



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: January 10, 2020

HCR20-010

COUNCIL DISTRICT(S): 7

ORIGINATING DEPARTMENT: Real Estate Division

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

REQUESTED ACTION:

Authorize the issuance of Housing Authority of the City of San Diego (Housing Authority) Multifamily Housing Revenue Bonds (Bonds) to facilitate the acquisition with rehabilitation of the Mission Terrace Apartments, which consists of 76 affordable rental housing units, located at 10210 San Diego Mission Road, San Diego 92108, that will remain affordable for 55 years.

EXECUTIVE SUMMARY OF KEY FACTORS:

- This is the proposed acquisition and rehabilitation of 76 existing rental housing units, and one unrestricted manager's unit (77 total units), that is located at 10210 San Diego Mission Road, San Diego 92108.
- The development includes a mix of one-bedroom, two-bedroom and three-bedroom units.
- Mission Terrace was constructed in 1995. The loan financing originally included a San Diego Housing Commission (Housing Commission) residual receipts loan.
- An experienced nonprofit developer, San Diego Interfaith Housing Foundation (Interfaith), is seeking final approvals for the Housing Authority to issue up to \$12,000,000 in tax-exempt Bonds.
- Interfaith is proposing to pay off the entire loan that is owed to the Housing Commission.
- There will be no Housing Commission new cash loan funds in this proposed transaction.
- 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 \$21,064,358 (\$273,563 per unit).
- On September 6, 2019 and on October 1, 2019, the Housing Commission and Housing Authority respectively, approved preliminary steps for \$12,000,000 of tax-exempt Bonds.
- The developer has obtained State of California third-party approvals for the necessary Bonds allocation and for a 4 percent tax credits allocation.
- Staff requests the Housing Commission Board recommend to the Housing Authority that:
 - The Housing Authority authorize the issuance of up to \$12,000,000, in tax-exempt Multifamily Housing Revenue Bonds, to facilitate Mission Terrace Housing Partners LP's acquisition and rehabilitation of Mission Terrace Apartments.
- If the proposed action is approved then, on January 28, 2020, the Bond issuance proposal will be presented for Housing Authority consideration.
- With Housing Authority approval, the developer estimates commencing construction in February 2020, and completing construction by approximately February 2021.



REPORT

DATE ISSUED: January 2, 2020

REPORT NO: HCR20-010

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of January 10, 2020

SUBJECT: Final Bond Authorization for Mission Terrace Apartments

COUNCIL DISTRICT: 7

REQUESTED ACTION

Authorize the issuance of Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds or Notes, to fund Mission Terrace Housing Partners L.P.'s acquisition with rehabilitation of the Mission Terrace Apartments, a 76 unit affordable rental housing development, located at 10210 San Diego Mission Road, San Diego, that will remain affordable for 55 years.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) authorize the issuance of up to \$12,000,000 in Multifamily Housing Revenue Bonds to facilitate Mission Terrace Housing Partners L.P.'s acquisition with rehabilitation of the Mission Terrace Apartments, a 76 unit affordable rental housing development, located at 10210 San Diego Mission Road, San Diego, that will remain affordable for 55 years.

SUMMARY

A Development Summary is at Attachment 1.

Table 1 - Development Details

Address	10210 San Diego Mission Road, San Diego
Council District	7
Community Plan Area	Mission Valley Community Plan
Developer	Interfaith
Development Type	Acquisition with rehabilitation
Construction Type	Type V
Parking Type	117 parking spaces, (including 89 spaces in two levels of underground parking plus 28 garages).
Housing Type	Multifamily
Lot Size	3.14 acres, 136,778 square feet A portion of the site is unbuildable land.
Units	77
Density	24.5 dwelling units per acre (77 units ÷ 3.14 acres)
Affordable Unit Mix	37 one-bedroom units, 15 two-bedroom units, 24 three-bedroom units, and 1 three-bedroom manager's unit
Gross Building Area	103,108 square feet
Net Rentable Area	55,870 square feet

The Development

Mission Terrace is an existing 77-unit affordable rental housing development located at 10210 San Diego Mission Road in the Mission Valley Community Planning Area (Attachment 2 – Site Map). The development is east of Interstate 15, near the SDCCU Stadium. On June 14, 1993, the Housing Commission approved (Report No. HCR 93-174) a \$1,805,000 residual receipts loan to Interfaith. On March 22, 1994, the Housing Authority approved increasing the loan to \$2,055,000 (\$1,150,000 federal HOME Investment Partnerships Program funds + \$905,000 City of San Diego Housing Trust Fund = \$2,055,000). On August 31, 1994, a Loan Agreement was executed with the current owner Mission Terrace Associates (MTA). The development was constructed in 1995 with financing from multiple sources including: California Tax Credit Allocation Committee (CTCAC) tax credits, a Housing Commission loan, and other financing.

Developer's Proposal

For Mission Terrace, the developer, San Diego Interfaith Housing Foundation (Interfaith) proposes:

- a) MTA will pay off the entire existing loan owed to the Housing Commission. The loan amount is estimated at \$3,390,656 (\$2,055,000 principal plus \$1,335,656 accrued interest to the estimated closing). No additional Housing Commission cash loan funds are requested for the proposed acquisition with rehabilitation. Although Mission Terrace's original loan is proposed to be paid off, the original loan's affordability restrictions will remain;
- b) Ownership will be transferred from the current owner MTA to Mission Terrace Housing Partners L.P. (MTHP) a single-asset new limited partnership. MTHP will assume the Housing Commission's existing loan's current affordability restrictions (on 76 units, at 35 to 60 percent of the San Diego Area Median Income); and
- c) There will be a comprehensive MTHP (a single-asset limited partnership) rehabilitation of the property.

The Property

The property is owned by MTA. The complex has eight two-story residential buildings and a one-story community building with a leasing office and a community room. There are 37 one-bedroom units (528 sq. ft.), 15 two-bedroom units (823 sq. ft.), 24 three-bedroom units (1,030 sq. ft.), and one three-bedroom manager's unit. There are 117 parking spaces, including 89 spaces in two levels of underground parking plus 28 garages. Site amenities include: a community building with a kitchen, two laundry rooms, a picnic area, a playground, and a basketball court. Unit amenities include: central heating system, assigned parking, and energy efficient appliances. To the north and south are multifamily properties. To the east is a condominium development. To the southeast are office buildings and a retail center. To the west is Interstate 15. SDCCU stadium is located to the southwest, across Interstate 15. Bus service is approximately .2 miles away, near the corner of Rancho Mission Road and San Diego Mission Road.

Building Conditions/Proposed Rehabilitation Work

Mission Terrace was constructed in 1995. Interfaith states that while the property is in good condition, improvements are needed for aesthetic and systematic upgrades due to the property's age. Interfaith intends to complete a comprehensive/substantial renovation to address immediate and long-term needs of the complex. On July 1, 2019, a Property Condition Report was completed by Professional Associates Construction Services Inc. A cost estimate rehabilitation summary is at Attachment 3. The developer's pro forma estimates rehabilitation costs at \$4,379,505 (\$56,877/unit). The developer intends to enter into a construction contract with contractor Sun Country Builders. The contractor will solicit at least three bids from subcontractors to ensure competitive pricing.

Prevailing Wages

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

Relocation

As of late November 2019, Mission Terrace had eight vacancies. The developer does not anticipate permanent relocation of the current tenants. The rehabilitation budget includes \$125,000 (\$1,623/unit) for temporary relocation. It is estimated that tenants will be temporarily relocated, to on-site hospitality units, while rehabilitation work is taking place in a tenant's unit. The developer intends that the temporary relocation will comply with the Federal Uniform Relocation Act.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, with an additional four percent of the units accessible to residents with visual and/or hearing impairment.

Project Sustainability

Mission Terrace 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

Interfaith is a 501(c) (3) nonprofit developer. It was formed in 1968 by an alliance of local churches. Interfaith has developed, and owns/operates, more than 1,500 apartment homes in San Diego County. During the 15-year tax credit compliance period, the complex will be owned by MTHP (a single-asset limited partnership). An organization chart is at Attachment 4.

Table 2 - Development Team Summary

ROLE	FIRM/CONTACT
Owner/Borrower	MTHP L.P.
Managing General Partner (.01 percent)	Red Stone Equity Manager LLC
Tax Credit Investor/Limited Partner (99.99 percent)	RSEP Holding LLC
Developer	San Diego Interfaith Housing Foundation
Architect	Ground Floor Design
General Contractor	Sun Country Builders
Relocation Consultant	Tall Man Group
Property Management	Interfaith Housing Assistance Corp.
Tax Credit Investor	Red Stone Equity Partners
Construction and Permanent Lender	California Bank and Trust

Property Management

Mission Terrace will continue to be managed by Interfaith.

FINANCING STRUCTURE

No additional Housing Commission cash loan funds are requested for the proposed acquisition with rehabilitation. Mission Terrace has an estimated total development cost of \$20,937,214 (\$271,912 per unit). Proposed financing will include a combination of sources including: four percent tax credits, tax-exempt Multifamily Housing Revenue Bond financing, and seller carryback loan financing. The developer's current 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 Mortgage Revenue Bonds)	\$6,635,921	Acquisition Buildings \$11,000,000 Acquisition Land 1,500,000 Other + 136,500 Total acquisition \$12,636,500	\$12,636,500	\$164,110
Seller's carry back financing	\$7,899,179	Construction costs \$4,018,875 Contingency + 405,630 Total construction \$4,424,505	\$4,424,505	\$57,461
Operating income during construction	\$180,874	Financing costs	\$555,936	\$7,220
Reserve carryover	\$100,000	Reserves	\$293,117	\$3,807
General partner contribution	\$110	Other soft costs	\$424,485	\$5,513
Four percent tax credit equity	\$6,222,773	Developer fee	\$2,429,815	\$31,556
Deferred developer fee	\$25,501	Relocation costs	\$300,000	\$3,896
Total Development Sources	\$21,064,358	Total Development Costs (TDC)	\$21,064,358	\$273,563

Developer Fee

\$2,429,815 – Gross Developer Fee (paid from development sources)

- 25,501 – Deferred developer fee

\$2,404,314 – Net developer fee

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 bonds issuances. Attachment 1 to that report states: “Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis....” For this Mission Terrace development, the developer is proposing a \$2,429,815 total developer fee, which complies with the HAR17-011 “*Request for Approval of Updated Developer Fees*” guidelines approved by the Housing Authority on April 25, 2017.

Development Cost Key Performance Indicators

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

Table 4 - Key Performance Indicators

Development Cost Per Unit	$\$21,064,358 \div 77 \text{ units} =$	\$273,563
Housing Commission Subsidy Per Unit	$\$0 \div 77 \text{ units} =$	\$0
Acquisition/Land Cost Per Unit	$\$12,636,500 \div 77 \text{ units} =$	\$164,110
Gross Building Square Foot Hard Cost	$\$4,379,505 \div 103,108 \text{ sq. ft.} =$	\$43
Net Rentable Square Foot Hard Cost	$\$4,379,505 \div 55,870 \text{ sq. ft.} =$	\$79

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 Mission Terrace.

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 – Mission Terrace	2020	37 ones, 15 twos, 24 threes, + 1 manager	77	\$21,064,358 (no prevailing wage)	\$273,563	\$0	\$43
Hollister	2019	82 studios, + 1 manager	83	\$24,706,411 (with prev. wage)	\$297,668	\$58,554	\$329
Quality Inn	2019	42 SROs, 49 studios, + 1 manager	92	\$13,227,376 (with prev. wage)	\$143,776	\$60,906	\$450
Hollywood Palms	2017	44 twos, 28 threes, 21 fours, + 1 manager	94	\$31,680,721 (with prev. wage)	\$337,029	\$0	\$92
Zephyr	2017	79 studios, 5 ones, + 1 manager	85	\$27,225,500 (with prev. wage)	\$320,300	\$35,294	\$328
New Palace	2016	79 studios + 1 manager	80	\$21,398,744 (with prev. wage)	\$267,484	\$38,750	\$450

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS

Proposed Housing Bonds/note

The Housing Commission utilizes the Housing Authority’s tax-exempt borrowing status to pass on lower interest rate financing (and make four percent 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 California Debt Limit Allocation Committee (CDLAC) for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission, Housing Authority, and City Council. A Housing Authority bond inducement resolution must be obtained prior to 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. On October 1, 2019, these actions were completed for Mission Terrace.

On October 11, 2019, an application was submitted to CDLAC for a bonds allocation of up to \$12,000,000. On December 11, 2019, CTCAC and CDLAC approved an allocation of 4 percent tax credits and an up to \$12,000,000 tax-exempt Multifamily Housing Revenue Bonds allocation. The developer proposes that the bonds/note be issued through a tax-exempt private placement bond issuance. The bonds/note will meet all requirements of the Housing Commission’s “*Bond Issuance and Post-Issuance Compliance Policy, number PO300.301*” (Housing Commission’s Bond Policy) and will fully comply with the City of San Diego’s (City) ordinance on bonds disclosure.

The bonds/note amount that will ultimately be set will be based upon development costs, revenues and interest rates prevailing at the time of the bonds issuance. The bonds/note proceeds will be used for both construction financing and permanent financing. A general description of the Housing Commission’s Bond Policy 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.

Public Disclosure and Bond Authorization

The tax-exempt debt, in the form of the bond, will be sold through a private placement, purchased directly by Zions Bancorporation, N.A. dba California Bank & Trust (CBT). CBT is a “qualified institutional buyer” within the meaning of the U.S. securities laws. At closing, CBT will sign an

“Investor’s Letter” certifying, among other things, that it is buying the bond for its own account and not for public distribution. Because the bond is being sold through a private placement, an Official Statement will not be used. In addition, the bond will be neither subject to continuing disclosure requirements, nor credit enhanced, nor rated. Under the private placement structure for this transaction, CBT will make a loan to the Housing Authority via purchase of the Housing Authority’s bond issued pursuant to the terms of an Indenture of Trust (Indenture) among CBT, the Housing Authority, and a to-be-selected Trustee. The loan made by CBT to the Housing Authority (Funding Loan) will be evidenced by the bond, which will obligate the Housing Authority to pay CBT the amounts it receives from the Borrower, as described below. The Housing Authority, CBT, and the Borrower will enter into a Loan Agreement pursuant to which the proceeds of the Funding Loan will be advanced to the Borrower. In return, the Borrower agrees pursuant to the terms of a promissory note (Note) payable to the Housing Authority and assigned to the Trustee amounts sufficient for the Trustee to make payments on the bond. The Housing Authority’s obligation to make payments on the bond is limited to amounts the Trustee receives from the Borrower under the Note and Loan Agreement, and no other funds of the Housing Authority are pledged to make payments on the bond. The transfer of the bond to any subsequent purchaser will comply with Housing Commission’s Bond Policy. Moreover, any subsequent bond holder will be required to represent to the Housing Authority that it is a qualified institutional buyer or accredited investor who is buying the bond for investment purposes and not for resale, and it has made due investigation of any material information necessary in connection with the purchase of the bond. The following documents will be executed on behalf of the Housing Authority with respect to the bond: the Indenture, the Loan Agreement, the Assignment of Deed of Trust, the Regulatory Agreement, and other ancillary loan documents. At the time of docketing, documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney’s Office and the Bond Counsel. The bond will be issued pursuant to the Indenture. Based upon instructions contained in the Indenture and the Loan Agreement. CBT and the Trustee will disburse the bond proceeds for eligible costs and will, pursuant to an assignment from the Housing Authority, receive payments from the Borrower. The Loan Agreement and the Note set out the terms of repayment and the security for the loan made by the Housing Authority to the Borrower, and the Housing Authority assigns its rights to receive repayments under the loan to the Trustee for the benefit of CBT. The Regulatory Agreement will be recorded against the property in order to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws. An Assignment of Deed of Trust, and other loan documents, will, with the exception of certain reserved rights, assign the Housing Authority’s rights and responsibilities as the issuer to the Trustee for the benefit of CBT. Rights and responsibilities that are assigned to the Trustee include the right to collect and enforce the collection of loan payments, the right to monitor project construction and related budgets, plus the right to enforce insurance and other requirements. These rights will be used by the Trustee, as directed by CBT, to protect CBT’s financial interests as the bond holder.

Financial Advisor’s Recommendation

Kutak Rock L.L.P. will be the Bond Counsel and PFM Group will be the Financial Advisor to work on the tax-exempt bond issuance. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the Financial Advisor’s recommendation that the Housing Authority should proceed with the bond issuance. The Financial Advisor’s analysis and recommendation is included as Attachment 7.

AFFORDABLE HOUSING IMPACT

As shown in Table 6 (below), the Housing Commission’s existing loan and existing bonds restrict 76 units at Mission Terrace to households with incomes ranging from 35 to 60 percent of San Diego Area Median Income (AMI).

Table 6 –Mission Terrace Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
1-bedroom, 1 bath (464 to 534 sq. ft.)	35%	7	\$702
2-bedrooms, 1 bath (659 to 924 sq. ft.)	35%	3	\$842
3-bedrooms, 1 1/2 baths (1,026 sq. ft.)	35%	5	\$973
Subtotal 30% AMI Units	--	15	--
1-bedroom, 1 bath (464 to 534 sq. ft.)	50%	15	\$1,003
2-bedroom, 1 bath (659 to 924 square feet)	50%	3	\$1,203
3-bedroom, 1 1/2 bath (1,026 square feet)	50%	5	\$1,391
Subtotal 50% AMI Units	--	23	--
1-bedroom, 1 bath (464 to 534 sq. ft.)	60%	15	\$1,203
2-bedrooms, 1 bath (659 to 924 sq. ft.)	60%	10	\$1,444
3-bedrooms, 1 1/2 baths (1,026 sq. ft.)	60%	13	\$1,669
Subtotal 60% AMI Units	--	38	--
Subtotal	--	76	--
3-bedroom, 1 ½ baths, manager’s unit	-	1	--
Total Units		77	

The Housing Commission loan’s original 55-year affordability restrictions will remain in effect until July 2049. Mission Terrace’s original construction included nine percent tax credits funds from CTCAC. The CTCAC original affordability restrictions on 30 units, at 60 percent of AMI, will remain in effect until 2051.

