building Permit Fees	\$ 63,000
Seller Contribution/Carryback-ULSDC	\$ 4,398,435	Architect & Engineer	\$ 198,500
Seller Carryback- SDCHC	\$ 1,441,539	Consultant Fees	\$ 237,500
Deferred Developer Fee	\$ 650,000	Title/Tax/Insurance	\$ 104,522
Reserve Transfer	\$ 125,000	Syndication	\$ 50,000
Operating Income During Construction	\$ 75,000	Marketing/Furnishing	\$ 40,000
		Soft Cost Contingency	\$ 150,000
		Relocation	\$ 84,000
		Developer Fee	\$ 1,980,000
		TCAC & CDLAC Fees	\$ 87,220
		Financing Costs	\$ 475,000
		Bond Issuance	\$ 220,500
TOTAL SOURCES	\$ 16,640,322	TOTAL USES	\$ 16,640,322

PERMANENT FINANCING			
SOURCES		USES	
Private Activity Bonds	\$ 3,289,000	Acquisition	\$ 9,790,000
Low Income Housing Tax Credits	\$ 5,211,394	Construction	\$ 3,160,080
San Diego Housing Commission	\$ 668,640	Building Permit Fees	\$ 63,000
Seller Contribution/Carryback-ULSDC	\$ 5,547,721	Architect & Engineer	\$ 198,500
Seller Carryback - SDCHC	\$ 1,441,539	Consultant Fees	\$ 237,500
Developer Fee Contribution	\$ 580,000	Title/Tax/Insurance	\$ 104,522
Reserve Transfer	\$ 125,000	Syndication	\$ 50,000
Operating Income During Construction	\$ 75,000	Marketing/Furnishing	\$ 40,000
		Soft Cost Contingency	\$ 150,000
		Relocation	\$ 84,000
		Developer Fee	\$ 1,980,000
		TCAC & CDLAC Fees	\$ 87,220
		Construction Origination	\$ 475,000
		Permanent Financing Costs	\$ 41,113
		Reserves	\$ 256,858
		Bond Issuance	\$ 220,500
TOTAL SOURCES	\$ 16,938,293	TOTAL USES	\$ 16,938,293

Grant Heights & Winona Apartments
Development Budget

USE OF FUNDS

		TOTAL	ELIGIBLE COSTS	PER UNIT
ACQUISITION				
ACQUISITION COSTS				
Land	\$	810,000	\$	19,286
Buildings	\$	8,980,000	\$	213,810
Total Acquisition Costs	\$	9,790,000	\$	233,095
DIRECT COSTS				
CONSTRUCTION				
General Contract	\$	2,520,000	\$	60,000
General Requirements	\$	126,000	\$	3,000
Contractor Overhead	\$	50,400	\$	1,200
Contractor Profit	\$	176,400	\$	4,200
Subtotal Construction	\$	2,872,800	\$	68,400
Contingency	\$	287,280	\$	6,840
Total Construction Costs	\$	3,160,080	\$	75,240
INDIRECT COSTS				
BUILDING PERMITS, FEES, & PUBLIC WORKS				
Planning and Building Permits	\$	63,000	\$	1,500
Subtotal Building Permits & Public Works	\$	63,000	\$	1,500
ARCHITECT & ENGINEER				
Architect	\$	150,000	\$	3,571
Engineering	\$	35,000	\$	833
Energy Audit	\$	13,500	\$	321
Total Architect & Engineering Fees	\$	198,500	\$	4,726
CONSULTANT FEES				
Appraisal	\$	10,000	\$	238
Market Study	\$	7,500	\$	179
Relocation Consultant	\$	65,000	\$	1,548
Environmental Phase 1	\$	2,500	\$	60
Physical Needs Assessment	\$	5,000	\$	119
Construction Management	\$	50,000	\$	1,190
Financial Consultant	\$	65,000	\$	1,548
Accounting & Cost Certification	\$	30,000	\$	714
Other Fees/Reproduction Mailings	\$	2,500	\$	60
Total Consultant Fees	\$	237,500	\$	5,655
ESCROW & TITLE				
Acquisition & Construction	\$	20,000	\$	476
Conversion	\$	10,000	\$	238
Total Title/Recording	\$	30,000	\$	714
PROPERTY TAX				
Property Tax	\$	5,000	\$	119
Total Property Tax	\$	5,000	\$	119
INSURANCE & BONDING				
Insurance	\$	33,181	\$	-
Performance Bond	\$	36,341	\$	865
Total Insurance	\$	69,522	\$	1,655
MISCELLANEOUS LEGAL				
Tax Credit Syndication	\$	50,000	\$	1,190
Total Legal Fees	\$	50,000	\$	1,190
MARKETING/FURNISHING				
Marketing Property/Property Mgmt. Start-Up	\$	15,000	\$	357
Furnishing	\$	25,000	\$	595
Total Marketing Fees	\$	40,000	\$	952
SOFT COST CONTINGENCY				
Soft Cost Contingency	\$	150,000	\$	3,571
Total Soft Cost Contingency	\$	150,000	\$	3,571
RELOCATION COSTS				
Temporary Relocation Costs	\$	84,000	\$	2,000
Permanent Relocation Subsidy	\$	-	\$	-
Total Tenant Relocation Fees	\$	84,000	\$	2,000
RESERVES				
Lease Up Reserves	\$	-	\$	-
Operating Reserves	\$	256,858	\$	6,116
Total Lease-Up Reserves	\$	256,858	\$	6,116
CDLAC & TCAC FEES				
CDLAC & TCAC FEES	\$	70,000	\$	1,667
Monitoring Fees	\$	17,220	\$	410
Total TCAC Fees	\$	87,220	\$	2,077
CONSTRUCTION FINANCE COSTS				
Construction Interest	\$	390,000	\$	9,286
Origination	\$	85,000	\$	2,024
Permanent Origination	\$	41,113	\$	-
Total Construction Finance Costs	\$	516,113	\$	12,288
BOND ISSUANCE				
Attorney Costs	\$	170,000	\$	4,048
SDCHC Attorney Costs	\$	5,000	\$	119
Issuance Fee	\$	45,500	\$	1,083
Total Issuance Fee	\$	220,500	\$	5,250
DEVELOPER FEE				
Developer Fee	\$	1,980,000	\$	47,143
Developer Fee	\$	1,980,000	\$	47,143
TOTAL PROJECT COSTS	\$	16,938,293	\$	403,293

Grant Heights & Winona Apartments

Rent & Expense Assumptions

UNIT MIX BY ASSET

Asset	1 BR @ 45%	1 BR @ 50%	2 BR @ 45%	2 BR @ 50%	3 BR @ 50%	Manager	Total
Grant Heights	6	4	7	10	0	1	28
Winona	-	9	-	4	1	0	14
Totals	6	13	7	14	1	1	42

AREA AMI (PMSA SD)

AMI	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0
30%	22,470	24,075	25,680	27,285	28,890	30,495	32,100	33,390	34,680	35,970	37,260
35%	26,215	28,088	29,960	31,833	33,705	35,578	37,450	38,955	40,460	41,965	43,470
40%	29,960	32,100	34,240	36,380	38,520	40,660	42,800	44,520	46,240	47,960	49,680
45%	33,705	36,113	38,520	40,928	43,335	45,743	48,150	50,085	52,020	53,955	55,890
50%	37,450	40,125	42,800	45,475	48,150	50,825	53,500	55,650	57,800	59,950	62,100
55%	41,195	44,138	47,080	50,023	52,965	55,908	58,850	61,215	63,580	65,945	68,310
60%	44,940	48,150	51,360	54,570	57,780	60,990	64,200	66,780	69,360	71,940	74,520

Per HUD Notice 2018

MAX RENT LEVELS - TCAC

Maximum Rents	30%	35%	40%	45%	50%	55%	60%
1 Bedroom	601	702	802	902	1,003	1,103	1,203
2 Bedroom	722	842	963	1,083	1,203	1,324	1,444
3 Bedroom	834	973	1,113	1,252	1,391	1,530	1,669

UTILITY ALLOWANCE SCHEDULE

Tenant Utility	1 Bed	2 Bed	3 Bed
Space Heating (Electric)	22	26	29
Cooking (Electric)	7	11	22
Other Electric	27	38	48
Total Electric	56	75	99

WINONA ADJUSTED NET RENTS AFTER UTILITY ALLOWANCE

Maximum Rent	30%	35%	40%	45%	50%	55%	60%
1 Bedroom	545	646	746	846	947	1,047	1,147
2 Bedroom	647	767	888	1,008	1,128	1,249	1,369
3 Bedroom	735	973	1,113	1,252	1,292	1,530	1,669

Grant Heights - HAP Contract Post UA Adjustment

Type	TOTAL UNITS	AMI	RENT
1 Bedroom HAP	6	45%	1,102
1 Bedroom HAP	2	50%	1,107
1 Bedroom HAP	2	50%	1,134
2 Bedroom HAP	7	45%	1,332
2 Bedroom HAP	9	50%	1,332
2 Bedroom HAP	1	50%	1,342
2 Bedroom HAP- Mgr	1	n/a	-

Winona Apartments TCAC Maximums

Type	TOTAL UNITS	AMI	RENT
1 Bedroom	9	50%	947
2 Bedroom	4	50%	1,128
3 Bedroom	1	50%	1,292

GROSS POTENTIAL RENTS

Type	AMI	45% HAP	50% HAP	50%	Manager	MONTHLY	ANNUAL
Studio	-	-	-	-	-	-	-
1 Bedroom	-	6,612	4,482	8,523	-	19,617	235,404
2 Bedroom	-	9,324	13,330	4,512	-	27,166	325,992
3 Bedroom	-	-	-	1,292	-	1,292	15,504
						48,075	576,900

ADDITIONAL INCOME

Misc Tenant Fees @ \$5 pupm	2,520
Tennant Contributions	-
Other- Laundry Income @ \$8.00 pupm	4,032
TOTAL	\$ 6,552

APPLICABLE FRACTION

Units:	42
Affordable Units:	41
Manager	1
Applicable Fraction	100%

LOAN SIZING

Loan Sizing		Gross Income	576,900
Rate	5.25%	Less Vacancy	(28,845)
Term	35	Other Income	6,552
DSCR	1.15	Total Income	554,607
Loan Sizing Vacancy Factor	5.0%	Operating Expense	(283,490)
Annual Expenses	34,440	Resident Services	(10,000)
Annual Issuer Fee	10,000	Annual Issuer Fee	(10,000)
Annual Reserves	14,700	Reserves	(14,700)
		NOI	236,417
		Present Value	\$3,289,850
		Round To	3,289,000
		PMT	\$205,527

Grant Heights & Winona Apartments

Eligible Basis and Threshold Basis Limits

ELIGIBLE BASIS CALCULATION			
	\$	Acquisition 8,980,000	Construction 6,227,421
Total Eligible Basis	\$	8,980,000	
<u>Deduct From Eligible Basis</u>			
All Grant Proceeds Used to Finance Cost in Eligible Basis	\$	-	-
BMIR Federal Financing of Costs in 9% Eligible Basis	\$	-	-
Non-Qualified Non-Recourse Financing	\$	-	-
Non-Qualifying Portion of Higher Quality Units	\$	-	-
Historic Credit (residential portion only)	\$	-	-
Total Ineligible Amounts	\$	-	-
Total Eligible Basis Amount Voluntarily Excluded	\$	-	-
TOTAL BASIS REDUCTION	\$	-	-
TOTAL REQUESTED UNADJUSTED ELIGIBLE BASIS	\$	8,980,000	6,227,421
130% Boost		-	1,868,226
Total Adjusted ELIGIBLE BASIS	\$	8,980,000	8,095,647
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS	\$	8,980,000	8,095,647
Total Credit Reduction	\$	-	-
TOTAL ADJUSTED QUALIFIED BASIS	\$	8,980,000	8,095,647
Applicable Percentage		3.25%	3.25%
Subtotal Annual Credit	\$	291,850	263,109
10 Year Credit Allocation	\$	2,918,500	2,631,085
Limited Partner Interest		99.9%	99.9%
TOTAL INVESTOR LIMITED PARTNER TAX CREDITS	\$	2,915,582	2,628,454
ILP Credit Purchase Price	\$	\$0.94	\$0.94
Combined Credits	\$	2,740,647	2,470,747
	\$		5,211,394

Grant Heights & Winona Apartments Operating Proforma

Rental Assumptions	
Rent Inc./Year	2.5%
Op. Cost Inc./Year	3.5%
Reserves Inc./Year	0.0%
Other Increase/Year	3.0%
Vac. Year 1	5.0%
Vac. Year 2	5.0%
Vac. Year 3 & Beyond	5.0%

	YEAR										
	1	2	3	4	5	6	7	8	9	10	11
Gross Residential Rents											
Other Income	576,900	591,323	606,106	621,258	636,790	652,709	669,027	685,753	702,897	720,469	738,481
Total Residential Income	6,552	6,749	6,951	7,160	7,374	7,596	7,823	8,058	8,300	8,549	8,805
Residential Vacancy	(583,452)	(598,071)	(613,057)	(628,418)	(644,164)	(660,305)	(676,851)	(693,811)	(711,197)	(729,018)	(747,286)
Effective Gross Income	(28,845)	(29,566)	(30,305)	(31,063)	(31,839)	(32,635)	(33,451)	(34,288)	(35,145)	(36,023)	(36,924)
	554,607	568,505	582,751	597,355	612,325	627,669	643,399	659,523	676,052	692,994	710,362
Operating Expenses											
Operating Expenses	(283,490)	(293,412)	(303,682)	(314,310)	(325,311)	(336,697)	(348,482)	(360,678)	(373,302)	(386,368)	(399,891)
Resident Services	(10,000)	(10,250)	(10,506)	(10,769)	(11,038)	(11,314)	(11,597)	(11,887)	(12,184)	(12,489)	(12,801)
Annual Bond Administration Fee	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Reserves	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)
Net Operating Income	236,417	250,393	254,370	258,344	262,313	266,272	270,218	274,145	278,049	281,927	285,771

Debt Service Coverage Ratio	1.15										
Conventional	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)
Available Cash Flow	30,890	44,866	48,843	52,818	56,786	60,745	64,691	68,618	72,523	76,400	80,245
Asset Management Fees											
Investor Limited Partner Asset Management Fee	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720
GP Asset Management Fee	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095	26,878
AVAILABLE CASH FLOW	5,890	19,116	22,320	25,499	28,649	31,764	34,839	37,871	40,853	43,781	46,647
Housing Commission	2,945	9,558	11,160	12,750	14,324	15,882	17,420	18,936	20,427	21,890	23,323
Developer	2,945	9,558	11,160	12,750	14,324	15,882	17,420	18,936	20,427	21,890	23,323

	YEAR										
	1	2	3	4	5	6	7	8	9	10	11
CONVENTIONAL											
Interest APR	5.25%										
Amortization (Years)	35										
Loan Amount	\$ 3,289,000										
P&I	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527
INTEREST	171,870	170,060	168,153	166,143	164,025	161,792	159,440	156,962	154,350	151,597	148,697
PRINCIPAL	33,657	35,467	37,374	39,384	41,502	43,734	46,087	48,565	51,177	53,929	56,830
REMAINING PRINCIPAL	3,255,343	3,219,877	3,182,503	3,143,118	3,101,616	3,057,882	3,011,795	2,963,230	2,912,053	2,858,123	2,801,293
PUBLIC LENDER - San Diego Housing Commission											
Interest-Compounding AFR	3.00%										
Amortization (Years)	35										
Loan Amount	668,640										
Beginning Balance	668,640	685,754	696,255	705,154	712,463	718,198	722,376	725,015	726,139	725,771	723,940
INTEREST	20,059	20,059	20,059	20,059	20,059	20,059	20,059	20,059	20,059	20,059	20,059
Payment	2,945	9,558	11,160	12,750	14,324	15,882	17,420	18,936	20,427	21,890	23,323
REMAINING PRINCIPAL	665,754	696,255	705,154	712,463	718,198	722,376	725,015	726,139	725,771	723,940	720,676

Seller Carryback											
Compounding AFR May 2019	2.74%										
Term	35										
Loan Amount	1,441,539										
Beginning Balance	1,441,539	1,479,564	1,515,325	1,551,265	1,587,395	1,623,727	1,660,277	1,697,058	1,734,090	1,771,391	1,808,982
INTEREST	39,498	40,540	41,520	42,505	43,495	44,490	45,492	46,499	47,514	48,536	49,566
PAYMENT	1,473	4,779	5,580	6,375	7,162	7,941	8,710	9,468	10,213	10,945	11,662
ENDING BALANCE	1,479,564	1,515,325	1,551,265	1,587,395	1,623,727	1,660,277	1,697,058	1,734,090	1,771,391	1,808,982	1,846,886