As shown in Table 7 (below), the Housing Commission’s existing loan restricts affordability on 76 Mission Terrace units to households with incomes ranging from 35 to 60 percent of AMI. It is proposed that the Housing Commission’s rent and occupancy restrictions will be recorded against 76 units for 55 years from the date of the estimated January 2020 new escrow closing. This proposal will result in the affordability being extended an additional 26 years, from 2049 to 2075.

Table 7 – Estimated Current and Proposed Terms of Affordability Restrictions

Current Public Funding	Amounts	Current Restricted Units	Restrictions Current Term	Restrictions Proposed Term
Housing Commission’s original 1994 loan	\$2,055,000	15 units at 35 percent AMI	<u>Original Term:</u> 55 years:	No change
Estimated accrued 3% interest	+1,383,411	23 units at 50 percent AMI	(July 1994 to	
Estimated total 1994 loan	\$3,438,411	+38 units at 60 percent AMI	July 2049)	
		76 units restricted		
CTCAC original 1996 tax-credits allocation	\$772,785	40 percent (30) of the units restricted at 60 percent AMI	<u>Original Term:</u> 30 years (1996 to 2026)	No change
		15 units at 35 percent AMI	n/a	<u>Estimated Term:</u> 55 years Jan 2020 to Jan 2075
		23 units at 50 percent AMI		
		+38 units at 60 percent AMI		
CTCAC estimated proposed tax-credits allocation	\$4,786,579	76 units restricted		

FISCAL CONSIDERATIONS

No Housing Commission new direct cash loan funds are proposed with this report's actions. Under this report's proposal, MTA will be paying off the Housing Commission's entire existing loan, estimated at \$3,390,656 (\$2,055,000 principal + \$1,335,656 interest to estimated closing = \$3,390,656).

Estimated funding sources:

Bond Issuance Fee - \$30,000 (.0025 bond issuer fee x \$12,000,000 issuance amount)
Estimated payoff of principal and interest on existing loan - \$3,390,656
Total - \$3,420,656

Estimated funding uses:

Program Administration - \$30,000
HOME Investment Partnerships Program - \$1,924,135
Housing Trust Fund Transit Occupancy Tax Funds - \$1,496,521
Total - \$3,420,656

There are no fiscal impacts to the Housing Commission, nor to the City of San Diego, nor to the Housing Authority associated with the requested bonds/note actions. The bonds/note will not constitute a debt of the City of San Diego. If the bonds/note is ultimately issued for the project, the bonds/note will not financially obligate the City, the Housing Authority, or the Housing Commission because security for the repayment of the bonds/note will be limited to specific private revenue sources. Neither the faith and credit nor the taxing power of the City, nor the faith and credit of the Housing Authority will be pledged to the payment of the bonds/note. The developer is responsible for the payment of all costs under the financing, including the Housing Commission Bond Counsel and Financial Advisor fees.

Additionally, the developer is responsible for payment of the Housing Commission's .0025 bond amount issuer fee (estimated at \$30,000 with a \$12,000,000 bond issue) and the Housing Commission's ongoing annual bonds administration fee (estimated at \$10,000 at permanent financing conversion).

Development Schedule

The estimated development timeline is as follows: Milestones	Estimated Dates
<ul style="list-style-type: none">• Housing Authority consideration of final bond authorization• Estimated bond issuance and escrow/loan closing• Estimated start of construction work• Estimated completion of construction work	<ul style="list-style-type: none">• January 28, 2020• January 31, 2020• February 2020• December 2020

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 8.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On June 5, 2019, the developer presented the proposed project as an informational item to the Mission Valley Planning Group.

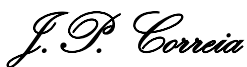
KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Interfaith as the developer, the Mission Terrace residents, and the Mission Valley community. Rehabilitation of the property is expected to have a positive impact on the community because it will provide the needed capital improvements to the property and preserve Mission Terrace's affordability.

ENVIRONMENTAL REVIEW

The City of San Diego conducted an Initial Study which determined that the purposed project could have a significant environmental effect. Subsequent revisions in the project proposal creates the specific mitigation identified in Section V of the Mitigated Negative Declaration Dep No. 92-0725. The project as revised now avoids or mitigates the potentially significant environmental effects previously identified, and the preparation of an Environmental Impact Report will not be required. 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 Map
3) Cost Estimate Rehabilitation Summary
4) Organization Chart
5) Developer's Project Pro Forma
6) Multifamily Housing Revenue Bond Program
7) Financial Advisor's Analysis
8) Developer's Disclosure Statement

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

ATTACHMENT 1 – DEVELOPMENT SUMMARY

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Table 3 – Estimated Permanent Sources and Uses

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Permanent loan (Multifamily Mortgage Revenue Bonds)	\$6,635,921	Acquisition Buildings \$11,000,000 Acquisition Land 1,500,000 Other + 136,500 Total acquisition \$12,636,500	\$12,636,500	\$164,110
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Deferred developer fee	\$25,501	Relocation costs	\$300,000	\$3,896
Total Development Sources	\$21,064,358	Total Development Costs (TDC)	\$21,064,358	\$273,563

Table 4 - Key Performance Indicators

Development Cost Per Unit	\$21,064,358 ÷ 77 units =	\$273,563
Housing Commission Subsidy Per Unit	\$0 ÷ 77 units =	\$0
Acquisition/Land Cost Per Unit	\$12,636,500 ÷ 77 units =	\$164,110
Gross Building Square Foot Hard Cost	\$4,379,505 ÷ 103,108 sq. ft. =	\$43
Net Rentable Square Foot Hard Cost	\$4,379,505 ÷ 55,870 sq. ft. =	\$79

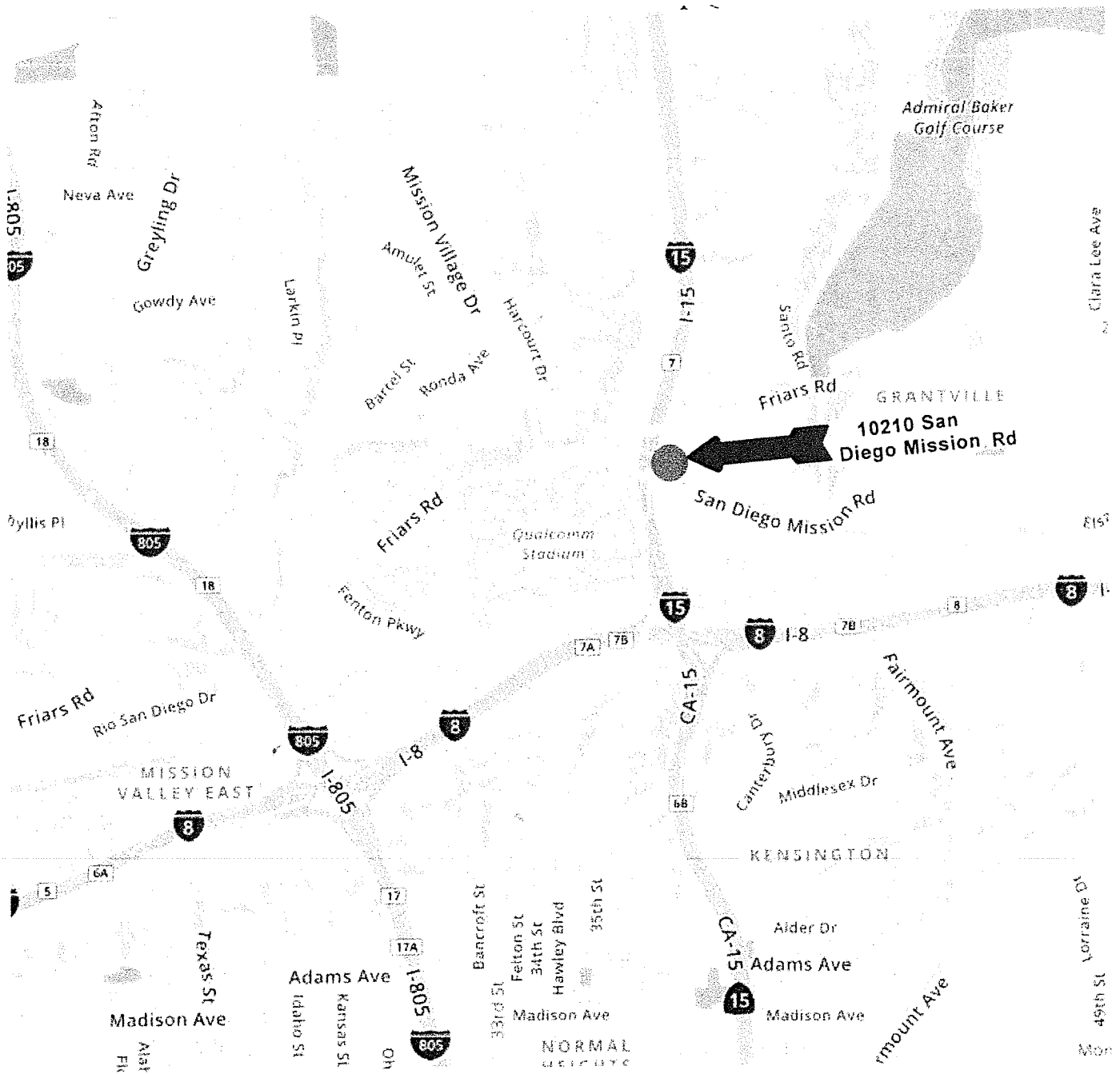
Table 5 - Comparable Development Projects

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 – Mission Terrace	2020	37 ones, 15 twos, 24 threes, + 1 manager	77	\$21,064,358 (no prevailing wage)	\$273,563	\$0	\$43
Hollister	2019	82 studios, + 1 manager	83	\$24,706,411 (with prev. wage)	\$297,668	\$58,554	\$329
Quality Inn	2019	42 SROs, 49 studios, + 1 manager	92	\$13,227,376 (with prev. wage)	\$143,776	\$60,906	\$450
Hollywood Palms	2017	44 twos, 28 threes, 21 fours, + 1 manager	94	\$31,680,721 (with prev. wage)	\$337,029	\$0	\$92
Zephyr	2017	79 studios, 5 ones, + 1 manager	85	\$27,225,500 (with prev. wage)	\$320,300	\$35,294	\$328
New Palace	2016	79 studios + 1 manager	80	\$21,398,744 (with prev. wage)	\$267,484	\$38,750	\$450

Table 6 –Mission Terrace Affordability & Monthly Estimated Rent Table

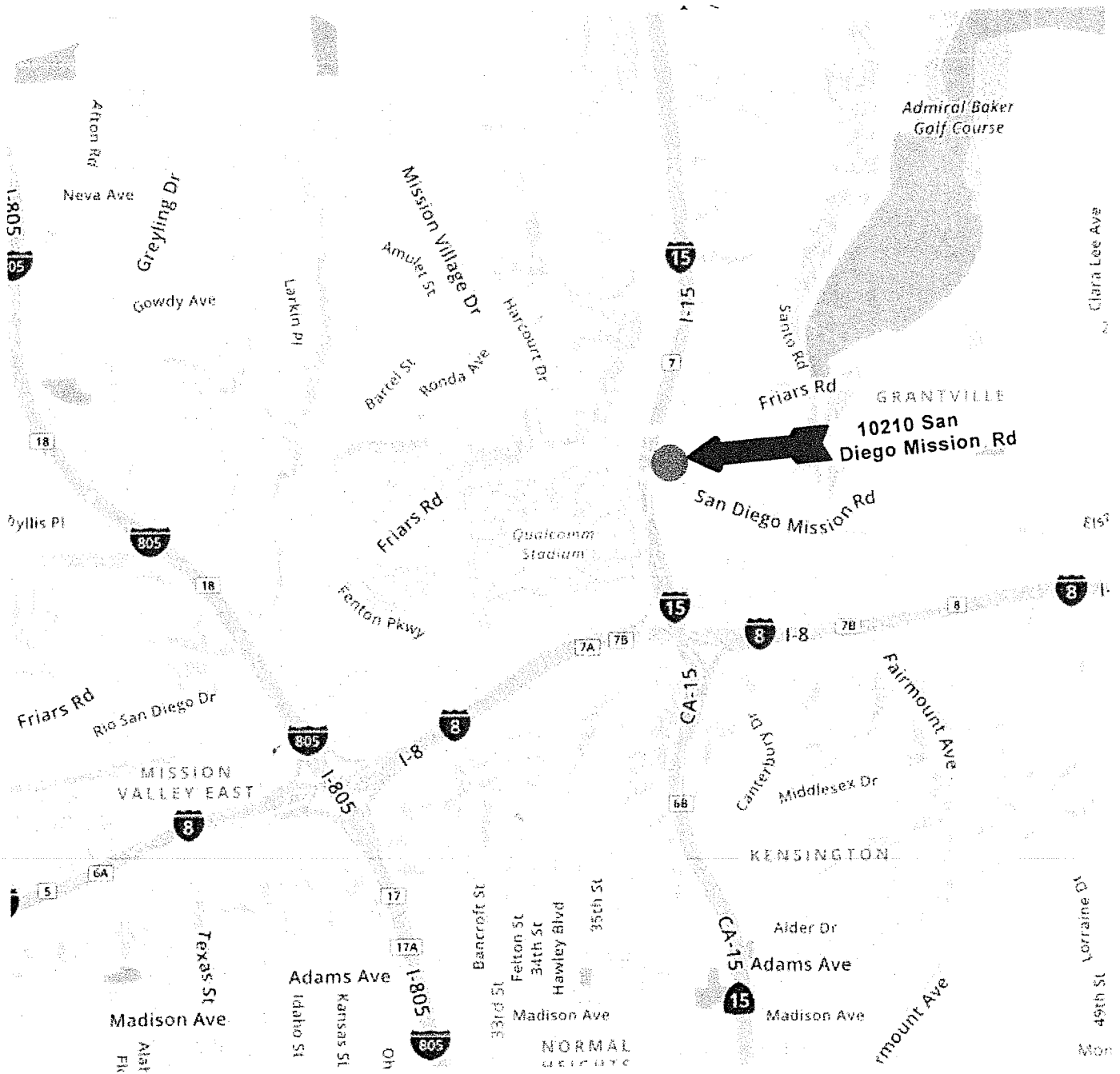
Unit Type	AMI	Units	CTCAC Gross Rents
1-bedroom, 1 bath (464 to 534 sq. ft.)	35%	7	\$702
2-bedrooms, 1 bath (659 to 924 sq. ft.)	35%	3	\$842
3-bedrooms, 1 1/2 baths (1,026 sq. ft.)	35%	5	\$973
Subtotal 30% AMI Units	--	15	--
1-bedroom, 1 bath (464 to 534 sq. ft.)	50%	15	\$1,003
2-bedroom, 1 bath (659 to 924 square feet)	50%	3	\$1,203
3-bedroom, 1 1/2 bath (1,026 square feet)	50%	5	\$1,391
Subtotal 50% AMI Units	--	23	--
1-bedroom, 1 bath (464 to 534 sq. ft.)	60%	15	\$1,203
2-bedrooms, 1 bath (659 to 924 sq. ft.)	60%	9	\$1,444
3-bedrooms, 1 1/2 baths (1,026 sq. ft.)	60%	14	\$1,669
Subtotal 60% AMI Units	--	38	--
Subtotal	--	76	--
3-bedroom, 1 ½ baths, manager's unit	-	1	--
Total Units		77	

ATTACHMENT 2 – SITE MAP



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

ATTACHMENT 2 – SITE MAP



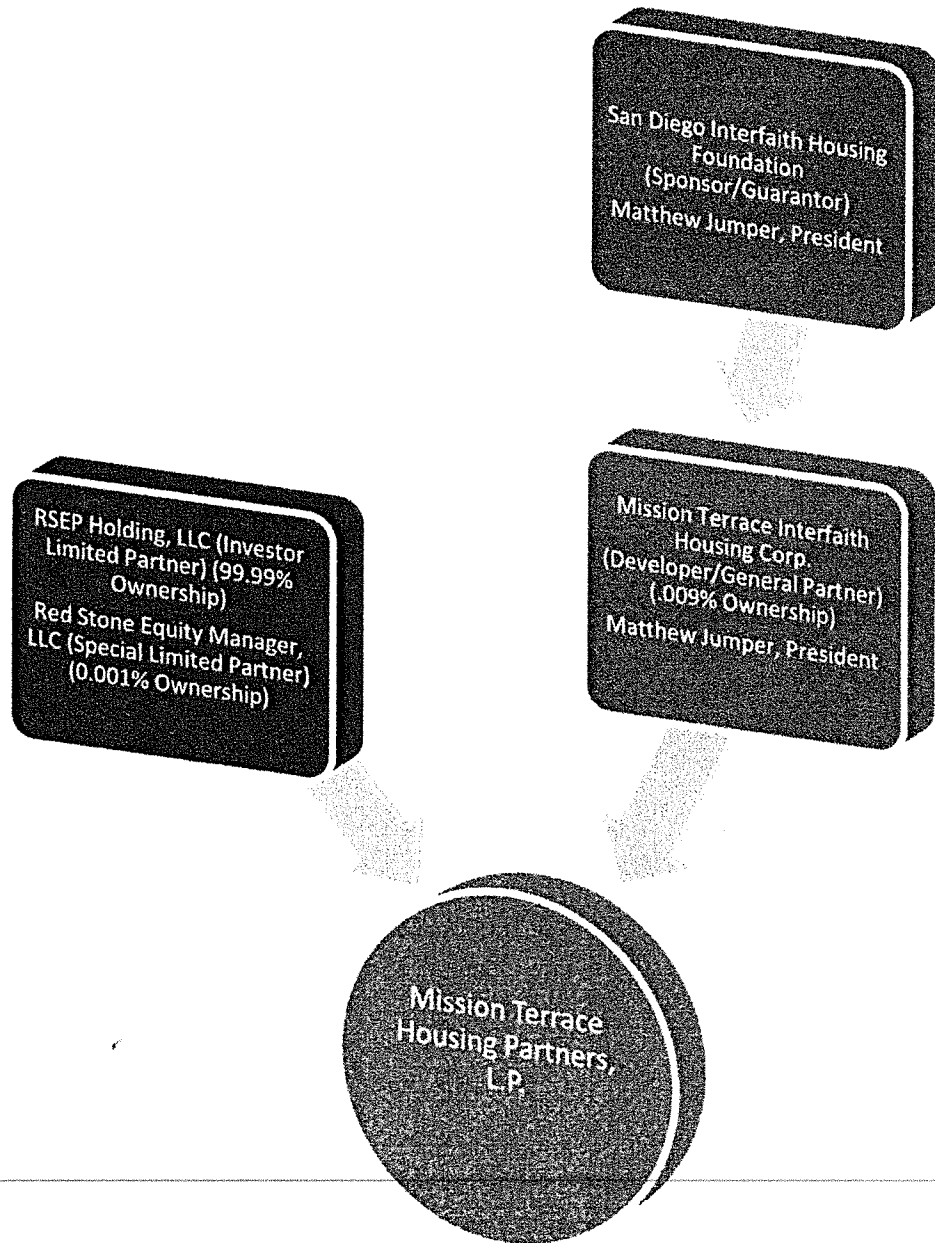
ATTACHMENT 3 – REHABILITATION COST ESTIMATE SUMMARY

Mission Terrace Apartments
10210 San Diego Mission Road
San Diego, CA 92108

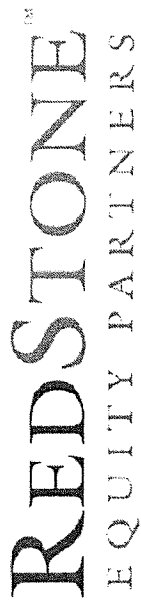
COST ESTIMATE SUMMARY SHEET INTERIOR AND EXTERIOR UPGRADES

Description	Quantity	Units	Unit Price	Estimate
Building & Site Rehab	77	EA	\$43,179	\$3,324,781
Community Building Rehab	0	SF	N/A	N/A
Garage Building Rehab	0	EA	N/A	N/A
Contractor General Conditions	8	Months	\$47,713	\$381,707
Contractor Overhead & Profit	\$3,706,488	Percent	14%	\$224,423
Contractor Liability Insurance	\$3,930,911	Percent	1%	\$48,673
Contractor P & P Bond	\$3,979,584	Percent	1%	\$39,291
Contractor's Contingency	\$4,018,875	Percent	10%	\$405,630
Total Hard Cost	77	Units	\$57,461	\$4,424,505

ATTACHMENT 4 – ORGANIZATION CHART



ATTACHMENT 5 – DEVELOPER’S PROJECT PRO FORMA



Mission Terrace Financial Projections

Updated: 9/13/2019

San Diego, CA

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These projections do not guarantee actual operating results. Information herein may be revised based upon changes to assumptions and third-party information. Inapplicable schedules may be omitted. This information is proprietary and may be shared only with Red Stone's prior consent.

S:\Properties - Signed\Mission Terrace, San Diego, CA\Projections\Models for SDHC\Red Stone Model v7.9 - Mission Terrace 12.3.19 (TCAC app model) Project Info

Lease-Up Schedule

Mission Terrace

LIHTC Units Lease-Up					Placed in Service Schedule	
Month	Revenue Units	Cum. %	Credit Units	Cum. %	Current	Cum. %
January-20	57	75.0%	57	75.0%	0	0.0%
February-20	0	75.0%	0	75.0%	0	0.0%
March-20	0	75.0%	0	75.0%	0	0.0%
April-20	0	75.0%	0	75.0%	0	0.0%
May-20	0	75.0%	0	75.0%	9	11.7%
June-20	0	75.0%	0	75.0%	9	23.4%
July-20	0	75.0%	0	75.0%	9	35.1%
August-20	0	75.0%	0	75.0%	10	48.1%
September-20	0	75.0%	0	75.0%	10	61.0%
October-20	0	75.0%	0	75.0%	10	74.0%
November-20	0	75.0%	0	75.0%	10	87.0%
December-20	0	75.0%	0	75.0%	10	100.0%
January-21	19	100.0%	19	100.0%	0	100.0%
February-21	0	100.0%	0	100.0%	0	100.0%
March-21	0	100.0%	0	100.0%	0	100.0%
April-21	0	100.0%	0	100.0%	0	100.0%
May-21	0	100.0%	0	100.0%	0	100.0%
June-21	0	100.0%	0	100.0%	0	100.0%
July-21	0	100.0%	0	100.0%	0	100.0%
August-21	0	100.0%	0	100.0%	0	100.0%
September-21	0	100.0%	0	100.0%	0	100.0%
October-21	0	100.0%	0	100.0%	0	100.0%
November-21	0	100.0%	0	100.0%	0	100.0%
December-21	0	100.0%	0	100.0%	0	100.0%
January-22	0	100.0%	0	100.0%	0	100.0%
February-22	0	100.0%	0	100.0%	0	100.0%
March-22	0	100.0%	0	100.0%	0	100.0%
April-22	0	100.0%	0	100.0%	0	100.0%
May-22	0	100.0%	0	100.0%	0	100.0%
June-22	0	100.0%	0	100.0%	0	100.0%
July-22	0	100.0%	0	100.0%	0	100.0%
August-22	0	100.0%	0	100.0%	0	100.0%
September-22	0	100.0%	0	100.0%	0	100.0%
October-22	0	100.0%	0	100.0%	0	100.0%
November-22	0	100.0%	0	100.0%	0	100.0%
December-22	0	100.0%	0	100.0%	0	100.0%
Totals	76		76		77	

PIS
1/15/2020

Sources of Funds

Mission Terrace

Sources	Total	Accrued Interest
1st Mortgage	\$ 6,635,921	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
Deferred Developer Fee	25,501	-
	-	-
Seller Financing	7,899,179	-
	-	-
	-	-
	-	-
	-	-
	-	-
Accrued interest during construction	-	-
Operating Income during construction	180,874	-
Grants (reduction of basis)	-	-
Reserve Carryover Release	100,000	-
Capital - General Partner	100	-
Capital - Limited Partner	6,222,773	-
Capital - Special Limited Partner	10	-
Capital - Other	-	-
Total Sources	\$ 21,064,358	

Sources During Construction				
	Total	Rate	Type	Term
Construction Loan 1	12,000,000	5.38%	Variable	24
Construction Loan 2	7,899,179	3.00%	Fixed	24
Construction Loan 3			N/A	
Construction Loan 4			N/A	
Construction Loan 5			N/A	
Construction Loan 6			N/A	
Red Stone Bridge Loan			N/A	
Total Cons. Financing	\$ 19,899,179			

Variable Interest Rate

Rate	Date
Applicable LIBOR	2.4299% 6/3/2019
Spread	1.95%
Cushion	1.00%
	5.38%

50% Test: 59.62%

Limited Partner Capital Contributions:

PPC	Credits	
99.99%	\$ 0.9061	\$ 6,868,400
99.99%	-	\$ -
99.99%	-	\$ -
99.99%	-	\$ -
0.00%	-	\$ -
0.00%	-	\$ -
Additional Contribution:		\$ -
		\$ 6,222,773

Fed LIHTC

Fed Historic

Solar

Geothermal

State LIHTC

State Historic

Notes / Comments

Uses of Funds

Mission Terrace

Users	Total	Eligible Basis	Dep. Basis	Expensed/Amort.	Non-Dep.	Comments
Land	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,500,000	
Building Acquisition	11,000,000	11,000,000	11,000,000	-	-	
Other Acquisition Costs	136,500	-	-	-	136,500	Includes \$100K of acquired improvements and \$28,500 of title and escrow for the acquisition
Subtotal	\$ 12,636,500					
Structures and Rehabilitation	1,784,781	1,784,781	1,784,781	-	-	
Site Work	770,000	770,000	770,000	-	-	10,000 per unit assumption
Personal Property	770,000	770,000	770,000	-	-	10,000 per unit assumption
Energy Expenditures	-	-	-	-	-	
Construction Contingency	405,630	405,630	405,630	-	-	
General Requirements	256,707	256,707	256,707	-	-	
Builder Profit	224,423	224,423	224,423	-	-	
Builder Overhead	-	-	-	-	-	
Building Permits	50,000	50,000	50,000	-	-	Increased to \$50K per Matt Jumper on 8/27
P&P Bond Costs	-	-	-	-	-	
Environmental Remediation	-	-	-	-	-	
Demolition Costs	-	-	-	-	-	
Off-Site Work	-	-	-	-	-	
CM/Owner's Rep	75,000	75,000	75,000	-	-	Increased to \$75K per Matt Jumper on 8/27
Contractor Insurance	87,964	87,964	87,964	-	-	
Other 3	-	-	-	-	-	
Subtotal	4,424,505					
Architect - Design	120,000	120,000	120,000	-	-	
Architect- Supervision	-	-	-	-	-	
Municipal/Tap Fees	-	-	-	-	-	
Impact Fees	-	-	-	-	-	
Appraisal/Market Study	31,000	31,000	31,000	-	-	Lender and Borrower Appraisal
Title and Recording	20,000	15,000	15,000	5,000	-	
Legal	77,000	27,000	27,000	50,000	-	Revised lender legal to \$50K per Matt Jumper 6/5/19
Organizational Legal	-	-	-	-	-	
Accounting/Cost Cert	20,000	20,000	20,000	-	-	
Phase I/Environmental	5,000	5,000	5,000	-	-	Added per Matt Jumper 4/18/19
Soils/Geotech	5,000	5,000	5,000	-	-	
Survey	10,000	10,000	10,000	-	-	
Tax Credit Fees	46,053	-	-	46,053	-	
Construction Period Taxes/Ins	25,000	25,000	25,000	-	-	
Soft Cost Contingency	43,432	43,432	43,432	-	-	
PNA / Cost Review	12,000	12,000	12,000	-	-	
Construction Inspection	10,000	10,000	10,000	-	-	
Temporary Relocation	300,000	200,000	200,000	100,000	-	Increased to \$200K per Matt Jumper on 8/27
Subtotal	724,485					
CPI Capitalized	174,601	174,601	174,601	-	-	
CPI Expensed	110,283	-	-	110,283	-	
Predevelopment Interest	-	-	-	-	-	
Bridge Loan Interest	-	-	-	-	-	
Accrued CPI	-	-	-	-	-	
Subtotal	284,884					
Developer Fee	2,429,815	2,429,815	2,429,815	-	-	
Subtotal	2,429,815					
Porm Loan Fees	37,152	-	-	37,152	-	Loan fee based on 6.6.19 CB&T Term sheet
Construction Loan Fees	71,226	71,226	71,226	-	-	Loan fee based on 6.6.19 CB&T Term sheet
Bond Issuance Costs	162,674	5,000	5,000	157,674	-	
Subtotal	271,052					
Rent-Up	-	-	-	-	-	
Marketing	-	-	-	-	-	
Organization	-	-	-	-	-	
Syndication Costs	-	-	-	-	-	
Subtotal	-					
Replacements Reserves	-	-	-	-	-	
Operating Reserves	293,117	-	-	-	293,117	
Tax/Insurance Escrow	-	-	-	-	-	
Other 1	-	-	-	-	-	
Other 2	-	-	-	-	-	
Subtotal	293,117					
Total Uses	\$ 21,064,358	\$ 18,628,579	\$ 18,628,579	\$ 506,162	\$ 1,929,617	

Hard Cost Contingency Calc:

Contingency in Contract? No

Total Hard Costs: 4,424,505

Less Contingency: 405,630

CM/Owner's Rep: 75,000

Permits: 50,000

3,893,875 Construction Contract =

Contingency % = 10.42%

Geothermal Credit Calculation	Solar Credit Calculation
Placed in Service Date: 5/1/2020	Placed in Service Date: 5/1/2020
Geothermal System Costs	System Costs
Geothermal Rebate	Const. Contingency
Adj. Geo System Costs	PV & Solar H2O Costs
Adj. Geo System Costs	Const. Period Interest
Geo Credit %	10%
Total Geo Credits	Cost of Issuance
Total Geo Credits	Legal - Construction
Non-Depreciable %	Developer Fee
Non-Depreciable %	50% Rebate
Geo Rebate (non-depr)	Adj. System Costs
Total Non-Depreciable	Adj. System Costs
Total Credits	Credit %
Total Credits	30%

Cap. Interest from FoF: 302,952

Exp. Interest from FoF: 527,221

730,173

284,884

(445,289) surplus (shortage)

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Operating Expenses

Mission Terrace

Variable Expenses	Annual	Per unit
Administrative		
Accounting	17,050	221
Advertising	120	2
Professional Fees	-	-
Leased Equipment	-	-
Legal/Partnership	2,400	31
Social Services	-	-
Model Apartment Rent	-	-
Office Expenses	6,950	90
Telephone	5,700	74
Other Office Expenses	-	-
General	1,200	16
Total	\$ 33,420	\$ 434

Repair and Maintenance		
Elevator	3,900	51
Exterminating	1,350	18
Grounds	12,400	161
Repairs	36,000	468
Trash	13,000	169
Contract Services	30,000	390
Other R&M	8,400	109
General	2,400	31
Total	\$ 107,450	\$ 1,395

Payroll		
Administrative Payroll	41,560	540
R&M Payroll	43,640	567
Payroll Taxes and Insurance	68,162	885
General	1,170	15
Total	\$ 154,532	\$ 2,007

Utilities		
Gas	22,000	286
Electric	15,000	195
Water & Sewer	60,000	779
Other Utilities	-	-
General	-	-
Total	\$ 97,000	\$ 1,260

Total Variable Expenses: \$ 392,402 \$ 5,096

Fixed Expenses

Insurance		
Property Insurance	16,700	217
Other Insurance	-	-
Total	\$ 16,700	\$ 217

Management Fee		
Percent of Revenues:	6.35%	-
Fee/unit/month:	-	-
Management Fee - Annual	60,000	779
Total	\$ 60,000	\$ 779

Real Estate Taxes		
Real Estate Taxes	210	3
Other RE Taxes	-	-
Total	\$ 210	\$ 3

Total Fixed Expenses: \$ 76,910 \$ 999

Total All Expenses: \$ 469,312 \$ 6,095

Replacement Reserve		
RR Start Date	7/1/2021	
Red Stone RR	23,100	300
Lender RR	-	-
Replacement Reserve - Annual	\$ 23,100	\$ 300

Total Expenses & RR \$ 492,412 \$ 6,395

Expense Summary	Annual	Per Unit
Advertising & Promotion	120	2
Administrative	33,300	432
Management Fee	60,000	779
Utilities	97,000	1,260
Maintenance	107,450	1,395
Payroll (Salaries)	154,532	2,007
Insurance	16,700	217
RE Tax	210	3
Sub Variable & Fixed	\$ 469,312	\$ 6,095
Replacement Reserve	23,100	300
Total Expense & RR	\$ 492,412	\$ 6,395

Trending Assumptions	
Expense Inflation:	103.5%
RE Tax Inflation:	102.0%
Mgmt Fee Inflation:	103.5%
Replacement Reserve Inflation:	103.5%

Credit Calculation			Mission Terrace		
LIHTC Tax Credit Calculation			Historic Credit Calculation		
	Rehabilitation	Acquisition	Rehabilitation	Commercial	Total
Eligible Basis	\$ 18,628,579		-	-	-
Less:					
Acquisition Costs	(11,000,000)	11,000,000	-	-	-
Historic Credits	-		-	-	-
Grants	-		-	-	-
Acquisition Dev. Fee	(224,000)	224,000	-	-	-
Garages	-	-	-	-	-
Other 1	-	-	-	-	-
Other 2	-	-	-	-	-
	\$ 7,404,579	\$ 11,224,000			
Eligible Basis	\$ 7,404,579	\$ 11,224,000	0%	0%	
DDA/QCT	Other	100%			
Total Eligible Basis	9,625,953	11,224,000			
Basis Limitation	-	-			
Low Income %	100.00%	100.00%			
Qualified Basis	9,625,953	11,224,000			
Tax Credit Rates	3.30%	3.30%			
LIHTC Calculated	688,048	317,656			
LIHTC Reservation	686,840	316,448			
Actual LIHTC	686,840	316,448			
Total Historic Credit			-	-	-
Delivery					
2020			-	-	-
2021			-	-	-
2022			-	-	-
2023			-	-	-
2024			-	-	-
Tax Credit %			0%	0%	
Historic Credit Basis			-	-	-