	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
	756,943	775,866	795,263	815,145	835,523	856,411	877,822	899,767	922,261	945,318	968,951	993,175	1,018,004	1,043,454	1,069,540
	9,070	9,342	9,622	9,910	10,208	10,514	10,829	11,154	11,489	11,834	12,189	12,554	12,931	13,319	13,718
	766,012	785,208	804,885	825,055	845,731	866,925	888,651	910,921	933,750	957,151	981,139	1,005,729	1,030,935	1,056,773	1,083,259
	(37,847)	(38,793)	(39,763)	(40,757)	(41,776)	(42,821)	(43,891)	(44,988)	(46,113)	(47,266)	(48,448)	(49,659)	(50,900)	(52,173)	(53,477)
	728,165	746,415	765,122	784,298	803,955	824,105	844,760	865,933	887,637	909,866	932,632	956,070	980,035	1,004,600	1,029,762
	(413,887)	(428,373)	(443,366)	(458,884)	(474,945)	(491,568)	(508,773)	(526,560)	(545,010)	(564,085)	(583,828)	(604,262)	(625,411)	(647,301)	(669,956)
	(13,121)	(13,449)	(13,785)	(14,130)	(14,483)	(14,845)	(15,216)	(15,597)	(15,987)	(16,386)	(16,796)	(17,216)	(17,646)	(18,087)	(18,539)
	(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)
	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)
	289,578	293,342	297,056	300,714	304,310	307,837	311,287	314,653	317,927	321,100	324,164	327,108	329,923	332,599	335,125
	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)
	84,051	87,815	91,529	95,187	98,783	102,310	105,761	109,127	112,400	115,573	118,637	121,581	124,356	127,073	129,599
	6,821	7,129	7,343	7,563	7,789	8,024	8,264	8,509	8,759	9,014	9,274	9,539	9,809	10,084	10,364
	27,685	28,515	29,371	30,252	31,159	32,094	33,057	34,049	35,070	36,122	37,206	38,322	39,472	40,656	41,876
	49,446	52,171	54,816	57,373	60,924	64,471	68,014	71,553	75,088	78,619	82,146	85,669	89,188	92,702	96,211
	24,723	26,085	27,408	28,686	30,012	31,389	32,816	34,293	35,820	37,397	38,924	40,501	42,028	43,605	45,132
	24,723	26,085	27,408	28,686	30,012	31,389	32,816	34,293	35,820	37,397	38,924	40,501	42,028	43,605	45,132
	2,741,407	2,678,300	2,611,799	2,541,721	2,467,874	2,390,056	2,308,053	2,221,639	2,130,578	2,034,619	1,933,499	1,826,941	1,714,653	1,596,325	1,471,633
	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527
	145,641	142,420	139,026	135,449	131,680	127,709	123,523	119,113	114,466	109,568	104,407	98,969	93,238	87,199	80,835
	59,886	63,107	66,501	70,078	73,847	77,818	82,003	86,414	91,061	95,959	101,120	106,558	112,289	118,328	124,692
	2,741,407	2,678,300	2,611,799	2,541,721	2,467,874	2,390,056	2,308,053	2,221,639	2,130,578	2,034,619	1,933,499	1,826,941	1,714,653	1,596,325	1,471,633
	720,676	716,012	709,986	702,637	694,010	680,258	665,209	648,813	630,739	610,996	589,600	566,572	541,940	515,736	488,000
	20,059	20,059	20,059	20,059	20,059	20,059	19,956	19,852	19,748	19,644	19,540	19,436	19,332	19,228	19,124
	24,723	26,085	27,408	28,686	30,012	31,389	32,816	34,293	35,820	37,397	38,924	40,501	42,028	43,605	45,132
	716,012	709,986	702,637	694,010	680,258	665,209	648,813	630,739	610,996	589,600	566,572	541,940	515,736	488,000	458,778
	1,846,886	1,885,129	1,923,739	1,962,746	2,002,182	2,040,136	2,078,481	2,117,256	2,156,499	2,196,255	2,236,569	2,277,493	2,319,082	2,361,394	2,404,492
	50,605	51,653	52,710	53,779	54,860	55,960	56,950	58,013	59,088	60,177	61,282	62,403	63,543	64,702	65,883
	12,361	13,043	13,704	14,343	14,966	15,574	16,176	16,769	17,354	17,933	18,506	19,074	19,637	20,194	20,746
	1,885,129	1,923,739	1,962,746	2,002,182	2,040,136	2,078,481	2,117,256	2,156,499	2,196,255	2,236,569	2,277,493	2,319,082	2,361,394	2,404,492	2,448,444

	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41
1,096,279	1,123,686	1,151,778	1,180,572	1,210,087	1,240,339	1,271,347	1,303,131	1,335,709	1,369,102	1,403,330	1,438,413	1,474,373	1,511,233	1,549,013	
14,130	14,554	14,991	15,440	15,903	16,381	16,872	17,378	17,899	18,436	18,990	19,559	20,146	20,750	21,373	
1,110,409	1,138,240	1,166,768	1,196,013	1,225,990	1,256,719	1,288,219	1,320,509	1,353,609	1,387,538	1,422,319	1,457,972	1,494,519	1,531,983	1,570,386	
(54,814)	(56,184)	(57,589)	(59,029)	(60,504)	(62,017)	(63,567)	(65,157)	(66,785)	(68,455)	(70,166)	(71,921)	(73,719)	(75,562)	(77,451)	
1,055,595	1,082,055	1,109,180	1,136,984	1,165,486	1,194,702	1,224,652	1,255,353	1,286,823	1,319,083	1,352,153	1,386,051	1,420,801	1,456,421	1,492,936	
(693,405)	(717,674)	(742,793)	(768,790)	(795,698)	(823,547)	(852,372)	(882,205)	(913,082)	(945,040)	(978,116)	(1,012,350)	(1,047,782)	(1,084,455)	(1,122,411)	
(19,003)	(19,478)	(19,965)	(20,464)	(20,976)	(21,500)	(22,038)	(22,589)	(23,153)	(23,732)	(24,325)	(24,933)	(25,557)	(26,196)	(26,851)	
(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)	
(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	
337,490	339,681	341,687	343,494	345,088	346,455	347,580	348,448	349,042	349,344	349,337	349,001	348,318	347,267	345,825	
(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	(205,527)	-	-	-	-	-	-	
131,963	134,155	136,160	137,967	139,561	140,928	142,054	142,921	143,515	349,344	349,337	349,001	348,318	347,267	345,825	
43,132	44,426	45,759	47,131	48,545	50,002	51,502	53,047	54,638	56,277	57,966	59,705	61,496	63,341	65,241	
88,831	89,729	90,402	90,836	91,016	90,927	90,552	89,875	88,877	293,067	291,371	289,297	286,823	283,926	280,584	
44,416	44,864	45,201	45,418	45,508	45,463	45,276	44,937	44,438	145,107	-	-	-	-	-	
44,416	44,864	45,201	45,418	45,508	45,463	45,276	44,937	44,438	147,960	291,371	289,297	286,823	283,926	280,584	
205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	205,527	
74,129	67,062	59,615	51,768	43,498	34,784	25,601	15,924	5,727	199,800	0	199,800	199,800	199,800	199,800	
1,340,235	1,201,770	1,055,858	902,099	740,070	569,328	389,402	199,800	0	0	0	0	0	0	0	
458,778	428,126	396,105	362,788	328,253	292,593	255,908	218,309	179,921	140,880	140,880	-	-	-	-	
13,763	12,844	11,883	10,884	9,848	8,778	7,677	6,549	5,398	4,226	4,226	-	-	-	-	
44,416	44,864	45,201	45,418	45,508	45,463	45,276	44,937	44,438	145,107	145,107	-	-	-	-	
428,126	396,105	362,788	328,253	292,593	255,908	218,309	179,921	140,880	-	-	-	-	-	-	
2,448,444	2,493,324	2,539,208	2,586,182	2,634,335	2,683,762	2,734,565	2,786,854	2,840,745	2,896,363	2,896,363	2,901,743	2,901,743	2,768,611	2,633,106	2,633,106
67,087	68,317	69,574	70,861	72,181	73,535	74,927	76,360	77,836	79,360	79,508	79,508	79,508	75,860	74,009	72,147
22,208	22,432	22,600	22,709	22,754	22,732	22,638	22,469	22,219	21,890	21,504	21,065	20,574	20,036	19,456	18,820
2,493,324	2,539,208	2,586,182	2,634,335	2,683,762	2,734,565	2,786,854	2,840,745	2,896,363	2,953,743	2,953,743	2,835,565	2,768,611	2,701,060	2,633,106	2,564,961

	42	43	44	45	46	47	48	49	50	51	52	53	54	55
	1,587,739	1,627,432	1,668,118	1,709,821	1,752,566	1,796,381	1,841,290	1,887,322	1,934,505	1,982,868	2,032,440	2,083,251	2,135,332	2,188,715
	22,014	22,674	23,355	24,055	24,777	25,520	26,286	27,075	27,887	28,723	29,585	30,473	31,387	32,328
	1,609,753	1,650,107	1,691,473	1,733,876	1,777,343	1,821,901	1,867,576	1,914,397	1,962,392	2,011,591	2,062,025	2,113,723	2,166,719	2,221,044
	(79,387)	(81,372)	(83,406)	(85,491)	(87,628)	(89,819)	(92,065)	(94,366)	(96,725)	(99,143)	(101,622)	(104,163)	(106,767)	(109,436)
	1,530,366	1,568,735	1,608,067	1,648,385	1,689,715	1,732,082	1,775,512	1,820,031	1,865,667	1,912,448	1,960,403	2,009,561	2,059,952	2,111,608
	(1,161,695)	(1,202,354)	(1,244,437)	(1,287,992)	(1,333,072)	(1,379,729)	(1,428,020)	(1,478,000)	(1,529,730)	(1,583,271)	(1,638,685)	(1,696,039)	(1,755,401)	(1,816,840)
	(27,522)	(28,210)	(28,915)	(29,638)	(30,379)	(31,139)	(31,917)	(32,715)	(33,533)	(34,371)	(35,230)	(36,111)	(37,014)	(37,939)
	(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)
	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)
	343,971	341,681	338,930	335,693	331,943	327,653	322,792	317,330	311,237	304,477	297,017	288,821	279,851	270,068
	343,971	341,681	338,930	335,693	331,943	327,653	322,792	317,330	311,237	304,477	297,017	288,821	279,851	270,068
	67,198	69,214	71,290	73,429	75,632	77,901	80,238	82,645	85,124	87,678	90,308	93,018	95,808	98,682
	276,773	272,467	267,640	262,264	256,312	249,752	242,554	234,685	226,112	216,799	206,709	195,804	184,043	171,386
	276,773	272,467	267,640	262,264	256,312	249,752	242,554	234,685	226,112	216,799	206,709	195,804	184,043	171,386
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2,564,961	2,496,854	2,429,035	2,361,770	2,295,351	2,230,088	2,166,316	2,104,396	2,044,714	1,987,683	1,933,746	1,883,376	1,837,079	1,795,393
	70,280	68,414	66,556	64,713	62,893	61,104	59,357	57,660	56,025	54,463	52,985	51,605	50,336	49,194
	138,386	136,233	133,820	131,132	128,156	124,876	121,277	117,343	113,056	108,399	103,354	97,902	92,022	85,693
	2,496,854	2,429,035	2,361,770	2,295,351	2,230,088	2,166,316	2,104,396	2,044,714	1,987,683	1,933,746	1,883,376	1,837,079	1,795,393	1,758,694

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 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. 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.



SAN DIEGO
HOUSING
COMMISSION

ATTACHMENT 7
URBAN LEAGUE OF SAN DIEGO COUNTY
DEVELOPER'S DISCLOSURE STATEMENT

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

1. Name of CONTRACTOR: Urban League San Diego County
2. Address and ZIP Code: 4305 University Avenue Suite 360, San Diego CA 92105
3. Telephone Number: 619-266-6247
4. Name of Principal Contact for CONTRACTOR: Ray King
5. Federal Identification Number or Social Security Number of CONTRACTOR: 95-1772854
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

- ☐ A corporation (Attach Articles of Incorporation)
- ☒ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status)
- ☐ A partnership known as: _____
(Name)

Check one:

- ☐ General Partnership (Attach Statement of General Partnership)
- ☐ Limited Partnership (Attach Certificate of Limited Partnership)
- ☐ A business association or a joint venture known as: _____
(Attach joint venture or business association agreement)
- ☐ A Federal, State or local government or instrumentality thereof.
- ☐ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
1953
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.

Please see attached list of board members and officers

- 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: n/a	
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.

No

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

No

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A	
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:	
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: National Urban League	Affiliate
Address: 80 Pine Street, 9 th Floor	
New York, NY 10005	
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.

On file with the San Diego Housing Commission

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

The contractor proposes to assign an existing Housing Commission loan to a to-be-formed tax-credit limited partnership, multifamily housing revenue bonds, conventional loan, seller contribution, seller carryback loan, developer fee contribution, existing reserves and income during construction.

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

The Contractor is utilizing local public funding, low income housing tax credits, private activity bonds to finance the project. Urban League San Diego will be partnering with the San Diego Community Housing Corporation which will fund the majority of predevelopment expenses.

- a. In banks/savings and loans: N/A

Name:

Address: -

Amount:

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

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: California Bank & Trust	Steve Herman
Address: 1900 Avenue of the Stars, Suite 2350	
Los Angeles, CA 90067	
Name: Citizens Business Bank	Larry Reed
Address: 460 Sierra Madre Villa Avenue	
Pasadena, CA 91107	
Name: Bank of America	Tosha Blackshear
Address: 7700 El Camino Real, Suite 204	
Carlsbad, CA 92009	

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: N/A

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond

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: N/A

- a. Name and addresses of such contractor or builder: N/A

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

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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:

The Urban League San Diego County team brings diverse experience and leadership within the communities the projects are locate in. In collaboration with the San Diego Community Housing Corporation, the Urban League San Diego County will assist with public outreach, project coordination and relationship management.

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

☐ Yes

☒ No

If yes, explain:

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

N/A

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

☐ Yes

☒ No

If yes, explain:

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

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

Check coverage(s) carried:

- ☒ Comprehensive Form
☐ Premises - Operations
☐ Explosion and Collapse Hazard
☐ Underground Hazard
☐ Products/Completed Operations Hazard
☐ Contractual Insurance

- ☐ Broad Form Property Damage
- ☐ Independent Contractors
- ☐ Personal Injury

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

Check coverage(s) carried:

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

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)] N/A
- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)] N/A
- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)] N/A

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

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

Government Complaint	Entity	Making	Date	Resolution

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: N/A

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

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

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

Contractor has been in business for approximately 65-years and has a track record of owning and managing housing in the City of San Diego. Applicant currently owns one of the subject asset and has extensive history and knowledge to ensure that the project is completed successfully.

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
2/12/02	SDHC	Current	\$1,274,210

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

☐ Yes ☒ No

If yes, explain:

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

☐ Yes ☒ No

If yes, explain:

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

1. Name: Ms. Mi Yeong Lee
Address: 1122 Broadway, Suite 300, San Diego
Phone: 619-578-7536
Project Name and Description: Grant Heights
2. Name: Steve Herman
Address: 1900 Avenue of the Stars, Suite 2350, Los Angeles
Phone: 310-407-6181
Project Name and Description: Grant Heights
3. Name: Wilmer Cooks
Address: 12900 4th Avenue #101, San Diego
Phone: 619-298-9292
Project Name and Description: Grant Heights

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

N/A

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

Name	Experience
TBD	Urban League of San Diego County to competitively bid the project to three qualified general contractors. Name of superintendent not known at this time

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 15th day of May, 2019, at San Diego, California.

CONTRACTOR

By: Ray King

Signature

President & CEO

Title

CERTIFICATION

The CONTRACTOR, Urban League San Diego County, 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: Ray King

Title: President & CEO

Dated: 5/15/2019

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

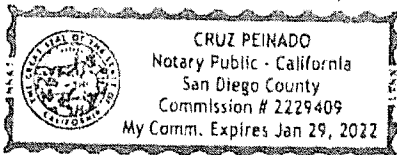
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 20th day of May, 2019

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



SEAL

Cruz Peinado
Signature of Notary

Urban Leage San Diego County Board Members & Officers

Officers

Gustavo Bidart, Chair
Civic San Diego

Larry Reed, Vice Chair
Citizens Business Bank

Christopher Wilson, Board Secretary
Alliance San Diego

Sandra Speed, Board Treasurer
Wells Fargo Bank (Ret.)

Ray King, President & CEO
Urban League of San Diego County

Members

Dr. Robert Lee Brown, UC San Diego
Sylvester Sac Carreathers, Prolacta Bioscience
Zeeda Daniele, New American Funding
Liliana Garcia-Rivera, Diamond Business Association
Carla Holland, Southwestern College
Christophe Nayve, Esq., University of San Diego
Delphine Pruitt, Bank of the West

URBAN HOUSING GRANT HEIGHTS, L.P.

F.H.A. PROJECT NO. 129-44084

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017



Leaf & Cole, LLP
Certified Public Accountants

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Partners' Equity (Deficit)	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 15
Supplementary Information:	
Schedules of Project Operating Expenses	16
Supplementary Balance Sheet Data	17 - 18
Supplementary Profit and Loss Data	19 - 21
Supplementary Equity Data	22
Supplementary Cash Flow Data	23 - 24
Supplementary Reserve Accounts, Surplus Cash and Fixed Asset Data	25 - 26



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

Independent Auditor's Report

To the Partners
Urban Housing Grant Heights, L.P.
c/o Hallmark Asset Management

Report on the Financial Statements

We have audited the accompanying financial statements of Urban Housing Grant Heights, L.P., FHA Project No. 129-44084, which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, changes in partners' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Urban Housing Grant Heights, L.P., as of December 31, 2018 and 2017, and the results of its operations and its 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 financial statements as a whole. The accompanying supplementary information on pages 16 to 26 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Leaf & Cole LLP

San Diego, California
March 27, 2019

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

ASSETS		
	<u>2018</u>	<u>2017</u>
<u>Investment in Real Estate:</u> (Notes 2 and 5)		
Land and land improvements	\$ 615,019	\$ 615,019
Buildings	1,918,701	1,918,701
Furnishings	123,319	123,319
Less: Accumulated depreciation	<u>(1,564,943)</u>	<u>(1,487,711)</u>
Net Investment in Real Estate	<u>1,092,096</u>	<u>1,169,328</u>
<u>Other Assets:</u> (Notes 2, 3 and 4)		
Cash and cash equivalents	73,791	30,934
Accounts receivable	6,280	9,315
Due from related parties	-	75,000
Prepaid expenses	2,166	1,935
Restricted deposits:		
Replacement reserve	88,053	76,772
Operating reserve	70,071	63,549
Section 8 reserve	-	41,244
Tenant security deposits	<u>9,067</u>	<u>9,063</u>
Total Other Assets	<u>249,428</u>	<u>307,812</u>
TOTAL ASSETS	<u>\$ 1,341,524</u>	<u>\$ 1,477,140</u>

LIABILITIES AND PARTNERS' EQUITY

<u>Liabilities:</u> (Notes 2, 4, 5 and 7)		
Mortgages payable, net	\$ 1,294,436	\$ 1,306,469
Accrued interest payable - Amortized debt	1,910	1,983
Accrued interest payable - Residual receipts debt	406,931	388,751
Accounts payable and accrued expenses	50,405	25,093
Prepaid rents	1,291	3,904
Due to related parties	19,365	3,550
Tenant security deposits	<u>9,887</u>	<u>9,062</u>
Total Liabilities	<u>1,784,225</u>	<u>1,738,812</u>
<u>Partners' Equity (Deficit)</u> (Note 1 and 6)	<u>(442,701)</u>	<u>(261,672)</u>
TOTAL LIABILITIES AND PARTNERS' EQUITY	<u>\$ 1,341,524</u>	<u>\$ 1,477,140</u>

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

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Income:</u>		
Gross potential rents	\$ 406,672	\$ 398,220
Less: Vacancy loss	<u>(2,409)</u>	<u>(11,130)</u>
Total Rental Income	404,263	387,090
Interest income	442	318
Other income:		
Miscellaneous tenant charges	4,958	54
Laundry and vending income	<u>2,148</u>	<u>2,236</u>
Total Income	<u>411,811</u>	<u>389,698</u>
<u>Operating Expenses:</u>		
Operating and maintenance	198,616	171,153
Administrative	90,782	91,795
Utilities	32,616	27,813
Taxes and insurance	16,029	16,009
Marketing and leasing	<u>8,660</u>	<u>1,156</u>
Total Operating Expenses	<u>346,703</u>	<u>307,926</u>
Net Operating Income Before Partnership and Financial Expenses	<u>65,108</u>	<u>81,772</u>
<u>Partnership and Financial Expenses:</u>		
Mortgage interest - Residual receipt debt	26,408	26,392
Mortgage interest - Amortized debt	23,900	24,755
Partnership management fee	<u>19,365</u>	<u>3,550</u>
Total Partnership and Financial Expenses	<u>69,673</u>	<u>54,697</u>
Net (Loss) Income Before Depreciation	(4,565)	27,075
<u>Depreciation</u>	<u>77,232</u>	<u>84,720</u>
NET LOSS	<u><u>\$ (81,797)</u></u>	<u><u>\$ (57,645)</u></u>

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

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
STATEMENTS OF CHANGES IN PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Managing General <u>Partner</u>	Administrative General <u>Partner</u>	Limited <u>Partner</u>	Syndication <u>Costs</u>	<u>Total</u>
Partners' Equity (Deficit) at December 31, 2016	\$ (113,721)	\$ 364	\$ (15,170)	\$ (75,500)	\$ (204,027)
Net loss	(38,429)	(3)	(19,213)	-	(57,645)
Transfer of interest	<u>(109,883)</u>	<u>-</u>	<u>34,383</u>	<u>75,500</u>	<u>-</u>
Partners' Equity (Deficit) at December 31, 2017	(262,033)	361	-	-	(261,672)
Net loss	(81,793)	(4)	-	-	(81,797)
Distributions	<u>(99,232)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(99,232)</u>
PARTNERS' EQUITY (DEFICIT) AT DECEMBER 31, 2018	<u><u>\$ (443,058)</u></u>	<u><u>\$ 357</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (442,701)</u></u>

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

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Cash Flows From Operating Activities:</u>		
Net loss	\$ (81,797)	\$ (57,645)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	77,232	84,720
Amortization of debt issuance costs	572	572
(Increase) Decrease in:		
Accounts receivable	3,035	47,398
Prepaid expenses	(231)	(708)
Tenant security deposits	(4)	(1,015)
Increase (Decrease) in:		
Accrued interest payable	18,107	12,983
Accounts payable and accrued expenses	25,312	2,510
Bank overdraft	-	(1,793)
Prepaid rents	(2,613)	(2,999)
Due to related parties	15,815	(17,120)
Tenant security deposits	825	1,018
Net Cash Provided by Operating Activities	<u>56,253</u>	<u>67,921</u>
<u>Cash Flows From Investing Activities:</u>		
Due (from) related parties	-	(75,000)
Net deposits to replacement reserve	(11,281)	(11,270)
Net (deposits to) withdrawals from operating reserve	(6,522)	42,205
Net withdrawals from Section 8 reserve	41,244	18,832
Net Cash Provided by (Used in) Investing Activities	<u>23,441</u>	<u>(25,233)</u>
<u>Cash Flows From Financing Activities:</u>		
Payments on mortgages payable	(12,605)	(11,754)
Distributions	(24,232)	-
Net Cash Used in Financing Activities	<u>(36,837)</u>	<u>(11,754)</u>
Net Increase in Cash and Cash Equivalents	42,857	30,934
Cash and Cash Equivalents at Beginning of Year	<u>30,934</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 73,791</u></u>	<u><u>\$ 30,934</u></u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid for mortgage interest	\$ <u>31,629</u>	\$ <u>37,592</u>
Cash paid for taxes	\$ <u>800</u>	\$ <u>800</u>
<u>Supplementary Non-Cash Investing and Financial Transactions:</u>		
Distributions funded with due from related party	<u><u>\$ 75,000</u></u>	<u><u>\$ -</u></u>

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

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1 - Organization:

Urban Housing Grant Heights, L.P., (the "Partnership") was formed as a limited partnership under the laws of the State of California on May 10, 2000 for the purpose of operating a rental housing project (the "Project"). The Project consists of 28 units, and is located in San Diego, California. The property was placed in service in February 2002.

The Project is regulated by HUD as to rent charges and operating methods. The Regulatory Agreement limits annual distributions of net operating receipts of "surplus cash" available at the end of each year. The Project was eligible for Low-Income Housing Tax Credits established under the program described in Section 42 of the Internal Revenue Code.

The Partnership had a Managing General Partner, Urban League of San Diego County, A California Nonprofit Corporation, which had a .005% interest, an Administrative General Partner, Housing Southern California, LLC, a California Limited Liability Company, which had a .005% interest, and one Limited Partner, NEF Assignment Corporation, an Illinois Not-For-Profit Corporation, which had a 99.99% interest.

Effective April 30, 2017, the Partnership has two General Partners, a Managing General Partner, Urban League of San Diego County, a California Nonprofit Corporation which has a 99.995% interest and an Administrative General Partner, Housing Southern California, LLC, a California Limited Liability Company, which has a .005% interest.

All profits and losses and distributable cash flows as defined by the Partnership Agreement, were distributable .005% to the Managing General Partner, .005% to the Administrative General Partner and 99.99% to the Limited Partner. Effective April 30, 2017 all profits and losses and distributable cash flows as defined by the Partnership Agreement, are distributable 99.995% to the Managing General Partner and .005% to the Administrative General Partner.

Note 2 - Significant Accounting Policies:

Accounting Method

The Partnership's books are maintained on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 - Significant Accounting Policies: (Continued)

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 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Partnership had no financial instruments at December 31, 2018 and 2017.

Capitalization and Depreciation

The Partnership's investment in real estate is recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives.

	<u>Method</u>	<u>Estimated Life</u>
Land improvements	MACRS	15 years
Buildings	Straight-line	27.5 years
Furnishings	MACRS	7 years

Depreciation totaled \$77,232 and \$84,720 for the years ended December 31, 2018 and 2017, respectively.

Impairment of Real Estate

The Partnership 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 and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2018 or 2017.

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 - Significant Accounting Policies: (Continued)

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain permanent financing for the Project. 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 mortgage interest and totaled \$572 and \$572 for the years ended December 31, 2018 and 2017, respectively.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on management's evaluation of outstanding accounts receivable. Management believes that all accounts receivable were fully collectible; therefore, no allowance for doubtful accounts receivable was recorded at December 31, 2018 and 2017.

Deferred Revenue and Prepaid Rents

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

Revenue Recognition

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned. Rental income is shown at its maximum gross potential. Vacancy loss is shown as a reduction in rental income. Rental units occupied by employees are included in rental income and as an expense of operations.

Housing Assistance Payments Contract

The Partnership entered into a housing assistance payment contract with the Department of Housing and Urban Development ("HUD"). Contract #CA33M000077 expires on May 31, 2037. The amount earned on the contract totaled \$229,218 and \$210,724 for the years ended December 31, 2018 and 2017, respectively, and is included in rental income."

Allowable Distributions

Under the Regulatory Agreement, semi-annual distributions of surplus cash may be distributed to the partners provided that there is no default under the Regulatory Agreement. Distributions totaled \$99,232 and \$-0- for the years ended December 31, 2018 and 2017, respectively.

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 - Significant Accounting Policies: (Continued)

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income (loss) passes through to, and is reportable by, the partners individually. A provision for state income taxes of \$800 has been paid for the year ended December 31, 2018 as required for all California Limited Partnerships. The Partnership believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Partnership's tax returns for the years ended December 31, 2018, 2017, 2016 and 2015 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three or four years after the returns were filed.

Concentrations

The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Partnership considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Certificates of deposit may be redeemed without significant penalty and are considered cash and cash equivalents, regardless of maturity. Cash is defined as cash in demand deposit accounts as well as cash on hand. Not included as cash are funds restricted as to their use, regardless of liquidity, such as replacement reserve, operating reserve, Section 8 reserve and tenant security deposits. The Partnership occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The Partnership has not experienced any losses in such accounts.

Subsequent Events

In preparing these financial statements, the Partnership has evaluated events and transactions for potential recognition or disclosure through March 27, 2019, the date the financial statements were available to be issued.

Reclassification

The Partnership has classified certain prior year information to conform with the current year presentation.

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 3 - Restricted Deposits:

According to the Partnership and loan agreements, the Partnership is required to maintain certain reserves. The following shows the activity in such accounts during 2018 and 2017.

Replacement Reserve

The Partnership is required to fund a replacement reserve in an annual amount of \$11,200.

	<u>2018</u>	<u>2017</u>
Balance, Beginning of Year	\$ 76,772	\$ 65,502
Add: Monthly deposits	11,200	11,200
Interest income	81	70
Balance, End of Year	<u>\$ 88,053</u>	<u>\$ 76,772</u>

Operating Reserve

The Partnership is required to fund an operating reserve in an initial amount of \$56,000 and annually in an amount equal to 2% of gross rent collections until the end of the tax compliance period.

	<u>2018</u>	<u>2017</u>
Balance, Beginning of Year	\$ 63,549	\$ 105,754
Add: Monthly deposits	6,455	7,727
Interest income	67	78
Less: Withdrawals	-	(50,000)
Service charge	-	(10)
Balance, End of Year	<u>\$ 70,071</u>	<u>\$ 63,549</u>

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 3 - Restricted Deposits: (Continued)

Section 8 Reserve

The Partnership was required to fund a Section 8 reserve in the initial amount of \$50,000 until the end of the compliance period in accordance with the provisions of the Partnership Agreement and the Section 8 Account Funding and Disbursement Agreement. Restricted funds were to be held by the Partnership and the Limited Partner to be used in the event that the Section 8 contract is not renewed. Any excess funds remaining in the Section 8 reserve at the end of the compliance period have been released from the Section 8 reserve in accordance with the Partnership Agreement.

	<u>Limited Partner Reserve</u>	<u>Partnership Reserve</u>	<u>Total</u>
Balance at December 31, 2016	\$ 23,817	\$ 36,259	\$ 60,076
Add: Monthly deposits	-	6,012	6,012
Interest income	136	30	166
Less: Withdrawals	-	(25,000)	(25,000)
Service charge	-	(10)	(10)
Balance at December 31, 2017	<u>23,953</u>	<u>17,291</u>	<u>41,244</u>
Add: Monthly deposits	-	5,010	5,010
Transfers	(24,232)	24,232	-
Interest income	279	10	289
Less: Withdrawals	-	(46,532)	(46,532)
Service charge	-	(11)	(11)
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Tenant Security Deposits

The Partnership is required to hold security deposits in a separate bank account in the name of the Project. The amount held by the Partnership totaled \$9,067 and \$9,063 at December 31, 2018 and 2017, respectively.

Note 4 - Transactions With Affiliates and Related Parties:

The Managing General Partner is entitled to a partnership management fee according to the Partnership Agreement, subject to specific terms. The partnership management fee totaled \$19,365 and \$3,550 for the years ended December 31, 2018 and 2017, respectively.

The Managing General Partner is also entitled to a incentive management fee according to the Partnership Agreement, subject to specific terms. There were no incentive management fees earned for the years ended December 31, 2018 and 2017.

Managing General Partner Advance

The Partnership Agreement provides for various obligations of the Managing General Partner, including their obligation to provide funds for any development and operating deficits.

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 4 - Transactions With Affiliates and Related Parties: (Continued)

Managing General Partner Advance (Continued)

The Partnership had advanced the Managing General Partner \$-0- and \$75,000 at December 31, 2018 and 2017, respectively to pursue the refinancing of the property, which is included in due from related parties.

Amounts due to related parties are as follows at December 31:

	<u>2018</u>	<u>2017</u>
Partnership management fee	\$ 19,365	\$ 3,550
Total Due to Related Parties	<u>\$ 19,365</u>	<u>\$ 3,550</u>

Note 5 - Mortgages Payable:

Mortgages payable consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
The mortgage note payable to Berkadia Commercial Mortgage was funded on June 2, 2003 in the original amount of \$451,000 and bears interest at 7% per annum. Monthly principal and interest payments are payable in the amount of \$3,001 through June 1, 2033. Collateralized by investment in real estate. Accrued interest totaled \$1,910 and \$1,983 at December 31, 2018 and 2017, respectively.	\$ 327,414	\$ 340,019
The mortgage note which was originated on February 12, 2002, is held by the San Diego Housing Commission and bears interest at 3% per annum. Principal and interest are payable from residual receipts, calculated annually. Principal and accrued interest are due February 2057. Collateralized by investment in real estate. Accrued interest totaled \$406,931 and \$388,751 at December 31, 2018 and 2017, respectively.	867,279	867,279
The promissory note payable which was originated in February 2002 is held by Neighborhood National Bank, for the Affordable Housing Program (AHP) in the original amount of \$108,000. The note is noninterest bearing as long as all compliance requirements of the note are met. Principal is due no later than at the expiration of the retention period. Collateralized by investment in real estate.	<u>108,000</u>	<u>108,000</u>
Total Mortgages Payable	1,302,693	1,315,298
Less: Unamortized debt issuance costs	(8,257)	(8,829)
Total, Net	<u>\$ 1,294,436</u>	<u>\$ 1,306,469</u>

Debt issuance costs total \$17,171, less accumulated amortization of \$8,914 and \$8,342 at December 31, 2018 and 2017, respectively.

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 5 - Mortgages Payable: (Continued)

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

Years Ended December 31	
2019	\$ 13,515
2020	14,492
2021	15,540
2022	16,663
2023	17,868
Thereafter	1,224,615
Total	<u>\$ 1,302,693</u>

Note 6 - Distribution of Operating Cash Flows/Surplus Cash:

In accordance with the Partnership Agreement, cash flow shall be distributed annually as follows:

- a. To repay any accrued and unpaid interest and unpaid principal on loans made by the General Partners.
- b. To the General Partners (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) to repay any amounts treated as loans to the Partnership (without interest) by the General Partners and not yet repaid.
- c. \$20,000 noncumulative plus fifty percent (50%) of Cash Flow to the Managing General Partner as a Partnership Management Fee.
- d. Payment of an Incentive Management Fee, if any, to the Managing General Partner equal to thirty-three percent (33%) of the balance on a noncumulative basis.
- e. Payment of residual receipts loans to the Project in the agreed upon priority and percentage of cash available.
- f. Remaining cash flow is to be distributed as described in Note 1.