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Projected 15 Yr Cash Flow																	Mission Terrace				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037			
Revenues																					
Gross Unit/Rental Revenue	740,568	1,012,196	1,037,408	1,063,343	1,089,027	1,117,135	1,145,104	1,173,732	1,202,005	1,231,152	1,263,981	1,295,581	1,327,970	1,361,169	1,395,199	1,430,079	1,465,831	1,502,476			
Gross Market/Rental Revenue	(37,039)	(50,635)	(51,870)	(53,167)	(54,492)	(55,850)	(57,235)	(58,657)	(60,110)	(61,658)	(63,199)	(64,779)	(66,399)	(68,058)	(69,760)	(71,504)	(73,292)	(75,124)			
Net Rental Revenues	703,540	961,560	985,538	1,010,176	1,034,535	1,061,316	1,087,849	1,115,055	1,142,922	1,171,495	1,200,782	1,230,802	1,261,572	1,293,111	1,325,439	1,358,575	1,392,539	1,427,352			
Rental Subsidy (Net)	5,569	7,306	7,489	7,676	7,868	8,064	8,266	8,473	8,684	8,902	9,124	9,352	9,586	9,826	10,071	10,323	10,581	10,846			
Other Revenue (Net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Commercial Revenue (Net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Effective Gross Income	\$ 708,099	\$ 968,806	\$ 993,026	\$ 1,017,832	\$ 1,043,298	\$ 1,069,381	\$ 1,096,113	\$ 1,123,518	\$ 1,151,066	\$ 1,180,396	\$ 1,209,906	\$ 1,240,154	\$ 1,271,188	\$ 1,302,957	\$ 1,335,510	\$ 1,368,898	\$ 1,403,120	\$ 1,438,198			
Expenses																					
Variable Expenses	295,576	406,136	420,351	435,063	450,290	466,050	482,362	499,245	516,718	534,801	553,523	572,895	592,946	612,694	633,179	653,410	674,420	704,234			
Insurance	16,700	17,265	17,889	18,516	19,164	19,834	20,529	21,247	21,981	22,740	23,523	24,331	25,165	26,026	26,913	27,826	28,765	29,731			
Management Fee	45,000	61,300	63,038	64,814	66,629	68,485	70,380	72,314	74,287	76,298	78,346	80,431	82,554	84,716	86,917	89,157	91,437	93,756			
Real Estate Taxes - Total	210	218	223	228	233	238	243	248	253	258	263	268	273	278	283	288	294	299			
Other / RE Tax Abatement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Project Operating Exp.	\$ 357,487	\$ 485,135	\$ 501,496	\$ 518,415	\$ 535,910	\$ 554,001	\$ 572,709	\$ 592,055	\$ 612,060	\$ 632,747	\$ 654,140	\$ 676,263	\$ 699,141	\$ 722,860	\$ 747,267	\$ 772,569	\$ 798,736	\$ 825,797			
NOI Before Replacement Reserves	351,421	483,671	491,530	499,717	507,388	515,379	523,406	531,464	539,546	547,649	555,766	563,891	572,017	580,136	588,243	596,328	604,384	612,401			
Replacement Reserves	-	11,550	23,969	34,248	45,611	56,948	68,266	79,566	90,849	102,107	113,340	124,548	135,731	146,890	158,024	169,134	180,219	191,279			
Net Operating Income	\$ 351,421	\$ 472,121	\$ 467,621	\$ 474,691	\$ 481,777	\$ 488,872	\$ 495,971	\$ 503,068	\$ 510,167	\$ 517,231	\$ 524,283	\$ 531,306	\$ 538,291	\$ 545,231	\$ 552,116	\$ 558,937	\$ 565,684	\$ 572,346			
Plus Other Cash Sources:	-	-	231	709	1,204	1,716	2,246	549	1,117	1,704	2,313	2,942	652	1,326	2,024	2,747	3,495	774			
Interest on Reserve Assets	-	(165,000)	165,231	709	1,204	1,716	2,246	549	1,117	1,704	2,313	2,942	652	1,326	2,024	2,747	3,495	774			
CF Tap	-	(165,000)	165,231	709	1,204	1,716	2,246	549	1,117	1,704	2,313	2,942	652	1,326	2,024	2,747	3,495	774			
Total Other Cash Sources	\$ 351,421	\$ 307,121	\$ 632,852	\$ 475,800	\$ 482,981	\$ 490,588	\$ 498,217	\$ 503,617	\$ 511,274	\$ 518,935	\$ 526,596	\$ 534,248	\$ 538,943	\$ 546,557	\$ 551,140	\$ 561,684	\$ 569,179	\$ 573,120			
Available Cash Flow	(180,874)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Cash Requirements/Waterfall:																					
Operating Income as a Source	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
1st Mortgage	-	(193,170)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2nd	-	-	(386,940)	(386,940)	(386,940)	(386,940)	(386,940)	(386,940)	(386,940)	(386,940)	(386,940)	(386,940)	(386,940)	(386,940)	(386,940)	(386,940)	(386,940)	(386,940)			
3rd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
4th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
LP Asset Management Fee	-	(10,159)	(5,305)	(5,464)	(5,628)	(5,797)	(5,971)	(6,150)	(6,335)	(6,525)	(6,721)	(6,923)	(7,131)	(7,345)	(7,565)	(7,791)	(8,022)	(8,258)			
GP Asset Management Fee	-	(10,300)	(10,609)	(10,927)	(11,255)	(11,593)	(11,941)	(12,299)	(12,668)	(13,048)	(13,439)	(13,842)	(14,257)	(14,685)	(15,126)	(15,580)	(16,048)	(16,529)			
7th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
8th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
9th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Deferred Developer Fee	-	(26,266)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Seller Financing	-	(66,935)	(229,998)	(72,069)	(79,158)	(86,258)	(93,363)	(98,228)	(105,331)	(112,422)	(119,496)	(126,543)	(133,573)	(140,587)	(147,587)	(154,572)	(161,542)	(168,500)			
11th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
12th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
13th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
14th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
15th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
16th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Incentive Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Net Cash Flow	\$ 170,547	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0			
Funded from Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Funded by Operating Guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Cash for Distributions	\$ 170,547	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0			
Limited Partner Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Cash Flow to Fund	\$ 170,550	\$ 170,551	\$ 170,551	\$ 170,551	\$ 170,551	\$ 170,551	\$ 170,551	\$ 170,551	\$ 170,551	\$ 170,551	\$ 170,551	\$ 170,551	\$ 170,551	\$ 170,551	\$ 170,551	\$ 170,551	\$ 170,551	\$ 170,551			
Cumulative	\$ 170,550	\$ 341,101	\$ 511,652	\$ 682,203	\$ 852,754	\$ 1,023,305	\$ 1,193,856	\$ 1,364,407	\$ 1,534,958	\$ 1,705,509	\$ 1,876,060	\$ 2,046,611	\$ 2,217,162	\$ 2,387,713	\$ 2,558,264	\$ 2,728,815	\$ 2,899,366	\$ 3,069,917			
Debt Service Coverage Ratio																					
DSCR All Hard Debt	1.98	1.95	1.89	1.87	1.86	1.84	1.83	1.81	1.80	1.78	1.76	1.75	1.73	1.72	1.70	1.69	1.68	1.66			
Income to Expense Ratio	1.98	1.95	1.89	1.87	1.86	1.84	1.83	1.81	1.80	1.78	1.76	1.75	1.73	1.72	1.70	1.69	1.68	1.66			

Income/(Loss)																	Mission Terrace	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
NOT before Reg. Reserves	351,421	483,671	491,530	499,437	507,388	515,379	523,406	531,464	539,546	547,649	555,766	563,891	572,017	580,136	588,243	596,328	604,384	
Other Taxable Income:																		
Interest on Reserves	-	-	231	709	1,204	1,716	2,246	549	1,117	1,704	2,313	2,942	652	1,326	2,024	2,747	3,495	
State Income Credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	\$ -	\$ -	\$ 231	\$ 709	\$ 1,204	\$ 1,716	\$ 2,246	\$ 549	\$ 1,117	\$ 1,704	\$ 2,313	\$ 2,942	\$ 652	\$ 1,326	\$ 2,024	\$ 2,747	\$ 3,495	
Partnership Deductions																		
Interest Limitation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Construction Loan Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1st Mortgage	-	(155,678)	(308,643)	(304,881)	(300,937)	(296,804)	(292,473)	(287,933)	(283,175)	(278,188)	(272,062)	(267,484)	(261,744)	(255,727)	(249,421)	(242,813)	(235,886)	
2nd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3rd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
LP Asset Management Fee	(5,000)	(5,150)	(5,305)	(5,464)	(5,628)	(5,797)	(5,971)	(6,150)	(6,335)	(6,525)	(6,721)	(6,923)	(7,131)	(7,345)	(7,565)	(7,791)	(8,021)	
GP Asset Management Fee	-	(10,300)	(10,609)	(10,927)	(11,255)	(11,593)	(11,941)	(12,299)	(12,668)	(13,048)	(13,439)	(13,842)	(14,257)	(14,685)	(15,126)	(15,579)	(16,043)	
7th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred Developer Fee	-	(765)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Seller Financing	(236,975)	(244,085)	(249,399)	(249,981)	(255,319)	(260,603)	(265,834)	(271,008)	(276,191)	(281,317)	(286,384)	(291,390)	(296,336)	(301,307)	(306,219)	(311,070)	(315,160)	
11th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Incentive Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	(241,975)	(415,978)	(573,956)	(571,253)	(573,139)	(574,797)	(576,219)	(577,390)	(578,369)	(579,078)	(579,506)	(579,639)	(579,468)	(579,064)	(578,331)	(553,883)	(551,046)	
Depreciation	2,079,426	567,621	567,621	567,621	567,621	567,621	590,085	603,564	589,187	580,561	580,561	603,515	614,700	595,868	584,569	584,569	611,042	
Amortizable Expenses	80,917	38,217	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	8,491	5,421	
2,160,343	605,838	576,112	576,112	576,112	576,112	576,112	598,576	612,055	597,678	589,051	589,051	612,006	623,191	604,359	593,060	589,990	616,463	
Taxable Income/(Loss)	\$ (2,050,897)	\$ (538,144)	\$ (658,307)	\$ (647,219)	\$ (640,659)	\$ (633,813)	\$ (649,143)	\$ (657,433)	\$ (655,383)	\$ (618,776)	\$ (610,478)	\$ (624,812)	\$ (629,990)	\$ (601,961)	\$ (581,124)	\$ (544,798)	\$ (559,630)	
Loss Allocation to G.P.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Pre-Admission Income/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
*use as loss override	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Initial Income/(Loss) to L.P.	(2,050,692)	(538,091)	(658,241)	(647,154)	(640,595)	(633,750)	(649,078)	(657,367)	(655,320)	(618,714)	(610,417)	(624,750)	(629,927)	(601,901)	(581,066)	(544,743)	(559,574)	
Loss Reallocations to G.P.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Income/(Loss) to Fund	\$ (2,050,692)	\$ (538,091)	\$ (658,241)	\$ (647,154)	\$ (640,595)	\$ (633,750)	\$ (649,078)	\$ (657,367)	\$ (655,320)	\$ (618,714)	\$ (610,417)	\$ (624,750)	\$ (629,927)	\$ (601,901)	\$ (581,066)	\$ (544,743)	\$ (559,574)	
Cumulative	\$ (2,050,692)	\$ (2,588,783)	\$ (3,247,024)	\$ (3,894,178)	\$ (4,534,773)	\$ (5,168,523)	\$ (5,817,601)	\$ (6,474,968)	\$ (7,110,288)	\$ (7,729,002)	\$ (8,339,419)	\$ (8,964,169)	\$ (9,594,096)	\$ (10,195,997)	\$ (10,777,063)	\$ (11,321,806)	\$ (11,881,380)	
Tax Credits																		
Federal LIHTC	\$ 515,130	\$ 686,840	\$ 686,840	\$ 686,840	\$ 686,840	\$ 686,840	\$ 686,840	\$ 686,840	\$ 686,840	\$ 686,840	\$ 171,710	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Credits to the Fund	\$ 515,078	\$ 686,771	\$ 686,771	\$ 686,771	\$ 686,771	\$ 686,771	\$ 686,771	\$ 686,771	\$ 686,771	\$ 686,771	\$ 171,693	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Federal Historic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Credits to the Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
State LIHTC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Credits to the Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
State Historic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Credits to the Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
99.99%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Energy Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Credits to the Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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Reserve Accounts																			Mission Terrace																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
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Mission Terrace																	
Depreciation and Amortization																	
Amortizable Expenses																	
Start Date	Amort Period	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Title and Recording	7/1/2021	204	-	147	294	294	294	294	294	294	294	294	294	294	294	294	
Legal	7/1/2021	204	-	147	294	294	294	294	294	294	294	294	294	294	294	294	
Organizational Lega	7/1/2021	204	-	147	294	294	294	294	294	294	294	294	294	294	294	294	
Accounting/Cost Cen	1/1/2020	180	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Tax Credit Fees	1/1/2020	180	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
CPA Expenses	1/1/2020	17	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	
Perm Loan Fees	1/1/2021	204	77,847	32,406	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	
Banking	7/1/2020	13	-	1,095	-	-	-	-	-	-	-	-	-	-	-	-	
Marking	10/5/2020	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Organization	10/5/2020	180	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other 1	10/5/2020	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other 2	10/5/2020	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other 3	10/5/2020	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other 4	10/5/2020	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total			\$ 80,917	\$ 38,217	\$ 8,491	\$ 8,491	\$ 8,491	\$ 8,491	\$ 8,491	\$ 8,491	\$ 8,491	\$ 8,491	\$ 8,491	\$ 8,491	\$ 8,491	\$ 8,491	
Depreciation																	
0.00% Tax Exempt Use Property 100.00% Non-TIE Use Property	Interest Limitation		Basis Depreciation - PW		Basis Depreciation - SW		Basis Depreciation Percentage of applicable		Basis Depreciation Percentage of applicable		Basis Depreciation Percentage of applicable						
	No	Yes	No	Yes	No	Yes	100%	0%	100%	0%	100%	0%					
Residential Real Property	Dep Life	Total	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Building Acquisitor	30	\$ 5,804,627	100.00%	5,804,627	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Residential Real Property	30	11,224,000	100.00%	11,224,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Building Acquisitor	30	-	100.00%	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial Real Property	39	-	100.00%	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
150% Site Work	15	799,976	100.00%	799,976	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100% Site Work	20	-	100.00%	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100% Personal Property	7	-	100.00%	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
200% Personal Property	5	799,976	100.00%	799,976	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100% Personal Property - TIE Use	9	-	100.00%	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		\$ 18,628,579		\$ 18,628,579													
Placed in Service	2020	479,474	567,621	567,621	567,621	567,621	567,621	567,621	567,621	567,621	567,621	567,621	567,621	567,621	567,621	567,621	567,621
Site Work	2021	799,976	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Personal Prop	2021	799,976	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placed in Service	2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building	2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Site Work	2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Personal Prop	2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placed in Service	2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building	2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Site Work	2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Personal Prop	2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placed in Service	2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building	2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Site Work	2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Personal Prop	2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rep Reserves	2026	-	-	-	-	22,465	35,943	21,566	12,940	12,940	6,470	-	-	-	-	-	-
Rep Reserves	2031	-	-	-	-	-	-	-	-	-	29,424	-	-	-	-	-	-
Rep Reserves	2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Depreciation		\$ 2,079,426	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621
Overrule	No	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Depreciation		\$ 2,079,426	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621	\$ 567,621

Limited Partner Capital Account																Mission Terrace	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Capital Account % 99.99%																	
Beginning Balance	\$ 952,416	\$ (1,287,806)	\$ 3,463,459	\$ 2,805,218	\$ 2,158,064	\$ 1,517,469	\$ 883,719	\$ 234,641	\$ (422,726)	\$ (1,058,046)	\$ (1,676,760)	\$ (2,287,177)	\$ (2,911,927)	\$ (3,541,855)	\$ (4,145,756)	\$ (4,724,822)	\$ (5,269,565)
Contributions	-	5,289,357	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	(0)	(0)	(0)	(0)	-	-	-	-	-	(0)	-	(0)	-	-	-	-
Energy Credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Historic Credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yr of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess Business Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	762,886	4,001,550	3,463,459	2,805,218	2,158,064	1,517,469	883,719	234,641	(422,726)	(1,058,046)	(1,676,760)	(2,287,177)	(2,911,928)	(3,541,855)	(4,145,756)	(4,724,822)	(5,269,565)
Income/(Losses) to L.P.	(2,050,692)	(538,091)	(638,241)	(647,154)	(640,595)	(633,750)	(649,078)	(657,367)	(655,320)	(618,714)	(610,417)	(624,750)	(629,927)	(601,901)	(581,066)	(544,743)	(539,574)
Reallocation of losses to G.P.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Income/(Losses) to L.P.	(2,050,692)	(538,091)	(638,241)	(647,154)	(640,595)	(633,750)	(649,078)	(657,367)	(655,320)	(618,714)	(610,417)	(624,750)	(629,927)	(601,901)	(581,066)	(544,743)	(539,574)
Year End Balance	\$ (1,287,806)	\$ 3,463,459	\$ 2,805,218	\$ 2,158,064	\$ 1,517,469	\$ 883,719	\$ 234,641	\$ (422,726)	\$ (1,058,046)	\$ (1,676,760)	\$ (2,287,177)	\$ (2,911,927)	\$ (3,541,855)	\$ (4,145,756)	\$ (4,724,822)	\$ (5,269,565)	\$ (5,829,139)
Basis Calculation																	
Capital Account Balance before losses	762,886	4,001,550	3,463,459	2,805,218	2,158,064	1,517,469	883,719	234,641	(422,726)	(1,058,046)	(1,676,760)	(2,287,177)	(2,911,928)	(3,541,855)	(4,145,756)	(4,724,822)	(5,269,565)
Minimum Gain	1,500,000	-	-	-	-	-	359,663	1,008,539	1,635,369	2,245,593	2,847,521	3,537,334	4,158,772	4,752,182	5,324,758	5,864,080	6,505,592
Deferred Restoration Obligation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum Loss Allocation	2,262,886	4,001,550	3,463,459	2,805,218	2,158,064	1,517,469	1,243,382	1,243,180	1,212,643	1,187,547	1,170,760	1,250,157	1,246,844	1,210,327	1,181,002	1,139,259	1,236,028
Nonrecourse Debt Analysis																	
1st Mortgage	-	6,598,129	6,519,832	6,437,773	6,351,770	6,261,634	6,167,167	6,068,160	5,964,395	5,855,643	5,741,665	5,622,209	5,497,013	5,365,800	5,228,281	5,084,154	4,933,100
2nd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3rd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
L.P. Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G.P. Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seller Financing	8,136,154	8,313,304	8,332,705	8,510,617	8,686,778	8,861,123	9,033,592	9,206,372	9,377,232	9,546,127	9,713,015	9,877,862	10,043,583	10,207,303	10,369,013	10,505,339	10,638,260
11th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incentive Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less Lender Held Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replicoments Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserves	-	(11,550)	(35,459)	(60,204)	(85,815)	(112,323)	(27,456)	(55,831)	(85,221)	(115,639)	(147,122)	(32,585)	(66,310)	(101,216)	(137,343)	(174,735)	(218,701)
Tax/Insurance Escrow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 8,136,154	\$ 14,809,883	\$ 14,817,078	\$ 14,888,186	\$ 14,952,753	\$ 15,010,434	\$ 15,173,323	\$ 15,218,700	\$ 15,256,406	\$ 15,286,130	\$ 15,307,538	\$ 15,467,486	\$ 15,474,286	\$ 15,471,887	\$ 15,459,951	\$ 15,414,758	\$ 15,532,659
Net Book Value of Assets	18,628,579	18,628,579	18,628,579	18,628,579	18,628,579	18,628,579	18,628,579	18,628,579	18,628,579	18,628,579	18,628,579	18,628,579	18,628,579	18,628,579	18,628,579	18,628,579	18,628,579
Initial Depreciable Cost	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Other non-depreciable costs	136,500	136,500	136,500	136,500	136,500	136,500	136,500	136,500	136,500	136,500	136,500	136,500	136,500	136,500	136,500	136,500	136,500
Additions to depreciable basis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Credit Basis Reduction	-	-	-	-	-	-	56,161	56,161	56,161	56,161	56,161	129,723	129,723	129,723	129,723	129,723	217,090
Accumulated Depreciation	(2,079,426)	(2,647,047)	(3,214,668)	(3,782,289)	(4,349,910)	(4,917,531)	(5,507,616)	(6,111,180)	(6,700,367)	(7,280,928)	(7,861,488)	(8,465,003)	(9,079,703)	(9,675,572)	(10,260,141)	(10,844,711)	(11,455,753)
Net Book Value	\$ 18,185,653	\$ 17,618,032	\$ 17,050,411	\$ 16,482,790	\$ 15,915,169	\$ 15,347,548	\$ 14,813,624	\$ 14,210,660	\$ 13,620,873	\$ 13,040,313	\$ 12,459,752	\$ 11,929,798	\$ 11,315,098	\$ 10,719,230	\$ 10,134,660	\$ 9,550,091	\$ 9,026,416
Minimum Gain	-	-	-	-	-	-	359,669	1,008,640	1,653,553	2,245,818	2,847,805	3,537,688	4,159,188	4,752,657	5,325,290	5,864,667	6,506,243
L.P. Minimum Gain	-	-	-	-	-	-	359,663	1,008,539	1,653,369	2,245,593	2,847,521	3,537,334	4,158,772	4,752,182	5,324,758	5,864,080	6,505,592