Note 7 - Management Fees:

Hallmark Asset Management earned management fees as follows for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Accrued Management Fee Payable, Beginning of Year	\$ 2,941	\$ 2,183
Management fees earned	24,633	25,817
Management fees paid	<u>(23,312)</u>	<u>(25,059)</u>
Accrued Management Fee Payable, End of Year	<u>\$ 4,262</u>	<u>\$ 2,941</u>
(Included in accounts payable and accrued expenses)		

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 8 - Federal Financial Assistance:

Following is a schedule of federal financial assistance for the year ended December 31, 2018:

<u>U.S. Department of HUD</u>	<u>Expenditures</u>
Section 8 - Housing Assistance Payments	\$ <u>229,218</u>

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
SUPPLEMENTARY SCHEDULES OF PROJECT OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Administrative Expenses:</u>		
Property management fees	\$ 24,633	\$ 25,817
Rent free unit	15,436	15,115
Telephone	12,821	10,160
Professional fees - Accounting	10,855	10,555
Management consultants	6,801	9,883
Office supplies	6,454	5,858
Bookkeeping	6,013	6,105
Bad debts	4,392	3,501
Other administrative:		
Administrative services	3,377	4,801
Total Administrative Expenses	\$ <u>90,782</u>	\$ <u>91,795</u>
<u>Utilities Expenses:</u>		
Water	\$ 11,745	\$ 9,332
Sewer	8,771	7,053
Gas	8,032	7,822
Electricity	4,068	3,606
Total Utilities Expenses	\$ <u>32,616</u>	\$ <u>27,813</u>
<u>Operating and Maintenance Expenses:</u>		
Repairs	\$ 113,210	\$ 82,927
Contracts	63,843	64,966
Maintenance supplies and materials	11,876	12,267
Trash removal	7,528	5,771
Decorating and painting	1,291	4,160
Exterminating	868	1,062
Total Operating and Maintenance Expenses	\$ <u>198,616</u>	\$ <u>171,153</u>
<u>Taxes and Insurance Expenses:</u>		
Property and liability insurance	\$ 7,936	\$ 7,428
Other taxes, licenses, permits and insurance	7,102	7,004
Real estate taxes	991	1,577
Total Taxes and Insurance Expenses	\$ <u>16,029</u>	\$ <u>16,009</u>
<u>Marketing and Leasing Expenses:</u>		
Credit checks/concessions	\$ 8,660	\$ 1,156
Total Marketing and Leasing Expenses	\$ <u>8,660</u>	\$ <u>1,156</u>

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
SUPPLEMENTARY BALANCE SHEET DATA
DECEMBER 31, 2018

ASSETS

Current Assets:

1120	Cash - Operations	\$ 73,791
1130	Tenant accounts receivable	6,280
1200	Prepaid expenses	2,166
1100T	Total Current Assets	<u>82,237</u>

Deposits Held in Trust:

1191	Tenant security deposits held in trust	<u>9,067</u>
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Restricted Deposits:

1320	Replacement reserve	88,053
1330	Other reserve	70,071
1300T	Total Restricted Deposits	<u>158,124</u>

Fixed Assets:

1410	Land and land improvements	615,019
1420	Buildings	1,918,701
1460	Furnishings	123,319
1400T	Total Fixed Assets	<u>2,657,039</u>
1495	Less: Accumulated depreciation	<u>(1,564,943)</u>
1400N	Net Fixed Assets	<u>1,092,096</u>
1000T	Total Assets	<u>\$ 1,341,524</u>

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
SUPPLEMENTARY BALANCE SHEET DATA (CONTINUED)
DECEMBER 31, 2018

LIABILITIES AND PARTNERS' EQUITY

Current Liabilities:

2110	Accounts payable - Operations	\$ 42,983
2113	Accounts payable - Entity	19,365
2116	Accounts payable - section 8 and other	3,160
2123	Accrued management fee payable	4,262
2131	Accrued interest payable - First mortgage	1,910
2170	Current portion of first mortgage payable	13,515
2210	Prepaid revenue	1,291
2122T	Total Current Liabilities	<u>86,486</u>

Other Liabilities:

2191	Tenant security deposits payable	<u>9,887</u>
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Long-Term Liabilities:

2310	Notes payable	867,279
2320	First mortgage payable	305,642
2324	Other loans and notes payable	108,000
2332	Accrued interest - Notes payable	406,931
2300T	Total Long-Term Liabilities	<u>1,687,852</u>

2000T	Total Liabilities	1,784,225
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Partners' Equity:

3130	Partners' equity (deficit)	<u>(442,701)</u>
2033T	Total Liabilities and Partners' Equity	<u>\$ 1,341,524</u>

Supplementary Information Related to the Balance Sheet Data:

Account 1330 - Other reserves:

Operating reserve	\$ 70,071
Total Other Reserves	<u>\$ 70,071</u>

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
SUPPLEMENTARY OF PROFIT AND LOSS DATA
FOR THE YEAR ENDED DECEMBER 31, 2018

Revenues:

Rental Revenue:

5120	Rent revenue - Gross potential	\$ 177,454
5121	Tenant assistance payments	229,218
5100T	Total Rental Revenue	<u>406,672</u>

Vacancies:

5220	Vacancies - Apartments	<u>(2,409)</u>
5152N	Net Rental Revenue	<u>404,263</u>

Financial Revenue:

5410	Financial revenue - Project operations	294
5440	Revenue from investments - Replacement reserve	81
5490	Revenue from investments - Miscellaneous	67
5400T	Total Financial Revenue	<u>442</u>

Other Revenue:

5910	Laundry and vending revenue	2,148
5920	Tenant charges	4,958
5900T	Total Other Revenue	<u>7,106</u>
5000T	Total Revenues	<u>411,811</u>

Expenses:

Administrative Expenses:

6204	Management consultants	6,801
6250	Other renting expenses	8,660
6311	Office expenses	19,275
6320	Management fee	24,633
6331	Administrative rent free unit	15,436
6350	Audit expense	10,855
6351	Bookkeeping fees/Accounting services	6,013
6370	Bad debts	4,392
6390	Miscellaneous administrative expenses	3,377
6263T	Total Administrative Expenses	<u>99,442</u>

(Continued)

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
SUPPLEMENTARY PROFIT AND LOSS DATA (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

Expenses: (Continued)

Utilities Expense:

6450	Electricity	\$ 4,068
6451	Water	11,745
6452	Gas	8,032
6453	Sewer	8,771
6400T	Total Utilities Expense	<u>32,616</u>

Operating and Maintenance Expenses:

6515	Supplies	11,876
6520	Contracts	175,717
6525	Garbage and trash removal	7,528
6546	Heating/cooling repairs and maintenance	314
6570	Vehicle and maintenance equipment operation and repairs	3,181
6500T	Total Operating and Maintenance Expenses	<u>198,616</u>

Taxes and Insurance:

6710	Real estate taxes	991
6720	Property and liability insurance	7,936
6721	Fidelity bond insurance	2,161
6790	Miscellaneous taxes, licenses, permits and insurance	4,941
6700T	Total Taxes and Insurance	<u>16,029</u>

Financial Expenses:

6820	Interest on first mortgage payable	23,900
6830	Interest on notes payable	26,408
6800T	Total Financial Expenses	<u>50,308</u>

6000T	Total Cost of Operations Before Depreciation	<u>397,011</u>
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5060T	Profit (Loss) Before Depreciation	<u>14,800</u>
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Depreciation:

6600	Depreciation expense	<u>77,232</u>
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5060N	Operating Profit or Loss	<u>(62,432)</u>
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Corporate or Mortagor Revenue/Expenses:

7190	Other expenses	19,365
7100T	Net Entity Expenses	<u>19,365</u>

3250	Profit or Loss (Net Income or Loss)	<u>\$ (81,797)</u>
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URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
SUPPLEMENTARY PROFIT AND LOSS DATA (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

Supplementary Information Related to the Profit and Loss Data:

Account 5490 - Revenue from investments - Miscellaneous:

Interest income - Operating reserve	\$ 67
Total Revenue From Investments - Miscellaneous	<u>\$ 67</u>

Account 6790 - Miscellaneous taxes, licenses, permits and insurance:

Employment practice liability insurance	\$ 2,305
Licenses	1,836
Franchise tax expense	800
Total Miscellaneous Taxes, Licenses, Permits and Insurance	<u>\$ 4,941</u>

Account 7190 - Other Expenses:

Partnership management fee	\$ 19,365
Total Other Expenses	<u>\$ 19,365</u>

S1000-010	Total first mortgage (or bond) principal payments required during the audit year (12 monthly payments). This applies to all direct loans, amortizing HUD-helds, and fully insured first mortgages.	<u>\$ 12,605</u>
S1000-020	Total of 12 monthly deposits in the audit year into the Replacement Reserve account, as required by the Regulatory Agreement, even if payments may be temporarily suspended or reduced.	<u>\$ 11,200</u>
S1000-030	Replacement Reserves, or Residual Receipts and Releases which are included as expense items on the Profit and Loss statement.	<u>\$ -</u>
S1000-040	Profit Improvement Reserve releases under the Flexible Subsidy Program that are included as expense items on the Profit and Loss Statement.	<u>None</u>

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
SUPPLEMENTARY EQUITY DATA
FOR THE YEAR ENDED DECEMBER 31, 2018

S1100-010	Partners' Equity (Deficit) at December 31, 2017	\$ (261,672)
3250	Net loss	(81,797)
S1200-420	Distributions	(24,232)
S1100-020	Other changes in equity - distribution funded with due from related party	<u>(75,000)</u>
3130	Partners' Equity (Deficit) at December 31, 2018	<u><u>\$ (442,701)</u></u>

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
SUPPLEMENTARY CASH FLOW DATA
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Flows From Operating Activities:

S1200-010	Rental receipts	\$ 388,017
S1200-020	Interest receipts	442
S1200-030	Other operating receipts	7,106
S1200-040	Total Receipts	<u>395,565</u>
S1200-050	Administrative	(57,912)
S1200-070	Management fee	(23,312)
S1200-090	Utilities	(31,711)
S1200-110	Operating and maintenance	(179,309)
S1200-120	Real estate taxes	(991)
S1200-140	Property insurance	(8,167)
S1200-150	Miscellaneous taxes and insurance	(7,102)
S1200-160	Tenant security deposits	821
S1200-180	Interest on first mortgage	(23,401)
S1200-190	Interest on note payable	<u>(8,228)</u>
S1200-230	Total Disbursements	<u>(339,312)</u>
S1200-240	Net Cash Provided by Operating Activities	<u>56,253</u>

Cash Flows From Investing Activities:

S1200-250	Net deposits to replacement reserve	(11,281)
S1200-255	Net withdrawals from other reserves	34,722
S1200-350	Net Cash Provided by Investing Activities	<u>23,441</u>

Cash Flows From Financing Activities:

S1200-360	Principal payments - First mortgage	(12,605)
S1200-420	Distributions	<u>(24,232)</u>
S1200-460	Net Cash Used in Financing Activities	<u>(36,837)</u>

Net Increase in Cash and Cash Equivalents	42,857
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Cash at Beginning of Year	<u>30,934</u>
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Cash at End of Year	<u><u>\$ 73,791</u></u>
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(Continued)

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
SUPPLEMENTARY CASH FLOW DATA (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

Reconciliation of Net Loss to Net Cash

<u>Provided by Operating Activities:</u>		
3250	Profit or Loss (Net income or loss)	\$ (81,797)
	Adjustments to reconcile net loss to net cash provided by operating activities:	
6600	Depreciation	77,232
S1200-486	Amortization of debt issuance costs	572
	(Increase) Decrease in:	
S1200-490	Tenant accounts receivable	(560)
S1200-500	Accounts receivable - Other	3,595
S1200-520	Prepaid expenses	(231)
S1200-530	Tenant security deposits held in trust	(4)
	Increase (Decrease) in:	
S1200-540	Accounts payable - Operations	20,831
S1200-560	Accrued liabilities	4,481
S1200-570	Accrued interest payable	18,107
S1200-580	Tenant security deposits payable	825
S1200-590	Prepaid revenue	(2,613)
S1200-605	Entity/construction liability accounts	15,815
S1200-610	Net Cash Provided by Operating Activities	<u>\$ 56,253</u>

**URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
SUPPLEMENTARY DATA REQUIRED BY HUD
FOR THE YEAR ENDED DECEMBER 31, 2018**

Reserve Accounts Data

Schedule of Reserve for Replacements:

1320P	Balance, December 31, 2017	\$ 76,772
1320DT	Add: Total monthly deposits	11,200
1320INT	Interest income	81
1320	Balance, December 31, 2018	<u>\$ 88,053</u>

Surplus Cash and Fixed Asset Data

Computation of Surplus Cash, Distributions, and Residual Receipts - Annual:

Cash:		
S1300-010	Cash	\$ 82,858
S1300-040	Total Cash	<u>82,858</u>
Current Obligations:		
S1300-050	Accrued mortgage interest payable	1,910
S1300-075	Accounts payable - Operations	42,983
S1300-100	Accrued expenses	7,422
2210	Prepaid revenue	1,291
2191	Tenant security deposits payable	9,887
S1300-140	Total Current Obligations	<u>63,493</u>
S1300-150	Surplus Cash (Deficiency)	<u>\$ 19,365</u>

Computation of Surplus Cash, Distributions, and Residual Receipts - Mid-Year:

None

URBAN HOUSING GRANT HEIGHTS, L.P.
F.H.A. PROJECT NO. 129-44084
SUPPLEMENTARY DATA REQUIRED BY HUD (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

Fixed Asset Data:

		Balance December 31, 2017	<u>Additions</u>	<u>Deletions</u>	Balance December 31, 2018
1410	Land and land improvements	\$ 615,019	\$ -	\$ -	\$ 615,019
1420	Buildings	1,918,701	-	-	1,918,701
1460	Furnishings	123,319	-	-	123,319
1400T	Total Fixed Assets	\$ 2,657,039	\$ -	\$ -	\$ 2,657,039
1495	Accumulated Depreciation	\$ 1,487,711	\$ 77,232	\$ -	\$ 1,564,943
1400N	Net Book Value	\$ 1,169,328			\$ 1,092,096

Schedule of Additions to Fixed Assets:

None

Schedule of Deletions to Fixed Assets:

None

ATTACHMENT 8



SAN DIEGO
HOUSING
COMMISSION

SAN DIEGO COMMUNITY HOUSING CORPORATION DEVELOPER'S DISCLOSURE STATEMENT

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

1. Name of CONTRACTOR: San Diego Community Housing Corporation
2. Address and ZIP Code: 6160 Mission Gorge Road
3. Telephone Number: 619-876-4222
4. Name of Principal Contact for CONTRACTOR: Ted Miyahara
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0661980
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

- ☐ A corporation (Attach Articles of Incorporation)
- ☒ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status)
- ☐ A partnership known as: _____
(Name)

Check one:

- ☐ General Partnership (Attach Statement of General Partnership)
- ☐ Limited Partnership (Attach Certificate of Limited Partnership)
- ☐ A business association or a joint venture known as: _____
(Attach joint venture or business association agreement)
- ☐ A Federal, State or local government or instrumentality thereof.
- ☐ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
10/24/94
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.

Please see attached list of board members and officers

- 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: n/a	
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.

Yes. Horace Brown was a previous board member and stepped down from board due to work commitments and volunteer work that required his attention.

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

No

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A	
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:	
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: Occupational Training Services	Separate nonprofit organization with same board of directors
Address: 6160 Mission Gorge Road #204	
San Diego, CA 92120	
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.

On file with the San Diego Housing Commission

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

The contractor proposes to assign an existing Housing Commission loan to a to-be-formed tax-credit limited partnership, multifamily housing revenue bonds, conventional loan, seller contribution, seller carryback loan, developer fee contribution, existing reserves and income during construction.

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

The Contractor is utilizing local public funding, low income housing tax credits, private activity bonds to finance the project. Sand Diego Community Housing Corporation will seek a predevelopment loan or finance predevelopment expenditures with its own funds. Please see attached financial statements on file with the Housing Commission; San Diego Community Housing Corporation has sufficient cash and cash equivalents to finance predevelopment activities and provide lender/investor guarantees.

- a. In banks/savings and loans: N/A

Name:

Address: -

Amount:

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

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: Torrey Pines Bank	Ryan Vertigan
Address: 8379 Center Drive	
La Mesa, CA 91942	
Name: Wells Fargo	Sam Pustilnik
Address: 9360 Clairemont Mesa Boulevard	
San Diego, CA 92123	
Name: Neighborhood National Bank	Jose Ibanez
Address: 3511 National Avenue	
San Diego, CA 92113	

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: N/A

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond

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: N/A

- a. Name and addresses of such contractor or builder: N/A

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:

The SDCHC team brings hands-on experience and expertise in deal structuring and negotiation, project management, finance, design, construction, property management and asset management. Our experience allows us to develop synergies across multiple segments of our industry and capitalize on in-house expertise across a wide range of project types. Staff also specializes in government financing programs which involves complex rules and regulations set by local, state and federal agencies.

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

☐ Yes

☒ No

If yes, explain:

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

N/A

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

☐ Yes

☒ No

If yes, explain:

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

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

Check coverage(s) carried:

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

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

Check coverage(s) carried:

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

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)] See attached
- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)] N/A
- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)] See attached
- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)] N/A

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

divisions and departments of said government entities for a period of five (5) years prior to the date of this statement.
If none, please state: N/A

Government Complaint	Entity Making	Date	Resolution

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: N/A

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

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

N/A

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

Contractor has been in business for approximately 25-years and has a track record of producing affordable housing throughout the County of San Diego. Applicant currently owns one of the subject asset and has extensive history and knowledge to ensure that the project is completed successfully.

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
1995	SDHC	Current	\$748,897
1995	City	Current	\$363,197
2009	SDHC	Current	\$504,450
2017	SDHC	Repaid	\$2,065,897

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

☐ Yes ☒ No

If yes, explain:

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

☐ Yes ☒ No

If yes, explain:

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

1. Name: Ms. Mi Yeong Lee
Address: 1122 Broadway, Suite 300, San Diego
Phone: 619-578-7536
Project Name and Description: Ocean View Acquisition Rehab
2. Name: Jose Dorado
Address: 276 Fourth Avenue Building C, Chula Vista
Phone: 619-476-5375
Project Name and Description: Colorado & Clover Acquisition Rehab
3. Name: Kenji Tamaoki
Address: 101 California Street, 40th Floor, San Francisco
Phone: 415-291-5033
Project Name and Description: Torrey Apartments Refinance

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

N/A

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

Name	Experience
TBD	SDCHC to competitively bid the project to three qualified general contractors. Name of superintendent not known at this time

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

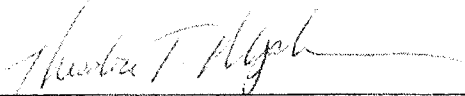
By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop 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 21st day of May, 2019, at San Diego, California.

CONTRACTOR

By: 
Theodore T. Miyahara
President & CEO
Title

CERTIFICATION

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

By: Theodore T. Miyahara

Title: Theodore T. Miyahara, President & CEO

Dated: 5/21/19

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

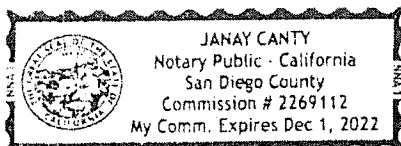
County of San Diego

Subscribed and sworn to (or affirmed) before me on this 21 day of May, 2019

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

Janay Canty
Signature of Notary

SEAL



SDCHC BOARD OF DIRECTORS

Robert P. Ito

Chairman of the Board

Voting Member

Principal

Ito Girard & Associates

Paula Danker, CCIM

Treasurer

Voting Member

Senior Vice President

Kidder Mathews

Vinh Le

Vice Secretary

Voting Member

Principal

3C Nexus Educational Consultants

Kelly F. Carmona

Secretary

Voting Member

Real Estate Broker & Social Entrepreneur

Lane Nishikawa

Board Member

Voting Member

Principal

West River Productions

Ted Miyahara

President & CEO

Non-voting Member

President & CEO

San Diego Community Housing Corporation

SAN DIEGO COMMUNITY HOUSING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017



SAN DIEGO COMMUNITY HOUSING CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 17
Supplementary Information:	
Consolidating Schedule of Financial Position	18 - 19
Consolidating Schedule of Activities	20
Schedule of Expenditures of Federal Awards	21 - 22
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 <i>Government Auditing Standards</i>	23 - 24
Independent Auditor's Report on Compliance for the Major Program and on Internal Control Over Compliance Required in Accordance with Uniform Guidance	25 - 27
Schedule of Findings and Questioned Costs	28 - 29
Summary Schedule of Prior Year Audit Findings	30



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

Independent Auditor's Report

To the Board of Directors
San Diego Community Housing Corporation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of San Diego Community Housing Corporation, which comprise the consolidated statement of financial position as of June 30, 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.

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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 San Diego Community Housing Corporation as of June 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 18 to 20 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 July 2, 2018, on our consideration of San Diego Community Housing Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Diego Community Housing Corporation's 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 San Diego Community Housing Corporation's internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California
July 2, 2018

SAN DIEGO COMMUNITY HOUSING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Current Assets: (Notes 2 and 3)

Cash and cash equivalents	\$ 1,796,091
Tenant security deposits	101,852
Accounts receivable	18,960
Prepaid expenses	6,500
Total Current Assets	<u>1,923,403</u>

Noncurrent Assets: (Notes 2, 3, 4, 5, 6, 7, 8 and 10)

Accounts receivable	321,548
Related party advances, net	264,469
Interest receivable	73,282
Notes receivable	450,000
Replacement reserves	26,203
Operating reserves	11,564
Deposits	7,753
Investment in limited partnerships	468,699
Property and equipment, net	5,632,646
Total Noncurrent Assets	<u>7,256,164</u>

TOTAL ASSETS **\$ 9,179,567**

LIABILITIES AND NET ASSETS

Current Liabilities: (Notes 2 and 10)

Accounts payable and accrued expenses	\$ 184,852
Interest payable	15,136
Deferred revenue	4,217
Security deposits	102,679
Current portion of notes payable	134,010
Total Current Liabilities	<u>440,894</u>

Noncurrent Liabilities: (Notes 7, 9 and 10)

Interest payable - Residual receipts	2,150,482
Share of deficiency in limited partnerships	481,059
Share of deficiency in other entity	66,585
Notes payable, net	8,135,836
Total Noncurrent Liabilities	<u>10,833,962</u>

Total Liabilities 11,274,856

Commitments and Contingencies (Notes 11 and 12)

Unrestricted Net Assets (Deficit) (Note 2) (2,095,289)

TOTAL LIABILITIES AND NET ASSETS **\$ 9,179,567**

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

SAN DIEGO COMMUNITY HOUSING CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Revenue and Support:

Rental income	\$ 1,508,138
Management fees	80,667
Other income	64,425
Resident services	43,297
Contributions	41,300
Interest income	36,191
Educational enrichment	28,775
Total Revenue and Support	<u>1,802,793</u>

Expenses:

Program Services:

Rental expenses	929,835
Affordable housing	145,300
Educational enrichment programs	103,881
Resident services	41,420
Total Program Services	<u>1,220,436</u>

Supporting Services:

Management and general	517,925
Fundraising	41,506
Total Supporting Services	<u>559,431</u>

Total Expenses	<u>1,779,867</u>
----------------	------------------

Change in Net Assets From Operating Activities	<u>22,926</u>
--	---------------

Nonoperating Revenue and (Expenses):

Share of gain from partnerships and other entity	673,474
Interest expense - Residual receipts	(162,953)
Depreciation expense	(468,573)
Total Nonoperating Revenue and (Expenses)	<u>41,948</u>

Change in Unrestricted Net Assets	64,874
-----------------------------------	--------

Unrestricted Net Assets (Deficit) at Beginning of Year	<u>(2,160,163)</u>
--	--------------------

UNRESTRICTED NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ (2,095,289)</u>
---	------------------------------

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

SAN DIEGO COMMUNITY HOUSING CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

Cash Flows From Operating Activities:

Change in unrestricted net assets	\$ 64,874
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:	
Depreciation	468,573
Amortization of debt issuance costs	10,965
Share of gain from partnerships and other entity	(673,474)
(Increase) Decrease in:	
Tenant security deposits	(5,648)
Accounts receivable	115,045
Prepaid expenses	63,158
Interest receivable	(36,000)
Increase (Decrease) in:	
Accounts payable and accrued expenses	39,456
Interest payable	162,692
Deferred revenue	(1,374)
Security deposits	2,318
Net Cash Provided by Operating Activities	<u>210,585</u>

Cash Flows From Investing Activities:

Decrease in related party advances, net	64,187
Net deposits to replacement reserves	(8,559)
Net deposits to operating reserves	(6,012)
Deposits	(3,301)
Partnership distributions	1,821,010
Purchase of property and equipment	(296,611)
Net Cash Provided by Investing Activities	<u>1,570,714</u>

Cash Flows From Financing Activities:

Principal payments on notes payable	(175,598)
Net Cash Used in Financing Activities	<u>(175,598)</u>

Net Increase in Cash and Cash Equivalents	1,605,701
Cash and Cash Equivalents at Beginning of Year	<u>190,390</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,796,091</u>

Supplemental Disclosure of Cash Flow Information:

Cash paid for interest	\$ 247,822
Franchise tax	<u>\$ 800</u>

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

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1 - Organization:

The consolidated financial statements include the following entities:

San Diego Community Housing Corporation

San Diego Community Housing Corporation (SDCHC) is a California Not-For-Profit Corporation whose mission is to increase, preserve, and improve quality affordable housing opportunities for working families. SDCHC is dedicated to the development of affordable housing that offers a host of resident services designed to assist residents in achieving the goal of upward economic mobility.

SDCHC provides quality affordable housing for low-income persons and working families through the sales of homes, rental properties, construction, and affordable housing programs. SDCHC manages over 1,000 rental units and owns and operates 6 rental properties in California:

- Colorado Apartments - 2 unit rental housing project located in Chula Vista.
- El Cajon Apartments - 9 unit rental housing project located in El Cajon.
- Glover Apartments - 4 unit rental housing project located in Chula Vista.
- Ocean View Apartments - 4 unit rental housing project located in San Diego.
- Torrey Apartments - 51 unit rental housing project located in El Cajon.
- Winona Apartments - 14 unit rental housing project located in San Diego.

Hacienda Townhomes, Ltd.

Hacienda Townhomes, Ltd. (Hacienda Townhomes) was organized as a California Limited Partnership on December 11, 1992, to construct and operate a 51 unit residential apartment complex located in San Diego, California. SDHC is a 99% limited partner and Occupational Training Services (OTS), a related party, is a 1% managing general partner.

Note 2 - Significant Accounting Policies:

Consolidated Financial Statements

The consolidated financial statements include the accounts of the San Diego Community Housing Corporation and Hacienda Townhomes, Ltd., 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 which is 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.

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2 - Significant Accounting Policies: (Continued)

Change in Accounting Principle

During 2017, the Organization adopted the provisions of Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). Under this new accounting policy, the Organization has retrospectively presented all debt issuance costs as a direct deduction from the carrying amount of the related obligation in the consolidated statement of financial position. Amortization of the debt issuance costs is calculated using the interest method and is included as a component of interest expense. The effects of the retrospective application of the accounting change on the year ended June 30, 2016 is to decrease total assets and long-term liabilities by \$62,206 in the statement of financial position.

Financial Statement Presentation

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

Estimates

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

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Organization had no financial instruments at June 30, 2017.

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 accounts receivable were fully collectible; therefore, no allowance for doubtful accounts receivable was recorded at June 30, 2017. The allowance for related party advances totaled \$26,629 at June 30, 2017.

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2 - Significant Accounting Policies: (Continued)

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 unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted. Absent donor stipulations regarding how long those donated assets must be maintained, the 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 are depreciated using the straight-line method over the estimated useful asset lives as follows:

Buildings and improvements	5 - 27.5 years
Furnishings and equipment	5 - 7 years
Vehicle	5 years

Depreciation totaled \$468,573 for the year ended June 30, 2017.

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

Impairment of Real Estate

The Organization reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2017.

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain permanent financing for the Corporation. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized deferred financing costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and totaled \$10,965 for the year ended June 30, 2017.

Compensated Absences

Accumulated unpaid vacation and other employee benefit amounts totaling \$18,695 at June 30, 2017 are accrued when incurred and included in accounts payable and accrued expenses.

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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

Deferred revenue is defined as income received prior to the performance or to which the income is earned and is recorded as a liability. Deferred revenue is reduced and recorded as income as the income is earned. Deferred revenue totaled \$4,217 at June 30, 2017.

Donated Services and Support

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 year ended June 30, 2017, did not meet the requirements above, therefore, no amounts were recognized in the consolidated financial statements.

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

SDCHC is a public charity and is 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. SDCHC believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. SDCHC is not a private foundation.

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2 - Significant Accounting Policies: (Continued)

Income Taxes (Continued)

No provision or benefit for income taxes for Hacienda Townhomes, Ltd. Has been included in these consolidated financial statements since taxable income (loss) passes through to, and is reportable by, the Partners individually.

SDCHC's Return of Organization Exempt from Income Tax for the years ended June 30, 2017, 2016, 2015 and 2014, and the partnership's tax returns for the years ended December 31, 2016, 2015, 2014 and 2013, respectively are subject to examination by the Internal Revenue Service and State taxing authorities, generally the three to four years after the returns were filed.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may 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.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through July 2, 2018, the date the consolidated financial statements were available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

Note 3 - Accounts Receivable:

Accounts receivable consist of the following at June 30, 2017:

Related Parties:

Bridgeport Properties, L.P.	\$ 321,548
Ken Tal Senior Partners, L.P.	4,237
Mountain View Properties, Ltd.	4,167
Total Related Parties	<u>329,952</u>

Other:

Rent receivable	9,959
City of Chula Vista	597
Total Other	<u>10,556</u>
	<u>\$ 340,508</u>

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Note 3 - Accounts Receivable: (Continued)

Consolidated Financial Statement Presentation:

Current:

Due in less than one year \$ 18,960

Noncurrent:

Due in more than one year 321,548

Total Accounts Receivable \$ 340,508

Note 4 - Related Party Advances:

The Organization has advanced funds to Neighborhood CDC Construction and Occupational Training Services, related parties. The Organization has a 40% ownership interest in Neighborhood CDC Construction (Note 10). SDCHC is an affiliate of Occupational Training Services. The related party advances consist of the following at June 30, 2017:

Related party advances due in one to five years	\$ 291,098
Less: Allowance for doubtful accounts	<u>(26,629)</u>
Total Related Party Advances, Net	\$ <u><u>264,469</u></u>

Note 5 - Notes Receivable:

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

Note receivable from Non Better, LLC, A California Limited Liability Company, in the amount of \$300,000 with interest at a rate of 8% per annum. The note is due on June 30, 2018 and is secured by a deed of trust on 6800 Mallard Street. Interest receivable totaled \$48,855 at June 30, 2017.

\$ 300,000

Note receivable from Non Better, LLC, A California Limited Liability Company, in the amount of \$150,000 with interest at a rate of 8% per annum. The note is due on June 30, 2018 and is secured by a deed of trust on 6800 Mallard Street. Interest receivable totaled \$24,427 at June 30, 2017.

Total Notes Receivable	<u>150,000</u>
	\$ <u><u>450,000</u></u>

A member of the Board of Directors of the Organization has an ownership interest in Non-Better, LLC.

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Note 6 - Reserves:

The Organization is required to fund and maintain reserve accounts in accordance with Partnership and Loan Agreements. The following shows the balances in the reserves at June 30, 2017:

<u>Entity</u>	<u>Replacement Reserves</u>	<u>Operating Reserves</u>
Ocean View Apartments	\$ 17,257	\$ -
Glover Apartments	5,343	10,033
Hacienda Townhomes, Ltd.	1,698	-
Colorado Apartments	1,409	1,531
Torrey Apartments	496	-
	<u>\$ 26,203</u>	<u>\$ 11,564</u>

Note 7 - Investment in Limited Partnerships:

The Organization owns general and limited partner interests in limited partnerships accounted for on the equity method. The following are the balances in the Organization's capital accounts at June 30, 2017:

Investment in Limited Partnerships:

General Partner:	
Market Creek, LLC (0.1889%)	\$ 7,574
Bridgeport Properties, L.P. (0.001%)	33
Limited Partner:	
Bridgepoint Properties, L.P. (4.285%)	461,092
Total Investment in Limited Partnerships	<u>\$ 468,699</u>

Share of Deficiency in Limited Partnerships:

General Partner:	
Bridgeport - Normal Heights, L.P. (0.043%)	\$ 67,181
Bridgeport - City Heights, L.P. (0.043%)	63,963
Bridgeport - North Park, L.P. (0.043%)	52,448
Bridgeport - Linda Vista, L.P. (0.043%)	28,221
Ken Tal Senior Partners, L.P. (0.005%)	295
Limited Partner:	
Bridgeport - City Heights, L.P. (4.243%)	135,555
Bridgeport - Normal Heights, L.P. (4.243%)	85,580
Bridgeport - North Park, L.P. (4.243%)	32,604
Bridgeport - Linda Vista, L.P. (4.243%)	15,212
Total Share of Deficiency in Limited Partnerships	<u>\$ 481,059</u>

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7 - Investment in Limited Partnerships: (Continued)

The Organization provided asset management, educational enrichment and resident services to these partnerships for which it earned the following amounts for the year ended June 30, 2017:

	Management <u>Fees</u>	Educational <u>Enrichment</u>	Resident <u>Services</u>	<u>Total</u>
Mountain View Properties, Ltd.	\$ 9,630	\$ 28,775	\$ 43,297	\$ 81,702
Bridgeport Properties, L.P.	<u>71,037</u>	<u>-</u>	<u>-</u>	<u>71,037</u>
	<u>\$ 80,667</u>	<u>\$ 28,775</u>	<u>\$ 43,297</u>	<u>\$ 152,739</u>

Note 8 - Property and Equipment:

Property and equipment consist of the following at June 30, 2017:

Land	\$ 1,922,374
Buildings and improvements	9,758,696
Furnishings and equipment	698,995
Vehicle	<u>25,805</u>
Subtotal	12,405,870
Less: Accumulated depreciation	<u>(6,773,224)</u>
Property and Equipment, Net	<u>\$ 5,632,646</u>

Note 9 - Share of Deficiency in Other Entity:

The Organization owns 40% of Neighborhood CDC Construction, a Corporation, which is accounted for on the equity method. The Organization's share of the deficiency in other entity totaled \$66,585 at June 30, 2017.

Note 10 - Notes Payable:

Notes payable consist of the following at June 30, 2017:

Torrey Apartments

Note payable held by Western Alliance in the original amount of \$3,500,000. Monthly payments of \$17,960 including interest at the greater of 4.5% or the LIBOR rate at closing, plus 275 basis points (4.53% at June 30, 2017) are due through June 2020. Interest during the secondary period, June 2020 until maturity in June 2025, will be calculated using the greater of 4.50% or LIBOR rate in effect at the commencement of the secondary period, plus 275 basis points. The note is secured by a deed of trust on 228 Chambers Street.

\$ 3,387,536

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Note 10 - Notes Payable: (Continued)

Winona Apartments

Note payable held by JP Morgan Chase Bank, N.A. in the original amount of \$590,000. Monthly payments of \$3,660 including interest at 6.32% are due through July 2020. The note is secured by a deed of trust on 3845 Winona Avenue. Interest payable totaled \$2,489 at June 30, 2017.

\$ 472,607

El Cajon Apartments

Note payable held by Neighborhood National Bank in the original amount of \$686,250. Monthly payments of \$4,246 including interest at 6.50% are due through January 2020. The note is secured by a deed of trust on 735 - 739 El Cajon Blvd.

531,777

Ocean View Apartments

Note payable to the San Diego Housing Commission in the original amount of \$127,345. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from 50% of "residual receipts," as defined in the loan agreement through July 2065. Secured by a deed of trust on 3992 Ocean View Blvd. Interest payable totaled \$91,243 at June 30, 2017.

127,345

Note payable to the San Diego Housing Commission in the original amount of \$80,183. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from 50% of "residual receipts," as defined in the loan agreement through July 2065. Secured by a deed of trust on 3992 Ocean View Blvd. Interest payable totaled \$58,367 at June 30, 2017.

80,183

Note payable to the San Diego Housing Commission in the original amount of \$300,000. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from 50% of "residual receipts," as defined in the loan agreement through July 2065. Secured by a deed of trust on 3992 Ocean View Blvd. Interest payable totaled \$56,049 at June 30, 2017.

296,922

504,450

Total Ocean View Apartments

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Note 10 - Notes Payable: (Continued)

Colorado Apartments

Note payable to the City of Chula Vista in the original amount of \$331,310. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from "residual receipts" as defined in the loan agreement through August 2065. Secured by a deed of trust on 809 Colorado Avenue. Interest payable totaled \$72,080 at June 30, 2017.

\$ 331,310

Glover Apartments

Note payable to the City of Chula Vista in the original amount of \$668,690. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from "residual receipts" as defined in the loan agreement through October 2065. Secured by a deed of trust on 563 - 567 Glover Avenue. Interest payable totaled \$124,630 at June 30, 2017.

668,690

Hacienda Townhomes

Note payable held by Berkadia Commercial Mortgage in the original amount of \$745,000. Monthly payments of \$5,113 including interest at 6.01% through the year 2019. Interest readjusted in January, 2010 and will readjust again in January, 2020 to the lower of the lender's current market rate for similar transactions or an annual rate 2.25% above the weekly average yield on U.S. Treasury Securities. Any unpaid principal and interest are due in January 2025. Secured by a first deed of trust on 350 17th Street. Interest payable totaled \$1,868 at June 30, 2017.

372,969

Note payable held by Citicorp Mortgage, Inc. in the original amount of \$505,501 and bears no interest provided the property securing the note is not transferred to a party not approved by the lender and the property and its tenants comply with the affordable restrictions. The note matures in January 2035 and is secured by a second deed of trust on 350 17th Street.

505,501

Note payable held by the San Diego Housing Commission in the original amount of \$748,197 and bears interest at 4.5%. Principal and accrued interest are due and payable at the earlier of the project generating sufficient residual receipts or November 2047. Secured by a third deed of trust on 350 17th Street. Interest payable totaled \$1,503,097 at June 30, 2017.