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Lower Tier Benefits Schedule													Mission Terrace					
Year	Equity Contribution	Projected Taxable Income (Loss)	Deduct Stressed Cash Flow 100.00%	Projected Tax Benefits 21.00%	Projected Federal Housing Tax Credits	Projected Historic Rehab Tax Credits	Projected State Tax Credits	Federal Tax Effect on State Credits	Projected State Historic Credits	Projected Energy Credits	Projected Total Tax Benefits	0.00% Projected Cash Flow	Total Investing L.P. Benefits					
2020	933,416	(2,050,692)	170,530	466,457	515,078	-	-	-	-	-	981,535	-	981,535					
2021	5,289,357	(538,091)	0	112,999	686,771	-	-	-	-	-	799,770	-	799,770					
2022	-	(658,241)	0	138,231	686,771	-	-	-	-	-	825,002	-	825,002					
2023	-	(647,154)	0	135,902	686,771	-	-	-	-	-	822,673	-	822,673					
2024	-	(640,595)	-	134,525	686,771	-	-	-	-	-	821,296	-	821,296					
2025	-	(633,750)	-	133,088	686,771	-	-	-	-	-	819,859	-	819,859					
2026	-	(649,078)	-	136,306	686,771	-	-	-	-	-	823,077	-	823,077					
2027	-	(657,367)	-	138,047	686,771	-	-	-	-	-	824,818	-	824,818					
2028	-	(635,320)	-	133,417	686,771	-	-	-	-	-	820,188	-	820,188					
2029	-	(618,714)	-	129,930	686,771	-	-	-	-	-	816,701	-	816,701					
2030	-	(610,417)	0	128,188	171,693	-	-	-	-	-	299,881	-	299,881					
2031	-	(624,750)	-	131,198	-	-	-	-	-	-	131,198	-	131,198					
2032	-	(629,927)	0	132,285	-	-	-	-	-	-	132,285	-	132,285					
2033	-	(601,901)	-	126,399	-	-	-	-	-	-	126,399	-	126,399					
2034	-	(581,066)	-	122,024	-	-	-	-	-	-	122,024	-	122,024					
2035	-	(544,743)	-	114,396	-	-	-	-	-	-	114,396	-	114,396					
2036	-	-	-	-	-	-	-	-	-	-	-	-	-					
2037	-	-	-	-	-	-	-	-	-	-	-	-	-					
2038	-	-	-	-	-	-	-	-	-	-	-	-	-					
Total													-	-	-	9,281,101	-	9,281,101
Sale													-	-	-	(1,106,609)	-	(1,106,609)
Totals													-	-	-	8,174,492	-	8,174,492

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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.



December 26, 2019

Memorandum

To: Colin Miller, Joe Correia - San Diego Housing Commission

From: Bob Gamble, Nick Jones, Alex Laine - PFM Financial Advisors, LLC

RE: Actions related to the proposed issuance of up to \$12 million
Multifamily Housing Revenue Bonds (Mission Terrace) Series 2020

Dear Mr. Miller,

You have asked PFM Financial Advisors, LLC (“PFM”) to review the proposed financing and recommend whether, in our judgment, it is reasonable for the Housing Authority of the City of San Diego (the “Housing Authority”) to issue the tax-exempt Multifamily Housing Revenue Bonds (the “Bonds”) in connection with Mission Terrace Apartments (the “Project”) by San Diego Interfaith Housing Foundation (the “Borrower” or the “Developer”). In preparing this report, we have reviewed financial projections and background information provided by the Developer and the San Diego Housing Commission (the “Housing Commission” or “SDHC”).

The specific findings this report addresses are:

- Whether the financing will achieve a public purpose by creating or preserving affordable housing
- Whether the Housing Authority will avoid undue financial risk in undertaking the financing
- Whether the Project will be able to meet debt service payments after the proposed financing

As described below, we find that all of the conditions are met and therefore recommend that the Housing Authority authorize the issuance of the Bonds.

Description of the Project

Mission Terrace Apartments is an existing project located on a 3.14-acre site, consisting of 76 restricted rental units and 1 unrestricted manager unit. The restricted units are made up of 23 three-bedroom, 16 two-bedroom, and 37 one-bedroom units. Renovations will encompass exterior and interior upgrades, such as a new roof, upgrades to community laundry facilities, new kitchen and bath cabinetry, countertops and plumbing fixtures, new bathroom tubs, low flow toilets, bathroom mirrors and fans, drywall repair, new kitchen ranges, hoods and refrigerators, new flooring, and smoke and carbon monoxide detectors. Common or site area renovations will consist of ADA updates, railing replacement, and asphalt repair. Rehabilitation is expected to begin in February 2020 and be complete by December 2020.



The current estimate of site acquisition and hard construction costs is \$12,636,500 (\$164,110 per unit) and \$3,893,875 (\$50,570 per unit), respectively. Funds for the development of the Project will be raised through various sources including equity capital and the issuance of the Bonds. The proposed development pro-forma estimates that there are \$21,064,358 in total project costs (\$273,563 per unit).

The Developer

San Diego Interfaith Housing Foundation (“SDIHF”) is a non-profit developer of affordable apartments throughout San Diego County for low and moderate income families, seniors, and persons with disabilities. Since 1968, SDIHF has developed more than 1,500 affordable apartment homes in San Diego County. SDIHF independently finances, owns, and operates all of its affordable housing units. Founded by local churches, SDIHF seeks to create housing affiliated with resident services—some of which are offered onsite—that support and encourage residents to pursue additional education and set job-training goals.

The Financing

An aggregate amount not exceeding \$12,000,000 of the Housing Authority’s Bonds will initially be issued to support the financing of the Project. California Bank and Trust (the “Lender”) will serve as the bond purchaser and Red Stone Equity Partners will serve as equity investor. Tax credits and tax exemption were allocated to the project by California Tax Credit Allocation Committee (“TCAC”) and California Debt Limit Allocation Committee (“CDLAC”) in an amount of \$12,000,000 on December 11th, 2019. The transaction is scheduled to close in early February 2020.

The Bonds will bear a fixed interest rate locked at closing, estimated at 4.70%, and will amortize over 35 years. The Bonds will be purchased by the Lender through a permanent loan, which will be repaid by the Borrower. The Developer has secured a commitment from the Lender to purchase the Bonds. In addition to the Bonds, the Project will be financed by other Permanent Sources, detailed in Table 1 below:



Table 1
Sources and Uses of Funds

Sources:

Permanent Loan	\$ 6,635,921
Seller Note	7,899,179
Deferred Developer Fee	25,501
Funds on Hand	280,874
Tax Credit Equity	6,222,883
Total Sources	\$21,064,358

Uses:

Acquisition Costs	\$12,636,500
Construction Costs - Hard Costs	3,893,875
Construction Costs - Soft Costs	1,134,369
Construction Contingency	405,630
Reserves	293,117
Cost of Issuance	271,052
Developer Fee	2,429,815
Total Uses	\$21,064,358

Achieving Public Purpose

Through the proposed bond issuance, the Project will provide housing for low income households. The Project proposes to restrict all 76 non-manager units for households earning no greater than 60% of Area Median Income ("AMI"), with 23 of the units targeted at households earning no greater than 50% of AMI, and 15 of the units targeted at households earning no greater than 35% of AMI. The affordability term of the project is 55 years. Maximum bond rents for the Project are summarized in Table 2 below:



Table 2
Rent Comparison

Unit Type	Area Median Income	Units	Proposed Gross Rents	Estimated Market Rents	Savings
1 Bedroom	35%	7	694	1,920	1,226
	50%	15	954	1,920	966
	60%	15	1,074	1,920	846
2 Bedroom	35%	3	834	2,360	1,526
	50%	3	1,099	2,360	1,261
	60%	10	1,294	2,360	1,066
3 Bedroom	35%	5	930	3,255	2,325
	50%	5	1,320	3,255	1,935
	60%	13	1,590	3,255	1,665
Manager	-	1	0	0	0
Total		77			\$97,725
Total Annual Savings for All Units					\$1,172,700

Meeting Debt Service After Financing

As shown in Table 3 below, the Project will have ample cash flow to meet debt service upon completion and rent-up. Based upon our review of the Developer's proposed rents and estimated costs, there will be \$467,621 of net income (net of reserve deposits) available for the first full year of debt service in 2022. Debt service coverage in the first full year is estimated at 1.21 times. By the fifth full year of debt service, assuming a 2.5% annual increase in gross income and a 3.5% annual increase in operating expenses, debt service coverage is projected to increase to 1.28 times.



Table 3
Estimated Cash Flow

Year:	2022	2023	2024	2025	2026
Rental Income	\$1,037,408	\$1,063,343	\$1,089,927	\$1,117,175	\$1,145,104
Less: Vacancy @ 5%	(51,870)	(53,167)	(54,496)	(55,859)	(57,255)
Plus: Other Income	7,489	7,676	7,868	8,064	8,266
Effective Gross Income	\$993,026	\$1,017,852	\$1,043,298	\$1,069,381	\$1,096,115
Less: Operating and Insurance	(420,351)	(435,063)	(450,290)	(466,050)	(482,362)
Less: Insurance	(17,890)	(18,516)	(19,164)	(19,835)	(20,529)
Less: Management Fee	(63,038)	(64,613)	(66,229)	(67,884)	(69,582)
Less: Property Taxes	(218)	(223)	(227)	(232)	(236)
Less: Replacement Reserve	(23,909)	(24,745)	(25,611)	(26,508)	(27,436)
Net Income	\$467,621	\$474,691	\$481,777	\$488,872	\$495,971
Permanent Loan Debt Service	(\$386,940)	(\$386,940)	(\$386,940)	(\$386,940)	(\$386,940)
Debt Service Coverage ¹	1.21	1.23	1.25	1.26	1.28

¹Calculated by dividing Net Income by Permanent Loan Debt Service

Conclusion

The proposed financing will create no undue risk for the Housing Authority. The Borrower has agreed to pay all costs of issuance for the financing and to indemnify the City, the Housing Authority and the Housing Commission regarding matters relating to the financing. It should be noted that the Borrower will have no significant assets or sources of income other than the Project and neither the Borrower nor the Housing Authority would be required under most circumstances to make up any cash flow shortfalls.

Based upon our review, we recommend that the Housing Authority proceed with the financing. This recommendation is based upon the following findings:

- The financing would achieve a public purpose by providing 76 affordable units, all affordable at 60% of AMI, 23 targeted at 50% of AMI, and 15 targeted at 35% of AMI, for a period of 55 years.
- The Borrower has agreed to indemnify the City, the Housing Authority and the Housing Commission regarding any matters related to the financing. The Borrower will pay all costs of the financing.
- Based upon estimates by the Developer that have been reviewed and confirmed by the bond purchaser, there are sufficient funds to complete the Project, and the Project provides adequate debt service coverage.



- Since the financing is unrated, the Housing Commission's policies regarding the purchase and transfer of the Bonds will apply; these include requirements that the buyers be sophisticated institutional buyers or qualified institutional buyers. These requirements will travel from the initial buyers to subsequent buyers of the Bonds.

If there is any additional information you require concerning this matter, we will be glad to provide it as a supplement to this report.

Sincerely,
PFM Financial Advisors, LLC

A handwritten signature in black ink, appearing to read "Robert T. Gamble".

Robert T. Gamble
Managing Director

ATTACHMENT 8 – 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 Interfaith Housing Foundation
2. Address and Zip Code: 7956 Lester Ave., Lemon Grove, CA 91945
3. Telephone Number: 619-668-1532 Ext. 313
4. Name of Principal Contact for CONTRACTOR: Matthew B. Jumper
5. Federal Identification Number or Social Security Number of CONTRACTOR: 95-2593136
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: _____

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:
February 28, 1969
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% 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. **SEE ATTACHED LIST**

- 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%.(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: San Diego Interfaith Housing Foundation	Guarantor – See attached list of Board of Directors
Address: 7956 Lester Ave., Lemon Grove, CA 91945	
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? **NO** If yes, please explain in detail.
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? **NO** If yes, please explain in detail.
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% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR): **NOT APPLICABLE**

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:	

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: **NOT APPLICABLE**

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 whatever 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. **Mission Terrace Interfaith Housing Corporation**

Name and Address	Relationship to CONTRACTOR
Name: See attached Organizational Chart of affiliated Interfaith entities	Shares the same Board Directors – See list already provided in 8.b.
Address:	
Name:	
Address:	
Name:	
Address:	

14. Provide the financial condition of the CONTRACTOR as of the date of the statement and for a period of twenty-four (24) months prior to the date of its statement as reflected in the attached financial statements, including, but not necessarily limited to, profit and loss statements and statements of financial position. **See 2017 & 2018 Audits and recent YTD IncomeExpense Statement and Balance Sheet**
15. If funds for the development/project are to be obtained from sources other than the CONTRACTOR's own funds, provide a statement of the CONTRACTOR's plan for financing the development/project:

Please see earlier RedStone document provided, which is titled: "Sources of Funds"

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

- a. In banks/savings and loans:
Name:
Address:
Amount: \$

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

Name: **Mission Terrace Associates, LP (Seller Note)**

Address: **7956 Lester Avenue, Lemon Grove, CA 91945**

Amount: **\$ 4,564,211 (Estimated)**

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

Description	Market Value (\$)	Mortgages or Liens (\$)
Mission Terrace Apartments	FORTHCOMING	a) \$837,757
		b) \$2,873,312

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, Sr. VP & Manager
Address: 1940 Century Park East, Ste. 120	310-407-6181
Los Angeles, CA 90067	
Name:	
Address:	
Name:	
Address:	

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. **NOT APPLICABLE**

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. **NOT APPLICABLE**

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

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
CMFA Multi-Family Housing Revenue Bond 2013Series A	DP-DM Housing Partners, L.P. 82 Units, Scattered Site Rehabilitation	8/2013	\$8,225,516	NONE
Multi-Family Housing Revenue Bond 2010Series G	Orange Villas, L.P. 18 Units, Scattered Site Rehabilitation & New Construction	4/2009	\$2,808,171	NONE
Multi-Family Housing Revenue Bond 2007Series D	Redwood Villas Sr. Housing Partner, L.P. 92 Units, Rehabilitation	5/2008	\$2,470,000	NONE
Multi-Family Housing Revenue Bond 2007Series E	Redwood Villas Sr. Housing Partner, L.P. 92 Units, Rehabilitation	5/2008	\$3,580,000	NONE

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: **NOT APPLICABLE: We will contract with a 3rd party builder/general contractor. Unknown at this time.**

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

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: \$_____ **NOT APPLICABLE AT THIS TIME**

General description of such work: **NOT APPLICABLE AT THIS TIME**

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) **NOT APPLICABLE AT THIS TIME**

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: **NOT APPLICABLE AT THIS TIME**

Identification of Contract or Development	Location	Amount	Date to be Completed

e. Outstanding construction-contract bids of such contractor or builder: **NOT APPLICABLE AT THIS TIME**

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: **NOT APPLICABLE AT THIS TIME**

23. Does any member of the governing body of the San Diego Housing Commission ("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 the 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:

San Diego Interfaith Housing Foundation has been dedicated to providing, operating, sustaining and advocating for quality, safe, affordable housing for low and moderate income persons that fosters diverse community and life enrichment for 50 years. It has developed 1,435 units in the City/County of San Diego to date.