748,197

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Note 10 - Notes Payable: (Continued)

Hacienda Townhomes

Note payable held by Civic San Diego, the successor agency to the Redevelopment Agency of the City of San Diego, in the original amount of \$363,196 and bears interest at 3% with all principal and accrued interest due and payable July 2048. Principal payments may be deferred at the discretion of Civic San Diego. Secured by a fourth deed of trust on 350 17th Street. Interest payable totaled \$255,795 at June 30, 2017.

\$ 363,196

Note payable held by Mercy Housing, Inc. in the original amount of \$436,854 bears no interest and is payable annually to the extent that revenues exceed expenses including debt service and the partnership management fees. Any unpaid principal is due September 2024. Secured by a fifth deed of trust on 350 17th Street.

Total Hacienda Townhomes

Total Notes Payable

Less: Unamortized debt issuance costs

Notes Payable, Net

436,854
2,426,717
8,323,087
(53,241)
\$ 8,269,846

Debt issuance costs totaled \$113,710, less accumulated amortization of \$60,469 at June 30, 2017.

Future principal payments on the notes payable are as follows:

Years Ended
June 30

2018	\$	134,010
2019		141,898
2020		627,059
2021		137,610
2022		145,055
Thereafter		7,137,455
Total	\$	8,323,087

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Note 11 - Commitments:

Operating Leases

SDCHC leases office space under operating lease agreements through August 31, 2018. Occupancy expense included in the consolidated statement of activities totaled \$81,702 for the year ended June 30, 2017.

Future minimum lease payments under the leases are as follows:

Years Ended June 30	
2018	\$ 81,248
2019	<u>14,174</u>
	<u>\$ 95,422</u>

Employee Benefit Plan

SDCHC has established a 401(k) defined contribution plan (the "Plan") covering employees who have completed four months of service and have attained age 18. Employees may defer up to 17% of their annual compensation, not to exceed the annual amount allowed by law. SDCHC contributes a matching contribution of 50% of the first 6% of employee salary deferrals. SDCHC contributed \$6,082 to the Plan for the year ended June 30, 2017.

Note 12 - Litigation:

Legal claims and lawsuits arise from time to time in the normal course of business. There are pending lawsuits 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.

SAN DIEGO COMMUNITY HOUSING CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

	San Diego Community Housing Corporation	Colorado Apartments	El Cajon Apartments	Glover Apartments	Ocean View Apartments	Torrey Apartments	Winona Apartments	Hacienda Townhomes, Ltd.	Eliminations	Consolidated
Current Assets:										
Cash and cash equivalents	\$ 1,744,261	\$ 6,748	\$ 1,633	\$ 19,110	\$ 2,734	\$ 4,504	\$ 1,789	\$ 15,312	-	\$ 1,796,091
Tenant security deposits	-	3,737	7,299	4,528	4,039	44,264	-	37,985	-	101,852
Accounts receivable	18,562	-	-	-	-	-	-	9,959	(9,561)	18,960
Prepaid expenses	6,500	-	-	-	-	-	-	-	-	6,500
Related party advances, net	1,635,432	-	-	-	-	-	-	-	(1,635,432)	-
Total Current Assets	3,404,755	10,485	8,932	23,638	6,773	48,768	1,789	63,256	(1,644,953)	1,923,403
Noncurrent Assets:										
Accounts receivable	321,548	-	-	-	-	-	-	-	-	321,548
Related party advances, net	214,469	-	-	-	-	1,444,544	-	-	(1,394,544)	264,469
Interest receivable	73,282	-	-	-	-	-	-	-	-	73,282
Notes receivable	450,000	-	-	-	-	-	-	-	-	450,000
Replacement reserves	-	1,409	-	5,343	17,257	496	-	1,698	-	26,203
Operating reserves	-	1,531	-	10,033	-	-	-	-	-	11,564
Deposits	4,453	-	-	-	-	-	3,300	-	-	7,753
Investment in limited partnerships	468,699	-	-	-	-	-	-	-	-	468,699
Property and equipment, net	235,744	291,107	791,610	573,938	609,029	988,696	311,406	1,866,116	(35,000)	5,632,646
Total Noncurrent Assets	1,768,195	294,047	791,610	589,314	626,286	2,433,736	314,706	1,867,814	(1,429,544)	7,236,164
TOTAL ASSETS	\$ 5,172,950	\$ 304,532	\$ 800,542	\$ 612,952	\$ 633,059	\$ 2,482,504	\$ 316,495	\$ 1,931,070	\$ (3,074,537)	\$ 9,179,567

SAN DIEGO COMMUNITY HOUSING CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2017

LIABILITIES AND NET ASSETS

	San Diego Community Housing Corporation	Colorado Apartments	El Cajon Apartments	Glover Apartments	Ocean View Apartments	Torrey Apartments	Winona Apartments	Hacienda Townhomes, Ltd.	Eliminations	Consolidated
Current Liabilities:										
Accounts payable and accrued expenses	\$ 76,176	\$ 3,803	\$ 1,393	\$ 7,565	\$ 7,184	\$ 40,107	\$ 6,570	\$ 51,597	\$ (9,543)	\$ 184,852
Interest payable	-	-	-	10,779	-	-	2,489	1,868	-	15,136
Deferred revenue	-	-	34	-	-	1,094	164	2,925	-	4,217
Security deposits	-	2,200	6,850	4,479	3,974	39,650	9,516	36,010	-	102,679
Current portion of notes payable	-	-	16,878	-	-	62,636	14,461	40,035	-	134,010
Total Current Liabilities	<u>76,176</u>	<u>6,003</u>	<u>25,155</u>	<u>22,823</u>	<u>11,158</u>	<u>143,487</u>	<u>33,200</u>	<u>132,435</u>	<u>(9,543)</u>	<u>440,894</u>
Noncurrent Liabilities:										
Due to related party	1,394,545	5,327	606,068	-	110,004	11,524	485,681	416,845	(3,029,994)	-
Interest payable - Residual receipts	-	72,080	-	113,851	205,659	-	-	1,758,892	-	2,150,482
Share of deficiency in limited partnerships	481,059	-	-	-	-	-	-	-	-	481,059
Share of deficiency in other entity	66,585	-	-	-	-	-	-	-	-	66,585
Notes payable, net of current portion	-	331,310	514,018	668,690	504,450	3,290,904	451,651	2,374,813	-	8,135,836
Total Noncurrent Liabilities	<u>1,942,189</u>	<u>408,717</u>	<u>1,120,086</u>	<u>782,541</u>	<u>820,113</u>	<u>3,302,428</u>	<u>937,332</u>	<u>4,550,550</u>	<u>(3,029,994)</u>	<u>10,833,962</u>
Total Liabilities	<u>2,018,365</u>	<u>414,720</u>	<u>1,145,241</u>	<u>805,364</u>	<u>831,271</u>	<u>3,445,915</u>	<u>970,532</u>	<u>4,682,985</u>	<u>(3,039,537)</u>	<u>11,274,856</u>
Unrestricted Net Assets (Deficit)	<u>3,154,585</u>	<u>(110,188)</u>	<u>(344,699)</u>	<u>(192,412)</u>	<u>(198,212)</u>	<u>(963,411)</u>	<u>(654,037)</u>	<u>(2,751,915)</u>	<u>(35,000)</u>	<u>(2,095,289)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,172,950</u>	<u>\$ 304,532</u>	<u>\$ 800,542</u>	<u>\$ 612,952</u>	<u>\$ 633,059</u>	<u>\$ 2,482,504</u>	<u>\$ 316,495</u>	<u>\$ 1,931,070</u>	<u>\$ (3,074,537)</u>	<u>\$ 9,179,567</u>

SAN DIEGO COMMUNITY HOUSING CORPORATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	San Diego Community Housing Corporation	Colorado Apartments	El Cajon Apartments	Glover Apartments	Ocean View Apartments	Torrey Apartments	Winona Apartments	Hacienda Townhomes, Ltd.	Eliminations	Consolidated
Revenue and Support:										
Rental income	\$ -	\$ 25,418	\$ 94,933	\$ 54,093	\$ 46,932	\$ 626,962	\$ 123,842	\$ 535,958	\$ -	\$ 1,508,138
Management fees	169,388	-	-	-	-	-	-	-	(88,721)	80,667
Other income	64,425	-	-	-	-	-	-	-	-	64,425
Resident services	109,710	-	-	-	-	-	-	-	(66,413)	43,297
Contributions	41,300	-	-	-	-	-	-	-	-	41,300
Interest income	36,011	21	-	38	30	29	-	62	-	36,191
Educational enrichment	99,647	-	-	-	-	-	-	-	(70,872)	28,775
Total Revenue and Support	520,481	25,439	94,933	54,131	46,962	626,991	123,842	536,020	(226,006)	1,802,793
Expenses:										
Program Services:										
Rental expenses	-	10,783	64,190	12,145	22,173	369,440	73,151	377,953	-	929,835
Affordable housing	145,300	-	-	-	-	-	-	-	-	145,300
Educational enrichment programs	103,881	-	-	-	-	-	-	-	-	103,881
Resident services	41,420	-	-	-	-	-	-	-	-	41,420
Total Program Services	290,601	10,783	64,190	12,145	22,173	369,440	73,151	377,953	-	1,220,436
Support Services:										
Management and general	326,292	10,325	8,624	14,427	18,029	117,054	47,214	201,966	(226,006)	517,925
Fundraising	41,506	-	-	-	-	-	-	-	-	41,506
Total Supporting Services	367,798	10,325	8,624	14,427	18,029	117,054	47,214	201,966	(226,006)	559,431
Total Expenses	658,399	21,108	72,814	26,572	40,202	486,494	120,365	579,919	(226,006)	1,779,867
Change in Net Assets From Operating Activities	(137,918)	4,331	22,119	27,559	6,760	140,497	3,477	(43,899)	-	22,926
Nonoperating Revenue and (Expenses):										
Share of income from partnerships and other entity	673,474	-	-	-	-	-	-	-	-	673,474
Interest expense - Residual receipts	-	(9,939)	-	(20,061)	(15,134)	-	-	(117,819)	-	(162,953)
Depreciation expense	(11,136)	(8,456)	(31,980)	(21,236)	(27,436)	(109,832)	(21,141)	(237,356)	-	(468,572)
Total Nonoperating Revenue and (Expenses)	662,338	(18,395)	(31,980)	(41,297)	(42,570)	(109,832)	(21,141)	(355,175)	-	41,948
Change in Unrestricted Net Assets	524,420	(14,064)	(9,861)	(13,738)	(35,810)	30,665	(17,664)	(399,074)	-	64,874
Unrestricted Net Assets (Deficit) at Beginning of Year	2,630,165	(96,124)	(334,838)	(178,674)	(162,402)	(994,076)	(636,373)	(2,352,841)	(35,000)	(2,160,163)
UNRESTRICTED NET ASSETS (DEFICIT)										
AT END OF YEAR	\$ 3,154,585	\$ (110,188)	\$ (344,699)	\$ (192,412)	\$ (198,212)	\$ (963,411)	\$ (654,037)	\$ (2,751,915)	\$ (35,000)	\$ (2,095,289)

**SAN DIEGO COMMUNITY HOUSING CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grants/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>	<u>Total Federal Expenditures</u>
U.S. Department of Housing and Urban Development:					
Pass-Through Programs From:					
Community Development Block Grants/Entitlement Grants:	14.218				
City of Chula Vista		N/A	\$ -	\$ 1,000,000	\$ 1,000,000
San Diego Housing Commission		N/A	-	<u>296,922</u>	<u>296,922</u>
Total Community Development Block Grants/Entitlement Grants			-	<u>1,296,922</u>	<u>1,296,922</u>
 HOME Investment Partnerships Program:	 14.239				
San Diego Housing Commission		N/A	-	<u>127,345</u>	<u>127,345</u>
 Total Pass-Through Programs			-	<u>1,424,267</u>	<u>1,424,267</u>
 Total U.S. Department of Housing and Urban Development			-	<u>1,424,267</u>	<u>1,424,267</u>
 Total Expenditures of Federal Awards			\$ -	\$ <u>1,424,267</u>	\$ <u>1,424,267</u>

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of San Diego Community Housing Corporation under programs of the federal government for the year ended June 30, 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 San Diego Community Housing Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of San Diego Community Housing Corporation.

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. Pass through entity identifying numbers are presented where available.

San Diego Community Housing Corporation has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

SAN DIEGO COMMUNITY HOUSING CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 3 - Loan Programs:

The following is the activity of the loans payable for the year ended June 30, 2017:

CFDA Number	Program Name	Loans Outstanding at June 30, 2016	Loans Awarded for the Year Ended June 30, 2017	Loan Principal Repaid for the Year Ended June 30, 2017	Loans Outstanding at June 30, 2017
14.218	Community Development Block Grants/Entitlement Grants:				
	City of Chula Vista	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
	San Diego Housing Commission	296,922	-	-	296,922
		<u>\$ 1,296,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,296,922</u>
14.239	HOME Investment Partnerships Program:				
	San Diego Housing Commission	\$ 127,345	\$ -	\$ -	\$ 127,345
	Total Loans	<u>\$ 1,424,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,424,267</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
San Diego Community Housing Corporation

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 financial statements of San Diego Community Housing Corporation, which comprise the consolidated statement of financial position as of June 30, 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 July 2, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered San Diego Community Housing Corporation's 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 San Diego Community Housing Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of San Diego Community Housing Corporation's 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.

SAN DIEGO COMMUNITY HOUSING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016



SAN DIEGO COMMUNITY HOUSING CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 19
Supplementary Information:	
Consolidating Schedule of Financial Position	20
Consolidating Schedule of Activities	21
Schedule of Expenditures of Federal Awards	22 - 23
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 <i>Government Auditing Standards</i>	24 - 25
Independent Auditor's Report on Compliance for the Major Program and on Internal Control Over Compliance Required in Accordance with Uniform Guidance	26 - 27
Schedule of Findings and Questioned Costs	28 - 29
Summary Schedule of Prior Year Audit Findings	30



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

Independent Auditor's Report

To the Board of Directors
San Diego Community Housing Corporation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of San Diego Community Housing Corporation, which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 San Diego Community Housing Corporation as of June 30, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 20 to 21 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 October 3, 2017, on our consideration of San Diego Community Housing Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Diego Community Housing Corporation's internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California
October 3, 2017

SAN DIEGO COMMUNITY HOUSING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

Current Assets: (Notes 2 and 3)

Cash and cash equivalents	\$ 190,390
Tenant security deposits	96,204
Accounts receivable	246,918
Prepaid expenses	69,658
Total Current Assets	<u>603,170</u>

Noncurrent Assets: (Notes 2, 3, 4, 5, 6, 7, 8, 9 and 11)

Accounts receivable	208,635
Related party advances, net	328,656
Interest receivable	37,282
Notes receivable	450,000
Replacement reserves	17,644
Operating reserves	5,552
Deposits	4,452
Investment in limited partnerships	1,640,857
Property and equipment, net	5,716,886
Loan fees, net	151,929
Total Noncurrent Assets	<u>8,561,893</u>

TOTAL ASSETS	\$ <u>9,165,063</u>
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LIABILITIES AND NET ASSETS

Current Liabilities: (Notes 2 and 11)

Accounts payable and accrued expenses	\$ 145,396
Interest payable	9,153
Deferred revenue	5,591
Security deposits	100,361
Current portion of notes payable	175,661
Total Current Liabilities	<u>436,162</u>

Noncurrent Liabilities: (Notes 8, 10 and 11)

Interest payable - Residual receipts	1,993,773
Share of deficiency in limited partnerships	487,139
Share of deficiency in other entity	85,127
Notes payable, net of current portion	8,323,025
Total Noncurrent Liabilities	<u>10,889,064</u>
Total Liabilities	<u>11,325,226</u>

Commitments and Contingencies (Notes 12 and 13)

<u>Unrestricted Net Assets (Deficit)</u> (Notes 2 and 14)	<u>(2,160,163)</u>
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TOTAL LIABILITIES AND NET ASSETS	\$ <u>9,165,063</u>
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The accompanying notes are an integral part of the consolidated financial statements.

SAN DIEGO COMMUNITY HOUSING CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Revenue and Support:

Rental income	\$ 1,496,385
Management fees	660,194
Educational enrichment	47,131
Other income	38,331
Resident services	36,000
Interest income	35,997
Contributions	5,000
Total Revenue and Support	<u>2,319,038</u>

Expenses:

Program Services:

Rental expenses	678,506
Educational enrichment programs	101,879
Affordable housing	100,408
Resident services	62,860
Total Program Services	<u>943,653</u>

Supporting Services:

Management and general	596,221
Fundraising	31,568
Total Supporting Services	<u>627,789</u>

Total Expenses	<u>1,571,442</u>
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Change in Net Assets From Operating Activities	<u>747,596</u>
--	----------------

Nonoperating Revenue and (Expenses):

Depreciation expense	(425,987)
Interest expense - Residual receipts	(150,214)
Share of loss from partnerships and other entity	(32,276)
Amortization expense	(11,049)
Total Nonoperating Revenue and (Expenses)	<u>(619,526)</u>

Change in Unrestricted Net Assets	128,070
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Unrestricted Net Assets (Deficit) at Beginning of Year, as Restated (Note 14)	<u>(2,288,233)</u>
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UNRESTRICTED NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ (2,160,163)</u>
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The accompanying notes are an integral part of the consolidated financial statements.