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)] **See Comprehensive Attachment**

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

See:

Kettering Rose Insurance Company
3545 Camino Del Rio South, Ste. A
San Diego, CA 92108
619 291 7777 phone

License #0E24666

-and-

HUB International Insurance Services Inc.
9855 Scranton Road Suite 100, San Diego, CA 92121
858.255.3261
License #0757776

- 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 Attachment**
- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)] **See Attachment**
- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)] **See Attachment from 26.a. above**
- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

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 the SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the 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 the SDHC, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the 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: **NONE**

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: **NONE**

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 the SDHC. **NO FACTORS, FACTS or CONDITIONS IMPEDE San Diego Interfaith Housing Foundation's ability to successfully complete its purposes stated herein.**

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 the SDHC. **With a management team led by President Matthew B. Jumper, San Diego Interfaith Housing Foundation has provided quality, safe, affordable housing for low and moderate income persons in the City/County of San Diego for 50 years, successfully developing 1,435 units.**

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the 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
3/15/2017	SDHC RE: Palm Terrace Apts.	Repaid	\$2,741,192

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 project:

1. Name: Charles Davis, Urban West Development
Address: 3427 Evergreen Road Bonita CA 91902
Phone: 619-944-8466
Project Name and Description: Iowa Street Senior Apartments, New Construction, 120 Units (North Park)
2. Name: Jon McMillan, The Tall Man Group Inc.
Address: 9548 Vista Aleta Valley Center CA 92082
Phone: 760-212-2322
Project Name and Description: C4 Apartments, Scattered Site Rehabilitation, 35 Units (Coronado)
3. Name: Brian Wardwell, Sun Country Builders
Address: 3156 Lionshead Avenue, Carlsbad, CA 92010
Phone: 760-630-8042
Project Name and Description: Iowa Street Senior Apartments, New Construction, 120 Units (North Park)

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. **Led by SDIHF President**

Matthew B. Jumper since 1992, he has guided development of award winning communities such as: *Brookview Village* in Poway, *Mission Terrace* in Mission Valley, *Redwood Villa* in Oak Park, *Metro Villas* in City Heights, *Renaissance at North Park* in North Park, *Cornerstone Court* in El Cajon, *Lillian Place* in East Village, *Coronado Seniors*, *525 Orange* and *Orange Villas* in Coronado, *Brighton Place* in Poway, and *Iowa Street Seniors* in North Park. Drawing upon substantial knowledge and experience involving affordable housing finance & construction, for over 27 years SDIHF has exercised care and prudent construction capabilities in pooling available local resources for successful project completions.

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

Name	Experience
To Be Determined	We will contract with a 3 rd party builder/general contractor. Unknown 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 the 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 the 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 the 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, 20 19, at San Diego, California.

CONTRACTOR

By: _____

Signature

Title

President

CERTIFICATION

San Diego Interfaith

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

By: [Signature]

By: _____

Title: President

Title: _____

Dated: 5/21/19

Dated: _____

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

JURAT

State of California

County of San Diego

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

by Matthew B. Jumper personally known to me or proved to me on the basis of

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



[Signature]
Signature of Notary

SEAL

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.

FINANCIAL STATEMENTS - INCOME TAX BASIS

MARCH 31, 2017 AND 2016



Leaf & Cole, LLP

Certified Public Accountants

A Partnership of Professional Corporations

**SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
FINANCIAL STATEMENTS - INCOME TAX BASIS
MARCH 31, 2017 AND 2016**

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

Independent Auditor's Report

To the Board of Directors
San Diego Interfaith Housing Foundation, Inc.
7956 Lester Avenue
Lemon Grove, California 91945

We have audited the accompanying financial statements of San Diego Interfaith Housing Foundation, Inc., which comprise the statements of assets, liabilities, and net assets—income tax basis, as of March 31, 2017 and 2016, and the related statements of revenues, expenses, and changes in net assets—income tax basis and cash flows – income tax basis 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 the basis of accounting as described in Note 2; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 assets, liabilities, and net assets of San Diego Interfaith Housing Foundation, Inc. as of March 31, 2017 and 2016 and its revenues, expenses, and changes in net assets and cash flows for the years then ended in accordance with the basis of accounting San Diego Interfaith Housing Foundation, Inc. uses for income tax purposes described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting San Diego Interfaith Housing Foundation, Inc. uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Leaf & Cole LLP

San Diego, California
July 7, 2017

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
STATEMENTS OF ASSETS, LIABILITIES AND
NET ASSETS - INCOME TAX BASIS
MARCH 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
<u>Assets:</u> (Notes 2, 3, 4, 5, 6, 7 and 8)		
Cash and cash equivalents	\$ 1,756,339	\$ 1,405,198
Investments	5,244,362	4,829,317
Prepaid expenses	39,269	884
Ground lease receivable - Related party	56,250	36,250
Accrued interest receivable - Related parties	2,364,793	2,018,777
Accounts receivable - Related parties	15,042,926	14,660,984
Investment in partnerships	547,528	650,131
Notes receivable - Related parties	8,021,434	8,071,685
Property and equipment, net	<u>1,536,013</u>	<u>1,543,643</u>
TOTAL ASSETS	\$ <u>34,608,914</u>	\$ <u>33,216,869</u>

LIABILITIES AND NET ASSETS

<u>Liabilities:</u> (Notes 2, 4 and 9)		
Accounts payable and accrued expenses	\$ 19,742	\$ 23,096
Accrued interest payable	2,500	2,750
Note payable	500,000	500,000
Share of deficiency in partnerships	1,195,035	933,649
Total Liabilities	<u>1,717,277</u>	<u>1,459,495</u>
<u>Contingencies</u> (Note 11)		
<u>Unrestricted Net Assets</u> (Note 2)	<u>32,891,637</u>	<u>31,757,374</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>34,608,914</u>	\$ <u>33,216,869</u>

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

**SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - INCOME TAX BASIS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<u>Revenue and Support:</u>		
Investment income	\$ 866,399	\$ 364,127
Partnership management fees	143,455	125,539
Refunds and rebates	106,771	-
Residual receipts revenue	87,458	82,958
Residential services fee	66,624	52,749
Ground lease income	45,000	45,000
Contributions:		
Related parties	300,000	150,620
Other	17,500	17,500
Miscellaneous income	1,982	19,002
Developer fees	-	666,127
Total Revenue and support	<u>1,635,189</u>	<u>1,523,622</u>
<u>Expenses:</u>		
Program Services:		
Donations	79,863	65,296
Affordable housing	24,613	23,570
Total Program Services	<u>104,476</u>	<u>88,866</u>
Supporting Services:		
Management and general	32,461	40,831
Total Supporting Services	<u>32,461</u>	<u>40,831</u>
Total Expenses	<u>136,937</u>	<u>129,697</u>
Change in Unrestricted Net Assets Before (Loss) Income From Partnerships	1,498,252	1,393,925
(Loss) Income From Investment in Partnerships (Note 10)	<u>(363,989)</u>	<u>73,902</u>
Change in Unrestricted Net Assets	1,134,263	1,467,827
Unrestricted Net Assets at Beginning of Year	<u>31,757,374</u>	<u>30,289,547</u>
UNRESTRICTED NET ASSETS AND END OF YEAR	<u>\$ 32,891,637</u>	<u>\$ 31,757,374</u>

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

**SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
STATEMENTS OF CASH FLOWS - INCOME TAX BASIS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<u>Cash Flows From Operating Activities:</u>		
Change in unrestricted net assets	\$ 1,134,263	\$ 1,467,827
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	20,525	20,398
Unrealized and realized (gains) losses on investments	(415,045)	218,776
(Income) Loss from investment in partnerships	363,989	(73,902)
(Increase) Decrease in:		
Prepaid expenses	(38,385)	(519)
Ground lease receivable - Related party	(20,000)	-
Accrued interest receivable - Related parties	(346,016)	(210,883)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(3,354)	(9,405)
Accrued interest payable	(250)	2,750
Net Cash Provided by Operating Activities	<u>695,727</u>	<u>1,415,042</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of investments, net	-	(153,006)
Increase in accounts receivable - Related parties	(381,942)	(2,641,166)
Repayment of notes receivable - Related parties	50,251	109,306
Net Cash Used in Investing Activities	<u>(344,586)</u>	<u>(2,684,866)</u>
<u>Cash Flows From Financing Activities:</u>		
Proceeds from note payable	-	500,000
Net Cash Provided by Financing Activities	<u>-</u>	<u>500,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	351,141	(769,824)
Cash and Cash Equivalents at Beginning of Year	<u>1,405,198</u>	<u>2,175,022</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,756,339</u>	<u>\$ 1,405,198</u>

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

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

Note 1 - Organization:

San Diego Interfaith Housing Foundation, Inc. (the "Corporation") is a not-for-profit corporation. Its mission is to sponsor and assist in the development of quality low cost, single and multi-family housing for low income and handicapped persons in the greater San Diego metropolitan area.

Note 2 - Significant Accounting Policies:

Accounting Method

The Corporation prepares its financial statements on the accounting basis used for federal income tax purposes. Under the basis of accounting used for income tax purposes, assets and liabilities as well as revenue and expenses are reported in accordance with the rules and regulations established under the Internal Revenue Code ("IRC"), which is comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, certain expenditures and property and equipment may be expensed and depreciated in different periods and at different methods and recovery periods than those required by accounting principles generally accepted in the United States of America ("U.S. GAAP").

Financial Statement Presentation

The 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 financial statements in conformity with the income tax basis of accounting 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.

Risks and Uncertainties

The Corporation invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Investments have been reported at fair value based upon quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of assets, liabilities and net assets - income tax basis.

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation

The Corporation capitalizes all expenditures in excess of \$5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Buildings	39 years
Building equipment - Portable	5 - 7 years
Improvements	10 - 15 years

Depreciation totaled \$20,525 and \$20,398 for the years ended March 31, 2017 and 2016, respectively.

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.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Corporation 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.

Revenues from developer fees, partnership management fees, and other revenues are recognized in the period in which the related work is performed in accordance with the terms of the partnership and other agreements in place for each related party. Accounts receivable - related parties is recorded when revenue earned exceeds the cash received. Unearned revenue is recorded when cash received exceeds the revenue earned.

Donated Services and Support

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

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

Note 2 - Significant Accounting Policies: (Continued)

Allocated Expenses

The Corporation 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 service 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 Corporation's management.

Income Taxes

The Corporation 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. The Corporation 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 Corporation is not a private foundation.

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

Concentration of Credit Risk

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

Cash and Cash Equivalents

For purposes of the statements of cash flows - income tax basis, the Corporation 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 Corporation has evaluated subsequent events through July 7, 2017, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

Note 3 - Investments:

Investments consist of the following at March 31:

	<u>2017</u>	<u>2016</u>
Mutual funds:		
Income funds	\$ 3,172,986	\$ 2,838,987
Blended funds	1,022,463	1,021,314
Growth funds	1,048,913	969,016
Total Investments	<u>\$ 5,244,362</u>	<u>\$ 4,829,317</u>

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

Note 3 - Investments: (Continued)

The following schedule summarizes the investment income and its classification in the statement of revenues, expenses and changes in net assets - income tax basis for the years ended March 31:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 602,093	\$ 582,903
Unrealized and realized gains (losses) on investments	264,306	(218,776)
Total Investment Income	<u>\$ 866,399</u>	<u>\$ 364,127</u>

Note 4 - Ground Lease Receivable - Related Party:

The Corporation has entered into a lease agreement with Redwood Villa Senior Housing Partners, L.P. ("Redwood"), a related party, for 75 years commencing September 1, 2007. The lease calls for annual payments of \$45,000 from distributions of cash flow as defined in Redwood's partnership agreement. Ground lease income totaled \$45,000 for the years ended March 31, 2017 and 2016. Ground lease receivable - related party totaled \$56,250 and \$36,250 at March 31, 2017 and 2016, respectively.

Note 5 - Accounts Receivable - Related Parties:

In addition to management and resident services, the Corporation has provided development services with respect to various projects in which the Corporation has a partner interest. The Corporation has the following receivables from these projects for funds that have been advanced in relation to development or for contracted services provided as follows at March 31:

	<u>2017</u>	<u>2016</u>
Iowa Street Senior Housing Partners, L.P.	\$ 4,065,420	\$ 4,047,626
Mountain View Villas, L.P.	3,754,538	3,854,538
220 Quince, L.P.	2,309,243	2,297,543
Redwood Villa Senior Housing Partners, L.P.	1,175,100	1,244,202
Renaissance Senior Housing Partners, L.P.	1,160,498	1,191,908
Lillian Place, L.P.	1,113,784	1,091,304
1360 Melody, L.P.	803,530	882,530
Brookview Senior Housing Partners, L.P.	61,132	35,601
Orange Villas, L.P.	14,146	14,146
Mission Terrace Associates	43,421	1,586
DP-DM Housing Partners, L.P.	16,391	-
Interfaith Development Corporation	61,474	-
Palm Terrace Interfaith Housing Corporation	389,512	-
Pacific Vista Las Flores, L.P.	9,454	-
Brighton Avenue, L.P.	52,471	-
525 Orange Avenue, L.P.	6,149	-
Metro Villas Housing Partners, L.P.	6,663	-
Total Accounts Receivable - Related Parties	<u>\$ 15,042,926</u>	<u>\$ 14,660,984</u>

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

Note 6 - Investment in Partnerships:

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

	<u>2017</u>	<u>2016</u>
Mountain View Villas, L.P.	\$ 365,563	\$ 235,070
Mission Terrace Associates	110,725	382,048
1360 Melody L.P.	71,240	33,013
Orange Villas, L.P.	<u>(1,195,035)</u>	<u>(933,649)</u>
	<u>\$ (647,507)</u>	<u>\$ (283,518)</u>

	<u>2017</u>	<u>2016</u>
Financial Statement Presentation:		
Investment in Partnerships	\$ 547,528	\$ 650,131
Share of deficiency in partnerships	<u>(1,195,035)</u>	<u>(933,649)</u>
	<u>\$ (647,507)</u>	<u>\$ (283,518)</u>

Note 7 - Notes Receivable - Related Parties:

Note receivable - related parties consist of the following at March 31:

	<u>2017</u>	<u>2016</u>
The subordinated note receivable from Redwood Villa Senior Housing Partners, L.P., a related party, bears interest at 5.09% and matures in October 2052. The note is secured by a subordinated deed of trust with principal and interest payable from distributions of cash flow as defined in the partnership agreement. Accrued interest totaled \$2,152,183 and \$1,925,639 at March 31, 2017 and 2016, respectively.	\$ 4,450,765	\$ 4,450,765
The subordinated note receivable from DP-DM Housing Partners, L.P., a related party, bears interest at 5% and matures in June 2053. The note is secured by a short form deed of trust with assignment of rents with principal and interest payable from distributions of cash flow as defined in the partnership agreement. Accrued interest totaled \$147,343 and \$55,832 at March 31, 2017 and 2016, respectively.	1,830,226	1,830,226

(Continued)

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

Note 7 - Notes Receivable - Related Parties: (Continued)

The subordinated note receivable from DP-DM Housing Partners, L.P., a related party, bears interest at 5% and matures in June 2053. The note is secured by a short form deed of trust with assignment of rents. Principal and interest were payable from distributions of cash flow as defined in the partnership agreement. The note was amended on August 1, 2014. Principal and interest are now payable in annual payments of \$109,941 unless the California Community Reinvestment Corporation has determined that the net income to debt services ratio of DP-DM Housing Partners, L.P. for the prior year has fallen below 1.15 to 1.00. Accrued interest totaled \$65,267 and \$37,306 at March 31, 2017 and 2016, respectively.

Total Notes Receivable

	<u>2017</u>	<u>2016</u>
	\$ 1,740,443	\$ 1,790,694
	<u>\$ 8,021,434</u>	<u>\$ 8,071,685</u>

Note 8 - Property and Equipment:

Property and equipment consist of the following at March 31:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,205,000	\$ 1,205,000
Buildings	435,000	435,000
Building equipment - Portable	54,078	41,183
Improvements	<u>107,974</u>	<u>107,974</u>
Subtotal	1,802,052	1,789,157
Less: Accumulated depreciation	<u>(266,039)</u>	<u>(245,514)</u>
Property and Equipment, Net	<u>\$ 1,536,013</u>	<u>\$ 1,543,643</u>

Note 9 - Note Payable:

Note payable consists of the following at March 31:

	<u>2017</u>	<u>2016</u>
Unsecured note payable to Wells Fargo Community Improvement Holdings. The note bears interest at a fixed rate of 2% annually, with interest only payments due quarterly, maturing on November 19, 2019. The note terms can be extended two additional years at a modified interest rate. Accrued interest totaled \$2,500 and \$2,750 at March 31, 2017 and 2016, respectively.	<u>\$ 500,000</u>	<u>\$ 500,000</u>

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

Note 9 - Note Payable: (Continued)

Future principal payments on notes payable are as follows:

<u>Years Ended</u> <u>March 31</u>	
2018	\$ -
2019	-
2020	500,000
	<u>\$ 500,000</u>

Note 10 - Related Party Transactions:

The Corporation receives developer fees, partnership management fees, residual receipts revenue, income (loss) from investment in partnerships, residential services fees, and contributions from entities which have a common Board of Directors. In addition, the Corporation received interest on developer fees receivable from Redwood Villa Senior Housing Partners, L.P., a related party, totaling \$45,366 and \$47,482 for the years ended March 31, 2017 and 2016, respectively, which is included in investment income. San Diego Interfaith Housing Foundation, Inc. earned the following amounts for the years ended March 31:

	2017				
	<u>Partnership Management Fees</u>	<u>Developer Fees</u>	<u>Residual Receipts Revenue</u>	<u>Income (Loss) from Investment in Partnerships</u>	<u>Residential Service Fees</u>
1360 Melody, L.P.	\$ -	\$ -	\$ -	\$ 38,227	\$ -
525 Orange Avenue, L.P.	6,149	-	-	-	-
Brighton Avenue, L.P.	16,883	-	-	-	35,590
Brookview Senior Housing Partners, L.P.	25,531	-	-	-	-
Coronado Senior Housing Partners, L.P.	-	-	-	-	-
Del Prado Interfaith Housing Corporation	-	-	-	-	-
Delta Manor Interfaith Housing Corporation	-	-	-	-	-
DP-DM Housing Partners, L.P.	16,391	-	-	-	-
Iowa Street Senior Housing Partners, L.P.	-	-	-	-	-
Lillian Place, L.P.	9,459	-	-	-	31,034
Metro Villas Housing Partners, L.P.	6,667	-	-	-	-
Mission Terrace Associates	32,921	-	-	(271,323)	-
Mountain View Villas, L.P.	-	-	-	130,493	-
Orange Villas, L.P.	-	-	-	(261,386)	-
Pacific Vista Las Flores, L.P.	9,454	-	-	-	-
Palm Terrace Interfaith Housing Corporation	-	-	87,458	-	-
Presioca Villa Interfaith Housing Corporation	-	-	-	-	-
Redwood Villa Senior Housing Partners, L.P.	-	-	-	-	-
Renaissance Senior Housing Partners, L.P.	20,000	-	-	-	-
Total	<u>\$ 143,455</u>	<u>\$ -</u>	<u>\$ 87,458</u>	<u>\$ (363,989)</u>	<u>\$ 66,624</u>

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

Note 10 - Related Party Transactions: (Continued)

	2016			
	Partnership Management Fees	Developer Fees	Residual Receipts Revenue	Income (Loss) from Investment in Partnerships
1360 Melody, L.P.	\$ -	\$ -	\$ -	\$ 48,900
525 Orange Avenue, L.P.	5,971	-	-	-
Brighton Avenue, L.P.	16,391	-	3	-
Brookview Senior Housing Partners, L.P.	24,847	-	-	-
Coronado Senior Housing Partners, L.P.	-	-	5,045	-
DP-DM Housing Partners, L.P.	15,914	216,127	-	-
Iowa Street Senior Housing Partners, L.P.	-	450,000	-	115,783
Lillian Place, L.P.	9,184	-	-	-
Meiro Villas Housing Partners, L.P.	6,667	-	-	-
Mission Terrace Associates	17,386	-	-	(64,273)
Mountain View Villas, L.P.	-	-	-	229,900
Orange Villas, L.P.	-	-	-	(256,408)
Pacific Vista Las Flores, L.P.	9,179	-	-	-
Palm Terrace Interfaith Housing Corporation	-	-	77,910	-
Presioca Villa Interfaith Housing Corporation	-	-	-	-
Redwood Villa Senior Housing Partners, L.P.	-	-	-	-
Renaissance Senior Housing Partners, L.P.	20,000	-	-	-
Total	<u>\$ 125,539</u>	<u>\$ 666,127</u>	<u>\$ 82,958</u>	<u>\$ 73,902</u>
Residential Service Fees				\$ 52,749

Note 11 - Litigation:

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

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.

FINANCIAL STATEMENTS - INCOME TAX BASIS

MARCH 31, 2018 AND 2017



Leaf & Cole, LLP
Certified Public Accountants

**SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
FINANCIAL STATEMENTS - INCOME TAX BASIS
MARCH 31, 2018 AND 2017**

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

Independent Auditor's Report

To the Board of Directors
San Diego Interfaith Housing Foundation, Inc.

We have audited the accompanying financial statements of San Diego Interfaith Housing Foundation, Inc., which comprise the statements of assets, liabilities, and net assets - income tax basis, as of March 31, 2018 and 2017, and the related statements of revenues, expenses, and changes in net assets - income tax basis and cash flows - income tax basis 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 the basis of accounting San Diego Interfaith Housing Foundation uses for income tax purposes; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 assets, liabilities, and net assets of San Diego Interfaith Housing Foundation, Inc. as of March 31, 2018 and 2017 and its revenues, expenses, and changes in net assets and cash flows for the years then ended in accordance with the basis of accounting San Diego Interfaith Housing Foundation, Inc. uses for income tax purposes described in Note 2.

Correction of Error

As discussed in Note 12 to the financial statements, certain errors resulting in understatement of amounts previously reported for Investment in Partnerships and revenue as of March 31, 2017, were discovered by management during the current year. Accordingly, amounts reported for Investment in Partnerships and Income (loss) from Investments in Partnerships have been restated in the 2017 financial statements now presented, and an adjustment has been made to unrestricted net assets as of March 31, 2017, to correct the error. Our opinion is not modified with respect to that matter.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting San Diego Interfaith Housing Foundation, Inc. uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Leaf & Cole LLP

San Diego, California
July 6, 2018

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
STATEMENTS OF ASSETS, LIABILITIES AND
NET ASSETS - INCOME TAX BASIS
MARCH 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
<u>Assets:</u> (Notes 2, 3, 4, 5, 6, 7 and 8)		
Cash and cash equivalents	\$ 3,963,455	\$ 1,756,339
Investments	5,497,365	5,244,362
Prepaid expenses	119,999	39,269
Ground lease receivable - Related party	56,250	56,250
Accounts receivable - Related parties	14,572,446	15,042,926
Accrued interest receivable - Related parties	2,565,153	2,364,793
Notes receivable - Related parties	7,998,515	8,021,434
Investment in partnerships	1,037,165	732,689
Property and equipment, net	<u>1,745,819</u>	<u>1,536,013</u>
TOTAL ASSETS	\$ <u>37,556,167</u>	\$ <u>34,794,075</u>

LIABILITIES AND NET ASSETS

<u>Liabilities:</u> (Notes 2, 6 and 9)		
Accounts payable and accrued expenses	\$ 11,650	\$ 19,742
Accrued interest payable	2,500	2,500
Note payable	500,000	500,000
Share of deficiency in partnerships	<u>1,464,495</u>	<u>1,195,035</u>
Total Liabilities	<u>1,978,645</u>	<u>1,717,277</u>
<u>Contingencies</u> (Note 11)		
<u>Unrestricted Net Assets</u> (Notes 2 and 12)	<u>35,577,522</u>	<u>33,076,798</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>37,556,167</u>	\$ <u>34,794,075</u>

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

**SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - INCOME TAX BASIS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<u>Revenue and Support:</u>		
Developer fees	\$ 1,350,000	\$ -
Investment income	698,029	866,399
Partnership management fees	170,386	143,455
Residual receipts revenue	76,373	87,458
Residential services fees	67,865	66,624
Ground lease income	45,000	45,000
Miscellaneous income	2	1,982
Refunds and rebates	-	106,771
Contributions:		
Related parties	156,767	300,000
Other	20,000	17,500
Total Revenue and Support	<u>2,584,422</u>	<u>1,635,189</u>
<u>Expenses:</u>		
Program Services:		
Donations	62,450	79,863
Affordable housing	27,704	24,613
Total Program Services	<u>90,154</u>	<u>104,476</u>
Supporting Services:		
Management and general	28,560	32,461
Total Supporting Services	<u>28,560</u>	<u>32,461</u>
Total Expenses	<u>118,714</u>	<u>136,937</u>
Change in Unrestricted Net Assets Before Income From Partnerships	2,465,708	1,498,252
Income (Loss) From Investment in Partnerships (Note 10)	<u>35,016</u>	<u>(178,828)</u>
Change in Unrestricted Net Assets	2,500,724	1,319,424
Unrestricted Net Assets at Beginning of Year	<u>33,076,798</u>	<u>31,757,374</u>
UNRESTRICTED NET ASSETS AT END OF YEAR (Note 12)	<u>\$ 35,577,522</u>	<u>\$ 33,076,798</u>

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

**SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
STATEMENTS OF CASH FLOWS - INCOME TAX BASIS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<u>Cash Flows From Operating Activities:</u>		
Change in unrestricted net assets	\$ 2,500,724	\$ 1,319,424
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	20,194	20,525
Unrealized and realized (gains) losses on investments	(79,867)	(264,306)
(Income) loss from investment in partnerships	(35,016)	178,828
(Increase) Decrease in:		
Prepaid expenses	(80,730)	(38,385)
Ground lease receivable - Related party	-	(20,000)
Accrued interest receivable - Related parties	(200,360)	(346,016)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(8,092)	(3,354)
Accrued interest payable	-	(250)
Net Cash Provided by Operating Activities	<u>2,116,853</u>	<u>846,466</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of investments, net	(173,136)	(150,739)
Decrease (increase) in accounts receivable - Related parties	470,480	(381,942)
Repayment of notes receivable - Related parties	22,919	50,251
Purchase of property and equipment	(230,000)	(12,895)
Net Cash Provided by (Used in) Investing Activities	<u>90,263</u>	<u>(495,325)</u>
Net Increase in Cash and Cash Equivalents	2,207,116	351,141
Cash and Cash Equivalents at Beginning of Year	<u>1,756,339</u>	<u>1,405,198</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,963,455</u>	<u>\$ 1,756,339</u>

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

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

Note 1 - Organization:

San Diego Interfaith Housing Foundation, Inc. (the "Corporation") is a not-for-profit corporation. Its mission is to sponsor and assist in the development of quality low cost, single and multi-family housing for low income and handicapped persons in the greater San Diego metropolitan area.

Note 2 - Significant Accounting Policies:

Accounting Method

The Corporation prepares its financial statements on the accounting basis used for federal income tax purposes. Under the basis of accounting used for income tax purposes, assets and liabilities as well as revenue and expenses are reported in accordance with the rules and regulations established under the Internal Revenue Code ("IRC"), which is comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, certain expenditures and property and equipment may be expensed and depreciated in different periods and at different methods and recovery periods than those required by accounting principles generally accepted in the United States of America ("U.S. GAAP").

Financial Statement Presentation

The 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 financial statements in conformity with the income tax basis of accounting 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.

Risks and Uncertainties

The Corporation invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Investments have been reported at fair value based upon quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of assets, liabilities and net assets - income tax basis.

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation

The Corporation capitalizes all expenditures in excess of \$5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Buildings	39 years
Building equipment - Portable	5 - 7 years
Improvements	10 - 15 years

Depreciation totaled \$20,194 and \$20,525 for the years ended March 31, 2018 and 2017, respectively.

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.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Corporation 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.

Revenues from developer fees, partnership management fees, and other revenues are recognized in the period in which the related work is performed in accordance with the terms of the partnership and other agreements in place for each related party. Accounts receivable - related parties is recorded when revenue earned exceeds the cash received. Unearned revenue is recorded when cash received exceeds the revenue earned.

Donated Services and Support

The Corporation utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended March 31, 2018 and 2017, did not meet the requirements above; therefore, no amounts were recognized in the financial statements.

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

Note 2 - Significant Accounting Policies: (Continued)

Allocated Expenses

The Corporation 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 service 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 Corporation's management.

Income Taxes

The Corporation 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. The Corporation 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 Corporation is not a private foundation.

The Corporation's Return of Organization Exempt from Income Tax for the years ended March 31, 2018, 2017, 2016 and 2015 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Concentration of Credit Risk

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

Cash and Cash Equivalents

For purposes of the statements of cash flows - income tax basis, the Corporation 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 Corporation has evaluated subsequent events through July 6, 2018, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

Reclassification

The Corporation has reclassified certain prior year information to conform with the current year presentation.

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

Note 3 - Investments:

Investments are measured at fair value and consist of the following at March 31:

	<u>2018</u>	<u>2017</u>
Mutual funds:		
Income funds	\$ 3,329,313	\$ 3,172,986
Blended funds	1,103,796	1,022,463
Growth funds	1,064,256	1,048,913
Total Investments	<u>\$ 5,497,365</u>	<u>\$ 5,244,362</u>

The following schedule summarizes the investment income and its classification in the statements of revenues, expenses and changes in net assets - income tax basis for the years ended March 31:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 618,162	\$ 602,093
Unrealized and realized gains (losses) on investments	79,867	264,306
Total Investment Income	<u>\$ 698,029</u>	<u>\$ 866,399</u>

Note 4 - Ground Lease Receivable - Related Party:

The Corporation has entered into a lease agreement with Redwood Villa Senior Housing Partners, L.P. ("Redwood"), a related party, for 75 years commencing September 1, 2007. The lease calls for annual payments of \$45,000 from distributions of cash flow as defined in Redwood's partnership agreement. Ground lease income totaled \$45,000 for the years ended March 31, 2018 and 2017. Ground lease receivable - related party totaled \$56,250 and \$56,250 at March 31, 2018 and 2017, respectively.

Note 5 - Accounts Receivable - Related Parties:

In addition to management and resident services, the Corporation has provided development services with respect to various projects in which the Corporation has a partnership interest. The Corporation has the following receivables from these projects for funds that have been advanced in relation to development or for contracted services provided as follows at March 31:

	<u>2018</u>	<u>2017</u>
Mountain View Villas, L.P.	\$ 3,754,538	\$ 3,754,538
Iowa Street Senior Housing Partners, L.P.	3,718,592	4,065,420
Escondido Senior Housing Corporation	2,429,243	2,309,243
Renaissance Senior Housing Partners, L.P.	1,078,974	1,160,498
Redwood Villa Senior Housing Partners, L.P.	1,054,800	1,175,100
Lillian Place, L.P.	1,016,261	1,113,784

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

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

	<u>2018</u>	<u>2017</u>
1360 Melody, L.P.	\$ 759,542	\$ 803,530
Palm Terrace Interfaith Housing Corporation	313,562	389,512
Brighton Avenue, L.P.	150,059	52,471
Interfaith Development Corporation	66,644	61,474
Brookview Senior Housing Partners, L.P.	63,565	61,132
C4, L.P.	47,493	-
Pacific Vista Las Flores, L.P.	39,846	9,454
Mission Terrace Associates	38,412	43,421
DP-DM Housing Partners, L.P.	17,757	16,391
Metro Villas Housing Partners, L.P.	6,877	6,663
525 Orange Avenue, L.P.	6,377	6,149
Orange Villas, L.P.	5,090	14,146
Horton House Interfaith Housing Corporation	3,797	-
Presioca Villa Interfaith Housing Corporation	486	-
220 Quince, L.P.	336	-
Coronado Senior Housing Partners, L.P.	195	-
Total Accounts Receivable - Related Parties	<u>\$ 14,572,446</u>	<u>\$ 15,042,926</u>

Note 6 - Investment in Partnerships:

The Corporation owns partnership interests in limited partnerships accounted for on the equity method. The following are the balances in the Corporation's partnership tax basis capital accounts at March 31:

	<u>2018</u>	<u>2017</u>
Mountain View Villas, L.P.	\$ 666,762	\$ 365,563
Mission Terrace Associates	274,610	295,886
1360 Melody L.P.	95,793	71,240
Orange Villas, L.P.	<u>(1,464,495)</u>	<u>(1,195,035)</u>
	<u>\$ (427,330)</u>	<u>\$ (462,346)</u>

	<u>2018</u>	<u>2017</u>
Financial Statement Presentation:		
Investment in partnerships	\$ 1,037,165	\$ 732,689
Share of deficiency in partnerships	<u>(1,464,495)</u>	<u>(1,195,035)</u>
	<u>\$ (427,330)</u>	<u>\$ (462,346)</u>

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

Note 7 - Notes Receivable - Related Parties:

Note receivable - related parties consist of the following at March 31:

	<u>2018</u>	<u>2017</u>
The subordinated note receivable from Redwood Villa Senior Housing Partners, L.P., a related party, bears interest at 5.09% and matures in October 2052. The note is secured by a subordinated deed of trust. Principal and interest payable from distributions of cash flow as defined in the partnership agreement. Accrued interest totaled \$2,378,727 and \$2,152,183 at March 31, 2018 and 2017, respectively.	\$ 4,450,765	\$ 4,450,765
The subordinated note receivable from DP-DM Housing Partners, L.P., a related party, bears interest at 5% and matures in June 2053. The note is secured by a short form deed of trust with assignment of rents. Principal and interest are payable from distributions of cash flow as defined in the partnership agreement. Accrued interest totaled \$122,305 and \$147,343 at March 31, 2018 and 2017, respectively.	1,830,226	1,830,226
The subordinated note receivable from DP-DM Housing Partners, L.P., a related party, bears interest at 5% and matures in June 2053. The note is secured by a short form deed of trust with assignment of rents. Principal and interest were payable from distributions of cash flow as defined in the partnership agreement. The note was amended on August 1, 2014. Principal and interest are now payable in annual payments of \$109,941 unless the California Community Reinvestment Corporation has determined that the net income to debt services ratio of DP-DM Housing Partners, L.P. for the prior year has fallen below 1.15 to 1.00. Accrued interest totaled \$64,121 and \$65,267 at March 31, 2018 and 2017, respectively.	1,717,524	1,740,443
Total Notes Receivable	<u>\$ 7,998,515</u>	<u>\$ 8,021,434</u>

Note 8 - Property and Equipment:

Property and equipment consist of the following at March 31:

	<u>2018</u>	<u>2017</u>
Land	\$ 1,205,000	\$ 1,205,000
Buildings	435,000	435,000
Building equipment - Portable	54,078	54,078
Improvements	107,974	107,974
Construction in progress	230,000	-
Subtotal	2,032,052	1,802,052
Less: Accumulated depreciation	(286,233)	(266,039)
Property and Equipment, Net	<u>\$ 1,745,819</u>	<u>\$ 1,536,013</u>

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

Note 9 - Note Payable:

Note payable consists of the following at March 31:

	<u>2018</u>	<u>2017</u>
Unsecured note payable to Wells Fargo Community Improvement Holdings. The note bears interest at a fixed rate of 2% annually, with interest only payments due quarterly, maturing on November 19, 2019. The note terms can be extended two additional years at a modified interest rate. Accrued interest totaled \$2,500 and \$2,500 at March 31, 2018 and 2017, respectively.	\$ <u>500,000</u>	\$ <u>500,000</u>

Future principal payments on the note payable are as follows:

<u>Years Ended</u> <u>March 31</u>	
2019	\$ -
2020	\$ <u>500,000</u>
	\$ <u>500,000</u>

Note 10 - Related Party Transactions:

In addition to the ground lease (Note 4), the Corporation receives developer fees, partnership management fees, residual receipts revenue, income (loss) from investment in partnerships, residential services fees, and contributions from entities which have a common Board of Directors. In addition, the Corporation received interest on developer fees receivable from Redwood Villa Senior Housing Partners, L.P., a related party, totaling \$40,856 and \$45,366 for the years ended March 31, 2018 and 2017, respectively, which is included in investment income. San Diego Interfaith Housing Foundation, Inc. earned the following amounts for the years ended March 31:

	<u>2018</u>				
	<u>Partnership</u> <u>Management</u> <u>Fees</u>	<u>Developer</u> <u>Fees</u>	<u>Residual</u> <u>Receipts</u> <u>Revenue</u>	<u>Income (Loss)</u> <u>from Investment</u> <u>in Partnerships</u>	<u>Residential</u> <u>Service Fees</u>
1360 Melody, L.P.	\$ -	\$ -	\$ -	\$ 24,553	\$ -
525 Orange Avenue, L.P.	6,334	-	-	-	-
Brighton Avenue, L.P.	17,389	-	1	-	34,267
Brookview Senior Housing Partners, L.P.	26,233	-	-	-	-
DP-DM Housing Partners, L.P.	16,883	-	-	-	-
Iowa Street Senior Housing Partners, L.P.	-	1,350,000	-	-	-
Lillian Place, L.P.	9,745	-	-	-	33,598
Meiro Villas Housing Partners, L.P.	6,671	-	-	-	-
Mission Terrace Associates	57,393	-	-	(21,276)	-
Mountain View Villas, L.P.	-	-	-	301,199	-
Orange Villas, L.P.	-	-	-	(269,460)	-
Pacific Vista Las Flores, L.P.	9,738	-	-	-	-
Palm Terrace Interfaith Housing Corporation	-	-	76,373	-	-
Renaissance Senior Housing Partners, L.P.	20,000	-	-	-	-
Total	\$ <u>170,386</u>	\$ <u>1,350,000</u>	\$ <u>76,373</u>	\$ <u>35,016</u>	\$ <u>67,865</u>

SAN DIEGO INTERFAITH HOUSING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

Note 10 - Related Party Transactions: (Continued)

	2017				
	Partnership Management Fees	Developer Fees	Residual Receipts Revenue	Income (Loss) from Investment in Partnerships	Residential Service Fees
1360 Melody, L.P.	\$ -	\$ -	\$ -	\$ 38,227	\$ -
525 Orange Avenue, L.P.	6,149	-	-	-	-
Brighton Avenue, L.P.	16,883	-	-	-	35,590
Brookview Senior Housing Partners, L.P.	25,531	-	-	-	-
DP-DM Housing Partners, L.P.	16,391	-	-	-	-
Iowa Street Senior Housing Partners, L.P.	-	-	-	-	-
Lillian Place, L.P.	9,459	-	-	-	31,034
Metro Villas Housing Partners, L.P.	6,667	-	-	-	-
Mission Terrace Associates	32,921	-	-	(86,162)	-
Mountain View Villas, L.P.	-	-	-	130,493	-
Orange Villas, L.P.	-	-	-	(261,386)	-
Pacific Vista Las Flores, L.P.	9,454	-	-	-	-
Palm Terrace Interfaith Housing Corporation	-	-	87,458	-	-
Renaissance Senior Housing Partners, L.P.	20,000	-	-	-	-
Total	<u>\$ 143,455</u>	<u>\$ -</u>	<u>\$ 87,458</u>	<u>\$ (178,828)</u>	<u>\$ 66,624</u>

Note 11 - Litigation:

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

Note 12 - Prior Period Adjustment:

The Corporation owns a partnership interest in Mission Terrace Associates accounted for on the equity method. The income (loss) from investment in partnerships used to value the investment in partnerships was understated by \$185,161 and is summarized as follows:

	Investment in Partnerships	Income (Loss) From Investment in Partnerships	Unrestricted Net Assets
As Previously Reported, March 31, 2017	\$ 547,528	\$ (363,989)	\$ 32,891,637
Adjustment	<u>185,161</u>	<u>185,161</u>	<u>185,161</u>
As Restated, March 31, 2017	<u>\$ 732,689</u>	<u>\$ (178,828)</u>	<u>\$ 33,076,798</u>

San Diego Interfaith Housing Foundation (021sdihf)

Balance Sheet

Period = Mar 2019

Book = Accrual

		Current Balance
1000-0000	ASSETS	
1001-0000	CURRENT ASSETS	
1100-0000	CASH and CASH EQUIVALENT	
1110-0000	Checking-Operations	4,448,289.24
1112-0000	Savings	999.47
1140-0000	Petty Cash-Property/MJ	300.00
1160-0000	Investment-Fidelity	5,359.11
1163-0000	Investment-UB MM	403,262.21
1165-0000	Cetera	5,619,600.08
1190-0000	TOTAL CASH and CASH EQUIVALENT	10,477,810.11
1300-0000	ACCOUNTS RECEIVABLE	
1330-0000	Recievables-Other/Advances	32,870.65
1337-0000	Receivable-ResServ/Exhibit Fee	166,788.34
1338-0000	Receivable-Dev Fee Interest RV	19,294.75
1340-0000	Receivable-Partnership Management Fee	432,460.67
1345-0000	Developer Fees Receivable-Lillian	272,749.50
1347-0000	Developer Fees Receivable-Redwood	695,143.00
1348-0000	Developer Fees Receivable-Renaissance	619,029.00
1349-0000	TOTAL ACCTS RECEIVABLE	2,238,335.91
1499-0000	TOTAL CURRENT ASSETS	12,716,146.02
1500-0000	FIXED ASSETS	
1501-0000	PROPERTY	
1580-0000	FURNITURE/FIXTURES and EQUIPMENT	
1585-0000	Building Improvements	78,609.21
1587-0000	Furnishings & Appliances	18,604.00
1595-0000	Office Equipment	22,579.03
1599-0000	TOTAL FURNITURE/FIXTURES and EQUIPM	119,792.24
1600-0000	ACCUMULATED DEPRECIATION	
1605-0000	A/D Buildings	-148,720.08
1606-0000	A/D Building Improvements	-93,566.33
1645-0000	A/D Furniture & Fixtures	-43,946.66
1690-0000	TOTAL ACCUMULATED DEPRECIATION	-286,233.07
1699-0000	TOTAL PROPERTY	-166,440.83
1700-0000	INVESTMENTS	
1701-0000	REAL ESTATE	
1715-0001	N/R-RVA Ground Lease	11,250.00
1715-0002	N/R- RV IHC	84,563.44
1715-0004	N/R-Lillian Place	594,064.86
1715-0005	N/R Iowa Street	2,710,941.80
1715-0006	N/R-RVSHLP	4,450,765.00
1715-0007	N/R-Accrued Interest RVSHLP	2,338,940.38
1715-0008	N/R-Melody LP	735,530.48

San Diego Interfaith Housing Foundation (021sdihf)

Balance Sheet

Period = Mar 2019

Book = Accrual

		Current Balance
1715-0009	N/R DP	1,598,693.48
1715-0010	N/R DM	1,830,225.39
1715-0011	N/R MVV	3,654,537.79
1715-0012	N/R-Interest-DP	-1,145.94
1715-0013	N/R-Interest-DM	-65,568.32
1715-0014	N/R Escondido	2,454,243.00
1715-0016	N/R - VLF	30,000.00
1715-0017	N/R-C4	25,264.53
1715-0018	N/R-MT Redevelopment	10,500.00
1715-0019	N/R-IDC	2,491,474.06
1715-0020	N/R-Chula Vista	19,137.07
1715-0021	N/R - PT	238,140.44
1729-0000	TOTAL REAL ESTATE INVESTMENTS	23,211,557.46
1760-0000	INVESTMENTS-Land for Lease	
1760-0002	Investment in Iowa Sr	12,895.17
1760-0005	Investment in C4	99.00
1766-0000	Investment-LP OVL	-427,330.00
1768-0000	Investment-Redwood Villa	890,000.00
1769-0000	Investment-Lester	315,000.00
1770-0000	Investments-Lemon Grove	29,364.65
1771-0000	Investments-Building Lemon Grove	435,000.00
1779-0000	TOTAL INVESTMENTS-Land for Lease	1,254,929.82
1798-0000	TOTAL INVESTMENTS	24,466,487.28
1799-0000	TOTAL FIXED ASSETS	24,300,145.45
1800-0000	OTHER ASSETS	
1999-0000	TOTAL ASSETS	37,016,291.47
2000-0000	LIABILITIES and EQUITY	
2001-0000	LIABILITIES	
2002-0000	CURRENT LIABILITIES	
2003-0000	ACCOUNTS PAYABLE	
2010-0000	Accounts Payable - Trade	6,812.02
2020-0000	Accounts Payable - Other	2,495.00
2029-0000	TOTAL ACCOUNTS PAYABLE	9,307.02
2299-0000	TOTAL CURRENT LIABILITIES	9,307.02
2300-0000	LONG TERM LIABILITIES	
2301-0000	LONG TERM DEBT	
2375-0000	Bank Line of Credit	500,000.00
2399-0000	TOTAL LONG TERM DEBT	500,000.00
2899-0000	TOTAL LONG TERM LIABILITIES	500,000.00
2999-0000	TOTAL LIABILITIES	509,307.02
3000-0000	EQUITY	
3100-0000	CAPITAL	

San Diego Interfaith Housing Foundation (021sdihf)

Balance Sheet

Period = Mar 2019

Book = Accrual

		Current Balance
3410-0000	Special Limited Partner	-100.00
3499-0000	TOTAL CAPITAL	-100.00
3800-0000	RETAINED EARNINGS	
3810-0000	Retained Earnings - Prior Years	35,577,522.56
3820-0000	Retained Earnings - Current Year	929,561.89
3899-0000	TOTAL RETAINED EARNINGS	36,507,084.45
3900-0000	TOTAL EQUITY	36,506,984.45
3999-0000	TOTAL LIABILITIES and EQUITY	37,016,291.47

San Diego Internatn Housing Foundation (0214inf)

Income Statement

Period = Mar 2019

Book = Accrual

		Period to Date	%	Year to Date	%
4000-0000	REVENUE				
4001-0000	RENTAL INCOME				
4944-0000	OTHER REVENUE				
4945-0000	Miscellaneous Income	0.00	0.00	2.40	0.00
4975-0000	Donations	150,000.00	54.92	462,834.76	44.04
4991-0000	Developer Fees Income	0.00	0.00	292,855.00	27.86
4992-0000	Asset Management Fee	33,302.44	12.19	76,919.61	7.32
4995-0000	Ground Lease Revenue	3,750.00	1.37	45,000.00	4.28
4996-0000	Partnership Management Fee	42,032.73	15.39	129,387.20	12.31
4997-0000	Residual Receipts Income	9,248.00	3.39	9,249.00	0.88
4998-0000	Resident Service Mgmt Fee	34,811.00	12.74	34,811.00	3.31
4999-0000	TOTAL OTHER REVENUE	273,144.17	100.00	1,051,058.97	100.00
5999-0000	TOTAL REVENUE	273,144.17	100.00	1,051,058.97	100.00
6000-0000	EXPENSES				
6001-0000	OPERATING EXPENSES				
6024-0000	Landscaping				
6024-0001	Landscape Supplies	0.00	0.00	3,950.00	0.38
6024-9999	Total Landscaping	0.00	0.00	3,950.00	0.38
6055-0000	Property and Liability Insurance	407.52	0.15	407.52	0.04
6110-0000	Real Estate Taxes	0.00	0.00	1,081.00	0.10
6215-0000	Common Area Repairs/Appliances	0.00	0.00	1,435.00	0.14
6216-0000	Total Repairs/Appliances	0.00	0.00	1,435.00	0.14
6340-0000	TOTAL OPERATING EXPENSES	407.52	0.15	6,873.52	0.65
6350-0000	UTILITIES				
6385-0000	Telephone-Utilities	0.00	0.00	3,229.19	0.31
6390-0000	TOTAL UTILITIES	0.00	0.00	3,229.19	0.31
7170-0000	Meetings/Meals	3,647.55	1.34	6,890.99	0.66
7171-0000	Entertainment	293.19	0.11	2,832.37	0.27
7175-0000	Auto & Mileage	0.00	0.00	14.00	0.00
7215-0000	Computers - Support and Consultants	0.00	0.00	615.00	0.06
7260-0000	Office Supplies	0.00	0.00	71.86	0.01
7270-0000	Postage	16.10	0.01	69.22	0.01
7275-0000	Dues and Subscriptions	0.00	0.00	5,199.00	0.49
7310-0000	Legal	0.00	0.00	528.00	0.05
7315-0000	Audit & Accounting	0.00	0.00	8,650.00	0.82
7320-0000	Consulting	0.00	0.00	27,000.00	2.57
7355-0000	Bank Charges	0.00	0.00	3.00	0.00
7365-0000	Charitable Contributions	6,970.00	2.55	190,793.57	18.15
7370-0000	Employee Gifts	83.64	0.03	380.83	0.04
7410-0000	Misc tax, license, permits	275.00	0.10	470.00	0.04
7415-0000	TOTAL ADMINISTRATIVE	11,285.48	4.13	243,517.84	23.17
7419-0000	TAXES AND INSURANCE				
7440-0000	Taxes	0.00	0.00	150.00	0.01
7445-0000	Insurance-Property and Liability	0.00	0.00	1,165.50	0.11
7499-0000	TOTAL TAXES AND INSURANCE	0.00	0.00	1,315.50	0.13
8000-0000	FINANCIAL EXPENDITURES				
8010-0000	Interest Expense	0.00	0.00	10,000.27	0.95
8510-0000	Interest Income	-35,064.72	-12.84	-107,167.12	-10.20
8530-0000	Change in Market Value	-4,382.80	-1.60	-79,720.98	-7.58
8540-0000	Dividends Reinvested	0.00	0.00	115,993.10	11.04
8599-0000	TOTAL FINANCIAL INC(-)/EXP(+)	-30,681.92	-11.23	-133,438.97	-12.70
8600-0000	TOTAL EXPENSES	-18,988.92	-6.95	121,497.08	11.56
9990-0000	NET INCOME	292,133.09	106.95	929,561.89	88.44

SAN DIEGO INTERFAITH HOUSING FOUNDATION

Board of Directors

Name	Title	Address	Interest/Compensation
<u>SMYTH, GREGORY</u>	CHAIRMAN	7956 Lester Avenue Lemon Grove, CA 91945	0%/\$0/Volunteer
<u>TCHANG-FROST, GENEVIEVE</u>	VICE CHAIR	7956 Lester Avenue Lemon Grove, CA 91945	0%/\$0/Volunteer
<u>KOHN, STEVEN</u>	SECRETARY	7956 Lester Avenue Lemon Grove, CA 91945	0%/\$0/Volunteer
<u>GARDNER JR, J DAVID</u>	TREASURER	7956 Lester Avenue Lemon Grove, CA 91945	0%/\$0/Volunteer
<u>GAZE, JUDY</u>	Member	7956 Lester Avenue Lemon Grove, CA 91945	0%/\$0/Volunteer
<u>BALL, ROGER L.</u>	Member	7956 Lester Avenue Lemon Grove, CA 91945	0%/\$0/Volunteer
<u>BRUNSON, DOUG</u>	Member	7956 Lester Avenue Lemon Grove, CA 91945	0%/\$0/Volunteer
<u>BALESTRERI, TRUDY</u>	Member	7956 Lester Avenue Lemon Grove, CA 91945	0%/\$0/Volunteer
<u>ADLER, KAI</u>	Member	7956 Lester Avenue Lemon Grove, CA 91945	0%/\$0/Volunteer
<u>HALL, MIKE</u>	Member	7956 Lester Avenue Lemon Grove, CA 91945	0%/\$0/Volunteer

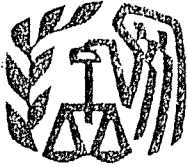
Department of the Treasury

**District Director
Internal Revenue Service**

Date: MAY 16 1972 In reply refer to: LA-EO-72-762
Code 421: 1103:EE

Tel. 213--688--4553

► San Diego Interfaith Housing
Foundation,
2100 Charter Oil Building,
San Diego, California 92101



Purpose: Charitable
File Returns with Internal Revenue Service Center: Philadelphia, Pa.
Accounting Period Ending: December 31,
Address Inquiries to District Director of Internal Revenue: Los Angeles, Calif.

Gentlemen:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

We have further determined you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in section 509(a)(2).

You are not liable for social security (FICA) taxes unless you file a waiver of exemption certificate as provided in the Federal Insurance Contributions Act. You are not liable for the taxes imposed under the Federal Unemployment Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes under section 2055, 2106, and 2522 of the Code.

If your purposes, character, or method of operation is changed, you must let us know so we can consider the effect of the change on your exempt status. Also, you must inform us of all changes in your name or address.

(L-178 (12-71))

(over)

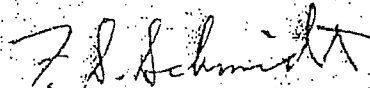
If your gross receipts each year are normally more than \$5,000, you are required to file Form 990, Return of Organization Exempt From Income Tax, by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of \$10 a day, up to a maximum of \$5,000, for failure to file a return on time.

You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

Please keep this determination letter in your permanent records.

Sincerely yours,



District Director

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This letter amends and up-dates our determination letter of November 10, 1970.



FRANCHISE TAX BOARD

1025 P STREET
SACRAMENTO, CALIFORNIA 95814

December 9, 1970

San Diego Interfaith
Housing Foundation
2100 Charter Oil Building
San Diego, CA 92101

In reply refer to:
L:JCS:lc

Purpose: charitable
Report Required: return or report
Form of Organization: corporation
Accounting Period Ending: December 31
Private Foundation: no

Gentlemen:

Based on the information submitted and provided your present operations continue unchanged or conform to those proposed in your application, you are exempt from State franchise or income tax under Section 23701d, Revenue and Taxation Code. Any change in operation, character or purpose of the organization must be reported immediately to this office so that we may determine the effect on your exempt status. Any change of name or address also must be reported.

You are required to file an annual information return, report or statement, as indicated above, on or before the 15th day of the 5th month after the close of your accounting period.

State franchise or income tax returns are not required unless you have income subject to the unrelated business income tax under Section 23731 of the Code. If you have such income, Form 109 must be filed annually by the 15th day of the 3rd month following the close of your accounting period.

Contributions made to you are deductible by donors as provided by Sections 17214, 17215, 17216 and 24357 of the Code.

Organizations incorporating and foreign corporations qualifying to do business in California have 30 days to complete incorporation or qualifying. This approval will expire unless incorporation or qualification is completed within 30 days.

Exemption from federal income or other taxes and other state taxes requires separate applications.

Very truly yours,

James C. Stewart

James C. Stewart
Counsel

☐ cc: Secretary of State (Corp)
cc: Registrar of Charitable Trusts