SAN DIEGO COMMUNITY HOUSING CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

Cash Flows From Operating Activities:

Change in unrestricted net assets	\$ 128,070
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:	
Depreciation	425,987
Amortization	11,049
Share of loss from partnerships and other entity	32,276
(Increase) Decrease in:	
Tenant security deposits	20,551
Accounts receivable	(285,933)
Prepaid expenses	(69,658)
Interest receivable	(36,000)
Property inventory	5,750
Increase (Decrease) in:	
Accounts payable and accrued expenses	82,222
Interest payable	145,091
Deferred revenue	(2,221)
Security deposits	(20,920)
Net Cash Provided by Operating Activities	<u>436,264</u>

Cash Flows From Investing Activities:

Increase in related party advances, net	(151,079)
Net withdrawals from replacement reserves	110,347
Net withdrawals from operating reserves	2,048
Partnership distributions	422
Partnership contributions	(1,272,089)
Purchase of property and equipment	(418,810)
Net Cash Used in Investing Activities	<u>(1,729,161)</u>

Cash Flows From Financing Activities:

Due to related party	(62,505)
Principal payments on notes payable	(191,150)
Net Cash Used in Financing Activities	<u>(253,655)</u>

Net Decrease in Cash and Cash Equivalents (1,546,552)

Cash and Cash Equivalents at Beginning of Year 1,736,942

CASH AND CASH EQUIVALENTS AT END OF YEAR **\$ 190,390**

Supplemental Disclosure of Cash Flow Information:

Cash paid for interest	\$ 264,361
Franchise tax	<u>\$ 800</u>

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

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1- Organization:

The consolidated financial statements include the following entities:

San Diego Community Housing Corporation

San Diego Community Housing Corporation (SDCHC) is a California Not-For-Profit Corporation whose mission is to increase, preserve, and improve quality affordable housing opportunities for working families. SDCHC is dedicated to the development of affordable housing that offers a host of resident services designed to assist residents in achieving the goal of upward economic mobility.

SDCHC provides quality affordable housing for low-income persons and working families through the sales of homes, rental properties, construction, and affordable housing programs. SDCHC manages over 1,000 rental units and owns and operates 6 rental properties in California:

- Colorado Apartments - 2 unit rental housing project located in Chula Vista.
- El Cajon Apartments - 9 unit rental housing project located in El Cajon.
- Glover Apartments - 4 unit rental housing project located in Chula Vista.
- Ocean View Apartments - 4 unit rental housing project located in San Diego.
- Torrey Apartments - 51 unit rental housing project located in El Cajon.
- Winona Apartments - 14 unit rental housing project located in San Diego.

Hacienda Townhomes, Ltd.

Hacienda Townhomes, Ltd. (Hacienda Townhomes) was organized as a California Limited Partnership on December 11, 1992, to construct and operate a 51 unit residential apartment complex located in San Diego, California. SDHC is a 99% limited partner and Occupational Training Services (OTS), a related party, is a 1% managing general partner.

Note 2 - Significant Accounting Policies:

Consolidated Financial Statements

The consolidated financial statements include the accounts of the San Diego Community Housing Corporation and Hacienda Townhomes, Ltd., which are collectively referred to as the "Organization". All material intercompany transactions have been eliminated in consolidation.

Method of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, 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.

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 - Significant Accounting Policies: (Continued)

Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Organization had no financial instruments at June 30, 2016.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. Management believes that all accounts receivable and related party advances were fully collectible; therefore, no allowance for doubtful accounts receivable and relate party advances was recorded at June 30, 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 unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted. Absent donor stipulations regarding how long those donated assets must be maintained, the 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 are depreciated using the straight-line method over the estimated useful asset lives as follows:

Buildings and improvements	5 - 27.5 years
Furnishings and equipment	5 - 7 years
Vehicle	5 years

Depreciation totaled \$425,987 for the year ended June 30, 2016.

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation (Continued)

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

Impairment of Real Estate

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

Amortization

Loan fees totaling \$209,020, net of accumulated amortization of \$57,091 at June 30, 2016 are recorded at cost and amortized on the straight-line method. Amortization expense totaled \$11,049 for the year ended June 30, 2016.

Compensated Absences

Accumulated unpaid vacation and other employee benefit amounts totaling \$12,897 at June 30, 2016 are accrued when incurred and included in accounts payable and accrued expenses.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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

Deferred revenue is defined as income received prior to the performance or to which the income is earned and is recorded as a liability. Deferred revenue is reduced and recorded as income as the income is earned. Deferred revenue totaled \$5,591 at June 30, 2016.

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 - Significant Accounting Policies: (Continued)

Donated Services and Support

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 year ended June 30, 2016, did not meet the requirements above, therefore, no amounts were recognized in the consolidated financial statements.

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

SDCHC is a public charity and is 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. SDCHC believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. SDCHC is not a private foundation.

No provision or benefit for income taxes for Hacienda Townhomes, Ltd. has been included in these consolidated financial statements since taxable income (loss) passes through to, and is reportable by, the Partners individually.

SDCHC's Return of Organization Exempt from Income Tax for the years ended June 30, 2016, 2015, 2014 and 2013, and the partnership's tax returns for the years ended December 31, 2015, 2014, 2013 and 2012, respectively are subject to examination by the Internal Revenue Service and State taxing authorities, generally the three to four years after the returns were filed.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may 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.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 - Significant Accounting Policies: (Continued)

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through October 3, 2017, the date the consolidated financial statements were available for issuance, and concluded that there were no events or transactions that needed to be disclosed, except as described in Note 15.

Note 3 - Accounts Receivable:

Accounts receivable consist of the following at June 30, 2016:

Related Parties:

Mountain View Properties, Ltd.	\$ 221,982
Bridgeport Properties, L.P.	208,635
Ken Tal Senior Partners, L.P.	12,710
Neighborhood CDC Construction	2,799
Total Related Parties	<u>446,126</u>

Other:

Rent receivable	9,427
Total Accounts Receivable	<u>\$ 455,553</u>

Consolidated Financial Statement Presentation:

Current:

Due in less than one year	<u>\$ 246,918</u>
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Noncurrent:

Due in more than one year	208,635
Total Accounts Receivable	<u>\$ 455,553</u>

Note 4 - Related Party Advances:

The Organization has advanced funds to Neighborhood CDC and Occupational Training Services, related parties. The Organization has a 40% ownership interest in Neighborhood CDC Construction (Note 10). SDCHC is an affiliate of Occupational Training Services. The related party advances consist of the following at June 30, 2016:

Related party advances due in one to five years	\$ 355,285
Less: Discounts to present value	(26,629)
Total Related Party Advances, Net	<u>\$ 328,656</u>

The related party advances have been discounted to their present value using a discount rate of 1.49% to 6.0% at June 30, 2016.

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5 - Notes Receivable:

Notes receivable consist of the following at June 30, 2016:

Note receivable from Non Better, LLC, A California Limited Liability Company, in the amount of \$300,000 with interest at a rate of 8% per annum. The note is due on July 31, 2017 and is secured by a deed of trust on 6800 Mallard Street. Accrued interest totaled \$24,855 at June 30, 2016. \$ 300,000

Note receivable from Non Better, LLC, A California Limited Liability Company, in the amount of \$150,000 with interest at a rate of 8% per annum. The note is due on July 31, 2017 and is secured by a deed of trust on 6800 Mallard Street. Accrued interest totaled \$12,427 at June 30, 2016. 150,000

Total Notes Receivable \$ 450,000

Note 6 - Replacement Reserves:

Hacienda Townhomes, Ltd.

The Partnership has established a replacement reserve to fund capital improvements of the Project in accordance with the provisions of the Partnership Agreement. The initial reserve fund was to be established at \$230 per unit for a total of \$11,730. Commencing in 1995 and continuing in each calendar year thereafter throughout the term of the Partnership, the General Partner is required to deposit 104% of the amount deposited in the prior year. For the purposes of these deposits, Hacienda Townhomes considers September 1995 to be the start date of these requirements. The following shows the activity in the replacement reserve for the year ended June 30, 2016:

Balance at Beginning of Year	\$ 21,928
Add: Deposits	44,500
Interest income	86
Less: Withdrawals	(66,214)
Bank fees	(36)
Balance at End of Year	<u>\$ 264</u>

Winona Apartments

Winona Apartments is required to maintain a replacement reserve account to be used for capital improvements to the property in accordance with a replacement reserve agreement with JP Morgan Chase. The following shows the activity in the replacement reserve for the year ended June 30, 2016:

Balance at Beginning of Year	\$ 23,599
Add: Interest Income	7
Less: Withdrawals	(23,599)
Balance at End of Year	<u>\$ 7</u>

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

Note 6 - Replacement Reserves: (Continued)

Torrey Apartments

Restricted funds are held by Bank of America to be used for replacement of property in accordance with the note payable. The following shows the activity in the replacement reserve for the year ended June 30, 2016:

Balance at Beginning of Year	\$ 50,108
Add: Deposits	14,300
Interest income	2
Less: Withdrawals	(63,711)
Balance at End of Year	<u>\$ 699</u>

Colorado Apartments

Colorado Apartments is required to maintain a replacement reserve account to be used for capital improvements to the property in accordance with the note payable with the City of Chula Vista. The following shows the activity in the replacement reserve for the year ended June 30, 2016:

Balance at Beginning of Year	\$ 7,883
Add: Interest income	6
Less: Withdrawals	(4,142)
Balance at End of Year	<u>\$ 3,747</u>

Glover Apartments

Glover Apartments is required to maintain a replacement reserve account to be used for capital improvements to the property in accordance with the note payable with the City of Chula Vista. The following shows the activity in the replacement reserve for the year ended June 30, 2016:

Balance at Beginning of Year	\$ 17,484
Add: Deposits	6,000
Interest income	12
Less: Withdrawals	(18,796)
Balance at End of Year	<u>\$ 4,700</u>

Ocean View Apartments

Ocean View Apartments is required to maintain a replacement reserve account to be used for capital improvements to the property in accordance with the note payable with the San Diego Housing Commission. The following shows the activity in the replacement reserve for the year ended June 30, 2016:

Balance at Beginning of Year	\$ 6,989
Add: Deposits	12,000
Interest income	6
Less: Withdrawals	(10,768)
Balance at End of Year	<u>\$ 8,227</u>

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

Note 7 - Operating Reserves:

Colorado Apartments

Colorado Apartments is required to maintain an operating reserve account in accordance with an agreement with the City of Chula Vista. The following shows the activity in the operating reserve for the year ended June 30, 2016:

Balance at Beginning of Year	\$ 1,532
Add: Interest income	1
Less: Withdrawals	(5)
Balance at End of Year	<u>\$ 1,528</u>

Glover Apartments

Glover Apartments is required to maintain an operating reserve account in accordance with an agreement with the City of Chula Vista. The following shows the activity in the operating reserve for the year ended June 30, 2016:

Balance at Beginning of Year	\$ 6,068
Add: Additions	2,000
Interest income	5
Less: Withdrawals	(4,049)
Balance at End of Year	<u>\$ 4,024</u>

Note 8 - Investment in Limited Partnerships:

The Organization owns general and limited partner interests in limited partnerships accounted for on the equity method. The following are the balances in the Organization's capital accounts at June 30, 2016:

Investment in Limited Partnerships:

General Partner:

Mountain View Properties, Ltd. (0.01%)	\$ 1,172,118
Market Creek, LLC (0.1889%)	7,576
Bridgeport Properties, L.P. (0.001%)	33

Limited Partner:

Bridgepoint Properties, L.P. (4.285%)	461,130
Total Investment in Limited Partnerships	<u>\$ 1,640,857</u>

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 - Investment in Limited Partnerships:

Share of Deficiency in Limited Partnerships:

General Partner:

Bridgeport - Normal Heights, L.P. (0.043%)	\$ 67,206
Bridgeport - City Heights, L.P. (0.043%)	63,987
Bridgeport - North Park, L.P. (0.043%)	52,458
Bridgeport - Linda Vista, L.P. (0.043%)	28,223
Ken Tal Senior Partners, L.P. (0.005%)	270

Limited Partner:

Bridgeport - City Heights, L.P. (4.243%)	137,880
Bridgeport - Normal Heights, L.P. (4.243%)	88,089
Bridgeport - North Park, L.P. (4.243%)	33,589
Bridgeport - Linda Vista, L.P. (4.243%)	15,437
Total Share of Deficiency in Limited Partnerships	<u>\$ 487,139</u>

The Organization provided asset management, educational enrichment and resident services to these partnerships for which it earned the following amounts for the year ended June 30, 2016:

	<u>Management Fees</u>	<u>Educational Enrichment</u>	<u>Resident Services</u>	<u>Total</u>
Mountain View Properties, Ltd.	\$ 573,733	\$ 47,131	\$ 36,000	\$ 656,864
Bridgeport Properties, L.P.	78,776	-	-	78,776
Ken Tal Senior Partners, L.P.	7,685	-	-	7,685
	<u>\$ 660,194</u>	<u>\$ 47,131</u>	<u>\$ 36,000</u>	<u>\$ 743,325</u>

Note 9 - Property and Equipment:

Property and equipment consist of the following at June 30, 2016:

Land	\$ 1,922,374
Buildings and improvements	9,400,986
Furnishings and equipment	670,797
Vehicle	25,805
Subtotal	<u>12,019,962</u>
Less: Accumulated depreciation	<u>(6,303,076)</u>
Property and Equipment, Net	<u>\$ 5,716,886</u>

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

Note 10 - Share of Deficiency in Other Entity:

The Organization owns 40% of Neighborhood CDC Construction, a Corporation, which is accounted for on the equity method. The Organization's share of the deficiency in other entity totaled \$85,127 at June 30, 2016.

Note 11 - Notes Payable:

Notes payable consist of the following at June 30, 2016:

Torrey Apartments

Note payable held by Western Alliance in the original amount of \$3,500,000. Monthly payments of \$17,960 including interest at the greater of 4.5% or the LIBOR rate at closing, plus 275 basis points (4.53% at June 30, 2016) are due through June 2020. Interest during the secondary period, June 2020 until maturity in June 2025, will be calculated using the greater of 4.50% or LIBOR rate in effect at the commencement of the secondary period, plus 275 basis points. The note is secured by a deed of trust on 228 Chambers Street.

\$ 3,446,003

Winona Apartments

Note payable held by JP Morgan Chase Bank, N.A. in the original amount of \$590,000. Monthly payments of \$3,660 including interest at 6.32% are due through July 2020. The note is secured by a deed of trust on 3845 Winona Avenue. Accrued interest totaled \$2,561 at June 30, 2016.

486,185

El Cajon Apartments

Note payable held by Neighborhood National Bank in the original amount of \$686,250. Monthly payments of \$4,246 including interest at 6.50% are due through January 2020. The note is secured by a deed of trust on 735 - 739 El Cajon Blvd.

547,625

Note payable held by PD and KYM Properties, L.P. in the original amount of \$250,000. The note bears interest at 5% with interest payments due quarterly. Principal and unpaid interest was due March 2016. The note is secured by a deed of trust on 735 - 739 El Cajon Blvd. Subsequent to year end, the Organization paid down the principal portion of the note in the amount of \$50,000. One of the board members owns a general partner interest in PD and KYM Properties, L.P.

50,000

Total El Cajon Apartments

597,625

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11 - Notes Payable: (Continued)

Ocean View Apartments

Note payable to the San Diego Housing Commission in the original amount of \$127,345. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from 50% of "residual receipts," as defined in the loan agreement through July 2065. Secured by a deed of trust on 3992 Ocean View Blvd. Accrued interest totaled \$87,422 at June 30, 2016.

\$ 127,345

Note payable to the San Diego Housing Commission in the original amount of \$80,183. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from 50% of "residual receipts," as defined in the loan agreement through July 2065. Secured by a deed of trust on 3992 Ocean View Blvd. Accrued interest totaled \$55,961 at June 30, 2016.

80,183

Note payable to the San Diego Housing Commission in the original amount of \$300,000. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from 50% of "residual receipts," as defined in the loan agreement through July 2065. Secured by a deed of trust on 3992 Ocean View Blvd. Accrued interest totaled \$47,142 at June 30, 2016.

296,922

Total Ocean View Apartments

504,450

Colorado Apartments

Note payable to the City of Chula Vista in the original amount of \$331,310. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from "residual receipts" as defined in the loan agreement through August 2065. Secured by a deed of trust on 809 Colorado Avenue. Accrued interest totaled \$62,141 at June 30, 2016.

331,310

Glover Apartments

Note payable to the City of Chula Vista in the original amount of \$668,690. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from "residual receipts" as defined in the loan agreement through October 2065. Secured by a deed of trust on 563 - 567 Glover Avenue. Accrued interest totaled \$104,569 at June 30, 2016.

668,690

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11 - Notes Payable: (Continued)

Hacienda Townhomes

Note payable held by Berkadia Commercial Mortgage in the original amount of \$745,000. Monthly payments of \$5,113 including interest at 6.01% through the year 2019. Interest readjusted in January, 2010 and will readjust again in January, 2020 to the lower of the lender's current market rate for similar transactions or an annual rate 2.25% above the weekly average yield on U.S. Treasury Securities. Any unpaid principal and interest are due in January 2025. Secured by a first deed of trust on 350 17th Street. Accrued interest totaled \$2,057 at June 30, 2016. \$ 410,675

Note payable held by Citicorp Mortgage, Inc. in the original amount of \$505,501 and bears no interest provided the property securing the note is not transferred to a party not approved by the lender and the property and its tenants comply with the affordable restrictions. The note matures in January 2035 and is secured by a second deed of trust on 350 17th Street. 505,501

Note payable held by the San Diego Housing Commission in the original amount of \$748,197 and bears interest at 4.5%. Principal and accrued interest are due and payable at the earlier of the project generating sufficient residual receipts or November 2047. Secured by a third deed of trust on 350 17th Street. Accrued interest totaled \$1,396,174 at June 30, 2016. 748,197

Note payable held by Civic San Diego, the successor agency to the Redevelopment Agency of the City of San Diego, in the original amount of \$363,196 and bears interest at 3% with all principal and accrued interest due and payable July 2048. Principal payments may be deferred at the discretion of Civic San Diego. Secured by a fourth deed of trust on 350 17th Street. Accrued interest totaled \$244,899 at June 30, 2016. 363,196

Note payable held by Mercy Housing, Inc. in the original amount of \$436,854 bears no interest and is payable annually to the extent that revenues exceed expenses including debt service and the partnership management fees. Any unpaid principal is due September 2024. Secured by a fifth deed of trust on 350 17th Street. 436,854

Total Hacienda Townhomes 2,464,423

Total Notes Payable 8,498,686

Less: Current Portion (175,661)

Notes Payable, Net of Current Portion \$ 8,323,025

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11 - Notes Payable: (Continued)

Future principal payments on the notes payable are as follows:

<u>Years Ended</u> <u>June 30</u>	
2017	\$ 175,661
2018	134,424
2019	141,890
2020	628,736
2021	137,710
Thereafter	7,280,265
	<u>\$ 8,498,686</u>

Note 12 - Commitments:

Operating Leases

SDCHC leases office space under operating lease agreements through August 31, 2018. Occupancy expense included in the consolidated statement of activities totaled \$81,489 for the year ended June 30, 2016.

Future minimum lease payments under the leases are as follows:

<u>Years Ended</u> <u>June 30</u>	
2017	\$ 78,123
2018	81,248
2019	14,174
	<u>\$ 173,545</u>

Employee Benefit Plan

SDCHC has established a 401(k) defined contribution plan (the "Plan") covering employees who have completed four months of service and have attained age 18. Employees may defer up to 17% of their annual compensation, not to exceed the annual amount allowed by law. SDCHC contributes a matching contribution of 50% of the first 6% of employee salary deferrals. SDCHC contributed \$5,575 to the Plan for the year ended June 30, 2016.

Note 13 - Litigation:

Legal claims and lawsuits arise from time to time in the normal course of business. There are pending lawsuits 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.

SAN DIEGO COMMUNITY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016

Note 14 - Restatement:

An adjustment resulting in an increase in net assets totaling \$1,250,100 at June 30, 2015 was made during the current year, which resulted in a restatement of previously reported amounts as follows as of and for the year ended June 30, 2016:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Statement of Financial Position:			
Due to related party	\$ 1,312,605	\$ (1,250,100)	\$ 62,505
Net assets at June 30, 2015	\$ (3,538,333)	\$ 1,250,100	\$ (2,288,233)

Note 15 - Subsequent Event:

On October 7, 2016, Mountain View Properties, Ltd. (Mountain View) entered in to a Purchase and Sale Agreement with the San Diego Housing Commission (Commission), whereby Mountain View agreed to sell the property to the Commission. On January 19, 2017, the property was sold for \$7,146,330. In connection with the sale, SDCHC received a net distribution from the Commission of approximately \$2,200,000.

SAN DIEGO COMMUNITY HOUSING CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2016

	ASSETS							Eliminations	Consolidated
	San Diego Community Housing Corporation	Colorado Apartments	El Cajon Apartments	Glover Apartments	Ocean View Apartments	Torrey Apartments	Winona Apartments	Hacienda Townhomes, Ltd.	
Current Assets:									
Cash and cash equivalents	\$ 140,323	\$ 5,265	\$ 8,039	\$ 810	\$ 6,323	\$ 2,944	\$ 166	\$ 26,520	\$ 190,390
Tenant security deposits	-	2,613	7,299	4,522	4,034	41,258	-	36,478	96,204
Accounts receivable	241,754	-	36	-	-	-	-	9,391	246,918
Prepaid expenses	69,658	-	-	-	-	-	-	-	69,658
Related party advances, net	1,370,374	-	-	-	-	1,394,544	-	-	-
Total Current Assets	1,822,109	7,878	15,374	5,332	10,357	1,438,746	166	72,389	603,170
Noncurrent Assets:									
Accounts receivable	208,635	-	-	-	-	-	-	-	208,635
Related party advances, net	278,656	-	-	-	-	50,000	-	-	328,656
Interest receivable	37,282	-	-	-	-	-	-	-	37,282
Notes receivable	450,000	-	-	-	-	-	-	-	450,000
Replacement reserves	-	3,747	-	4,700	8,227	699	7	264	17,644
Operating reserves	-	1,528	-	4,024	-	-	-	-	5,552
Deposits	4,452	-	-	-	-	-	-	-	4,452
Investment in limited partnerships	1,640,857	-	-	-	-	-	-	-	1,640,857
Property and equipment, net	245,699	296,223	817,915	589,813	631,477	948,939	260,312	1,926,508	5,716,886
Loan fees, net	-	-	1,259	-	-	77,620	7,381	100,669	151,929
Total Noncurrent Assets	2,865,581	301,498	819,174	598,537	639,704	1,077,258	267,700	2,027,441	8,561,893
TOTAL ASSETS	\$ 4,687,690	\$ 309,376	\$ 834,548	\$ 603,869	\$ 650,061	\$ 2,516,004	\$ 267,866	\$ 2,099,830	\$ 9,165,063
Current Liabilities:									
Accounts payable and accrued expenses	\$ 90,714	\$ 3,622	\$ 956	\$ 3,991	\$ 3,527	\$ 17,496	\$ 3,104	\$ 26,249	\$ 145,396
Interest payable	-	-	-	4,535	-	-	2,561	2,057	9,153
Deferred revenue	-	900	-	-	-	\$	46	4,640	5,591
Due to related party	1,394,345	5,327	563,955	814	109,987	6,028	405,471	278,791	-
Security deposits	-	2,200	6,850	4,479	3,974	40,548	6,872	35,438	100,361
Current portion of notes payable	-	-	64,459	-	-	59,919	13,577	37,706	175,661
Total Current Liabilities	1,485,259	12,049	636,220	13,819	117,483	123,996	431,631	384,881	436,162
Noncurrent Liabilities:									
Interest payable - Residual receipts	-	62,141	-	100,034	190,525	-	-	1,641,073	1,993,773
Share of deficiency in limited partnerships	487,139	-	-	-	-	-	-	-	487,139
Share of deficiency in other entity	85,127	-	-	-	-	-	-	-	85,127
Notes payable, net of current portion	-	331,310	533,166	668,690	504,450	3,386,084	472,608	2,426,717	8,323,025
Total Noncurrent Liabilities	572,266	393,451	533,166	768,724	694,975	3,386,084	472,608	4,067,790	10,899,064
Total Liabilities	2,057,525	405,500	1,169,386	782,543	812,453	3,510,080	904,239	4,452,671	11,325,226
Unrestricted Net Assets (Deficit)	2,630,165	(96,124)	(334,838)	(178,674)	(162,402)	(994,076)	(636,373)	(2,352,841)	(2,160,163)
TOTAL LIABILITIES AND NET ASSETS	\$ 4,687,690	\$ 309,376	\$ 834,548	\$ 603,869	\$ 650,061	\$ 2,516,004	\$ 267,866	\$ 2,099,830	\$ 9,165,063

SAN DIEGO COMMUNITY HOUSING CORPORATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	San Diego Community Housing Corporation	Colorado Apartments	El Cajon Apartments	Glover Apartments	Ocean View Apartments	Torrey Apartments	Winona Apartments	Hacienda Townhomes, Ltd.	Eliminations	Consolidated
Revenue and Support:										
Rental income	\$ -	\$ 21,909	\$ 89,802	\$ 39,892	\$ 45,330	\$ 632,354	\$ 133,691	\$ 533,407	\$ -	\$ 1,496,385
Management fees	749,522	-	-	-	-	-	-	-	(89,328)	660,194
Educational enrichment	118,173	-	-	-	-	-	-	-	(71,042)	47,131
Other income	38,331	-	-	-	-	-	-	-	-	38,331
Resident services	104,289	-	-	-	-	-	-	-	(68,289)	36,000
Interest income	34,834	12	-	25	17	984	7	118	-	35,997
Contributions	5,000	-	-	-	-	-	-	-	-	5,000
Developer fees	35,000	-	-	-	-	-	-	-	(35,000)	-
Total Revenue and Support	1,085,149	21,921	89,802	39,917	45,347	633,338	133,698	533,525	(263,659)	2,319,038
Expenses:										
Program Services:										
Rental expenses	-	8,809	64,024	13,416	15,620	341,037	72,616	302,315	(139,331)	678,506
Educational enrichment programs	101,879	-	-	-	-	-	-	-	-	101,879
Affordable housing	100,408	-	-	-	-	-	-	-	-	100,408
Resident services	62,860	-	-	-	-	-	-	-	-	62,860
Total Program Services	265,147	8,809	64,024	13,416	15,620	341,037	72,616	302,315	(139,331)	943,653
Support Services:										
Management and general	280,113	9,672	10,074	15,430	15,061	115,590	45,984	193,625	(89,328)	596,221
Fundraising	31,568	-	-	-	-	-	-	-	-	31,568
Total Supporting Services	311,681	9,672	10,074	15,430	15,061	115,590	45,984	193,625	(89,328)	627,789
Total Expenses	576,828	18,481	74,098	28,846	30,681	456,627	118,600	495,940	(228,659)	1,571,442
Change in Net Assets From Operating Activities	508,321	3,440	15,704	11,071	14,666	176,711	15,098	37,585	(35,000)	747,596
Nonoperating Revenue and (Expenses):										
Depreciation expense	(11,669)	(7,501)	(29,144)	(20,172)	(25,947)	(93,755)	(13,878)	(223,921)	-	(425,987)
Interest expense - Residual receipts	-	(9,939)	-	(20,061)	(15,133)	-	-	(105,081)	-	(150,214)
Share of loss from partnerships and other entity	(32,276)	-	-	-	-	-	-	-	-	(32,276)
Amortization expense	-	-	(378)	-	-	(8,624)	(445)	(1,602)	-	(11,049)
Total Nonoperating Revenue and (Expenses)	(43,945)	(17,440)	(29,522)	(40,233)	(41,080)	(102,379)	(14,323)	(330,604)	-	(619,526)
Change in Unrestricted Net Assets	464,376	(14,000)	(13,818)	(29,162)	(26,414)	74,332	775	(293,019)	(35,000)	128,070
Distributions	4,879	-	-	(4,879)	-	-	-	-	-	-
Unrestricted Net Assets (Deficit) at Beginning of Year, as Restated	2,160,910	(82,124)	(321,020)	(144,633)	(135,988)	(1,068,408)	(637,148)	(2,059,822)	-	(2,288,233)
UNRESTRICTED NET ASSETS (DEFICIT)										
AT END OF YEAR	\$ 2,630,165	\$ (96,124)	\$ (334,838)	\$ (178,674)	\$ (162,402)	\$ (994,076)	\$ (636,373)	\$ (2,352,841)	\$ (35,000)	\$ (2,160,163)

**SAN DIEGO COMMUNITY HOUSING CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Federal Grants/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:				
Pass-Through Programs From:				
Community Development Block Grants/Entitlement Grants:	14.218			
City of Chula Vista		N/A	\$ -	\$ 1,000,000
San Diego Housing Commission			-	296,922
Total Community Development Block Grants/Entitlement Grants			-	1,296,922
HOME Investment Partnerships Program:	14.239			
San Diego Housing Commission		N/A	-	127,345
Total Pass-Through Programs			-	1,424,267
Total U.S. Department of Housing and Urban Development			-	1,424,267
Total Expenditures of Federal Awards			\$ -	\$ 1,424,267

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of San Diego Community Housing Corporation under programs of the federal government for the year ended June 30, 2016. 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 San Diego Community Housing Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of San Diego Community Housing Corporation.

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. Pass through entity identifying numbers are presented where available.

San Diego Community Housing Corporation has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

SAN DIEGO COMMUNITY HOUSING CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

Note 3 - Loan Programs:

The following is the activity of the loans payable for the year ended June 30, 2016:

CFDA Number	Program Name	Loan Outstanding at June 30, 2015	Loans Awarded for the Year Ended June 30, 2016	Loan Principal Repaid for the Year Ended June 30, 2016	Loan Outstanding at June 30, 2016
14.218	Community Development Block Grants/Entitlement Grants:				
	City of Chula Vista	1,000,000	-	-	1,000,000
	San Diego Housing Commission	296,922	-	-	296,922
		\$ 1,296,922	\$ -	\$ -	\$ 1,296,922
14.239	HOME Investment Partnerships Program:				
	San Diego Housing Commission	127,345	-	-	127,345
		\$ 127,345	\$ -	\$ -	\$ 127,345
	Total loans	\$ 1,424,267	\$ -	\$ -	\$ 1,424,267



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
San Diego Community Housing Corporation

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 financial statements of San Diego Community Housing Corporation, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 3, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Diego Community Housing Corporation's 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Diego Community Housing Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of San Diego Community Housing Corporation's 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 San Diego Community Housing Corporation's 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
October 3, 2017



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

**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
San Diego Community Housing Corporation

Report on Compliance for the Major Federal Program

We have audited San Diego Community Housing Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on San Diego Community Housing Corporation's major federal program for the year ended June 30, 2016. San Diego Community Housing Corporation's 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 San Diego Community Housing Corporation's 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 San Diego Community Housing Corporation's 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 San Diego Community Housing Corporation's compliance.

Opinion on the Major Federal Program

In our opinion, San Diego Community Housing Corporation 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 June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on the major federal program is not modified with respect to this matter.

San Diego Community Housing Corporation's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. San Diego Community Housing Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of San Diego Community Housing Corporation 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 San Diego Community Housing Corporation's 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 San Diego Community Housing Corporation's 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
October 3, 2017

**SAN DIEGO COMMUNITY HOUSING CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified?

_____ Yes X No

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Type of auditor's report issued on compliance for 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 2CFR Section 200.516(a)

 X Yes _____ No

Identification of major program:

CDFA Number

Name of Federal Program or Cluster

14.218

Community Development Block Grants/
Entitlement Grants

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

Section II - Financial Statement Findings:

None

**SAN DIEGO COMMUNITY HOUSING CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

Section III - Federal Award Findings and Questioned Costs:

Department of Housing and Urban Development

Finding 2016-001: Community Development Block Grants/Entitlement Grants - CFDA No. 14.218

Condition

A single audit in accordance with Uniform Guidance was not completed within nine months of the fiscal year end.

Criteria

Uniform Guidance requires recipients of federal awards that expend \$750,000 or more in federal awards to file a single audit with the Federal Audit Clearinghouse no later than nine months after the end of the fiscal year.

Cause

The Organization was involved in a dispute related to a note payable on its investment in limited partnerships.

Effect

The single audit has not been completed within nine months after the end of the fiscal year.

Recommendation

The Organization should develop a procedure for reviewing and monitoring the filing requirements and due date of their reporting obligation related to federal awards to ensure that the single audit requirement is met and the audit is completed and filed within the time required by Uniform Guidance.

Response

In the future, the Organization will complete the single audit filing within the time required by Uniform Guidance.

**SAN DIEGO COMMUNITY HOUSING CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

Department of Housing and Urban Development

Finding 2015 - 001: Community Development Block Grants/Entitlement Grants - CFDA No. 14.218

Condition

A single audit in accordance with OMB Circular A-133 was not completed within nine months of the fiscal year end.

Recommendation

The Organization should develop a procedure for reviewing and monitoring the filing requirements and due date of their reporting obligation related to federal awards to ensure that the single audit requirement is identified and the audit is completed and filed within the time required by OMB Circular A-133.

Current Status

The single audit in accordance with OMB Circular A-133 for the year ended June 30, 2015 has been completed.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Diego Community Housing Corporation's 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 consolidated 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
July 2, 2018



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

**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
San Diego Community Housing Corporation

Report on Compliance for the Major Federal Program

We have audited San Diego Community Housing Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on San Diego Community Housing Corporation's major federal program for the year ended June 30, 2017. San Diego Community Housing Corporation's 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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for San Diego Community Housing Corporation's 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; 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 San Diego Community Housing Corporation's 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 San Diego Community Housing Corporation's compliance.

To the Board of Directors
San Diego Community Housing Corporation

Opinion on the Major Federal Program

In our opinion, San Diego Community Housing Corporation 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 June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on the major federal program is not modified with respect to this matter.

San Diego Community Housing Corporation's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. San Diego Community Housing Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of San Diego Community Housing Corporation 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 San Diego Community Housing Corporation's 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 San Diego Community Housing Corporation's 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.

To the Board of Directors
San Diego Community Housing Corporation

Page 3

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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
July 2, 2018

**SAN DIEGO COMMUNITY HOUSING CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to U.S. GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	No

Noncompliance material to financial statements noted?	_____	Yes	_____ <u>X</u> _____	No
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Federal Awards

Type of auditor's report issued on compliance for major program: Unmodified

Internal control over major program:

Material weaknesses identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	No

Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a)?	_____ <u>X</u> _____	Yes	_____	No
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Identification of major program:

CDFA Number

14.218

Name of Federal Program or Cluster

Community Development Block Grants/
Entitlement Grants

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

\$ 750,000

Auditee qualified as low-risk auditee?	_____	Yes	_____ <u>X</u> _____	No
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Section II - Financial Statement Findings:

None

**SAN DIEGO COMMUNITY HOUSING CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Section III - Federal Award Findings and Questioned Costs:

Department of Housing and Urban Development

Finding 2017-001: Community Development Block Grants/Entitlement Grants (CFDA No. 14.218)

Condition

A single audit in accordance with Uniform Guidance was not completed within nine months of the fiscal year end.

Criteria

Uniform Guidance requires recipients of federal awards that expend \$750,000 or more in federal awards to file a single audit with the Federal Audit Clearinghouse no later than nine months after the end of the fiscal year.

Cause

The Organization is involved in a dispute related to receivables/payables to related parties.

Effect

The single audit has not been completed within nine months after the end of the fiscal year.

Recommendation

The Organization should develop a procedure for reviewing and monitoring the filing requirements and due date of their reporting obligation related to federal awards to ensure that the single audit requirement is met and the audit is completed and filed within the time required by Uniform Guidance.

Response

In the future, the Organization will complete the single audit filing within the time required by Uniform Guidance.

**SAN DIEGO COMMUNITY HOUSING CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Department of Housing and Urban Development

Finding 2016-001: Community Development Block Grants/Entitlement Grants (CFDA No. 14.218)

Condition

A single audit in accordance with Uniform Guidance was not completed within nine months of the fiscal year end.

Auditor's Recommendation

The Organization should develop a procedure for reviewing and monitoring the filing requirements and due date of their reporting obligation related to federal awards to ensure that the single audit requirement is met and the audit is completed and filed within the time required by Uniform Guidance.

Status

The Organization has completed the single audit filing required by Uniform Guidance for the year ended June 30, 2016.