



SAN DIEGO  
HOUSING  
COMMISSION

# San Diego Housing Commission Comprehensive Annual Financial Report

For the year ended June 30, 2012

San Diego Housing Commission  
Finance Department  
1122 Broadway, Suite 300  
San Diego, CA 92101  
[www.sdhc.org](http://www.sdhc.org)



**SAN DIEGO HOUSING COMMISSION**

A Component Unit of the  
City of San Diego, California

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended  
June 30, 2012

Prepared by:  
**FINANCE DEPARTMENT**



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SAN DIEGO  
HOUSING  
COMMISSION

# Introductory Section



## *We're About People*

Established in 1979, the San Diego Housing Commission provides a variety of award-winning affordable housing programs and services that stimulate the local economy, revitalize neighborhoods, and help improve the lives of more than 125,000 individuals in the City of San Diego annually.





November 30, 2012

Council President Tony Young,  
Members of the San Diego City Council,  
Mayor Jerry Sanders,  
The Board of Commissioners of the San Diego Housing Commission,  
Citizens of the City of San Diego, California and other interested parties

California State law requires that all general purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. As a component unit of the City of San Diego, and pursuant to the above stated requirement, we hereby issue the comprehensive annual financial report (CAFR) of the San Diego Housing Commission (SDHC) for the fiscal year ended June 30, 2012.

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

SDHC's financial statements have been audited by CohnReznick, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of SDHC for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that SDHC's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of SDHC was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in SDHC's separately issued Single Audit Report.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SDHC for its CAFR for the fiscal year ended June 30, 2011. This was the fourth consecutive year that SDHC has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

In addition, the GFOA has given an award for Outstanding Achievement in Popular Annual Financial Reporting to SDHC for its Popular Annual Financial Report for fiscal year 2011. This was the second consecutive year that SDHC has achieved this prestigious award.

Established in 1979, SDHC is an award-winning public agency dedicated to preserving and increasing affordable housing within the City of San Diego.

SDHC administers a variety of federally funded affordable housing programs and services, including the Housing Choice Voucher (Section 8) Program which provides rent subsidies to more than 14,500 low-income families in the City of San Diego.

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



SDHC is one of 35 Moving to Work (MTW) agencies designated by HUD. This designation allows SDHC certain regulatory exemptions from the Housing Choice Voucher and Public Housing programs. It permits SDHC to combine operating, capital and rental assistance funds. This provides flexibility to create and test innovative programs that address San Diego's unique housing needs and to further assist our more than 14,000 Housing Choice Voucher households.

SDHC's MTW operating budget in FY 2012 was \$204,802,671.

- Choice Communities, one of SDHC's first MTW initiatives, improves and increases housing opportunities for our Housing Choice Voucher families. Since 2010, this program has resulted in 134 families moving to communities with more employment and educational opportunities.
- Nearly 75 percent of Housing Choice Voucher families in the City of San Diego live in high-poverty communities. Higher rents prevent low-income families from changing neighborhoods. The Choice Communities Program removes those barriers.
- The Sponsor-Based Voucher Program for homeless San Diegans allows SDHC to provide housing subsidies to non-profit agencies that provide supportive services to program participants;
- Three initiatives implemented agency-wide increase the availability of affordable housing in San Diego by expanding the use of Project-Based Vouchers, converting market rate developments into affordable housing, and creating additional public housing units through acquisition, rehabilitation, and preservation;
- The Graduation Incentive Program, which encourages families to pursue and complete higher education by offering a monetary award upon graduation from an eligible institution of higher learning.
- SDHC's most recent MTW program is "Path to Success." Path to Success modifies the method used to determine the rent portion paid by families who have been identified as able to work it will increase the average rental payment of Work-Able families.

At the same time, SDHC will guide Work-Able families in becoming more financially self-sufficient through enrollment at the SDHC Achievement Academy learning center, which emphasizes job skills and financial education. Path to Success will allow SDHC to serve more low-income families.

Beginning in 2011, families were notified of how Path to Success will affect their rental assistance payment. Exempt from the program are families in which all adult family members are 55 years or older, disabled, or a verified, full-time student ages 18 to 23 who is not the head of household, spouse or co-head.



Providing participants a bridge to a better financial future, the Achievement Academy of the San Diego Housing Commission is located at our downtown San Diego headquarters.

The 9,600 square foot SDHC Achievement Academy is a state-of-the-art learning and skills center available at no charge to families receiving federal Housing Choice Vouchers (Section 8) and those living in our public housing properties. With its expanded curriculum, the SDHC Achievement Academy builds upon programs it has offered since 1992. The emphasis is on career planning and improving job skills.

SDHC supports initiatives designed to prevent or reduce homelessness in the City of San Diego. Populations served include chronically homeless individuals, families, veterans, and seniors. In fiscal year 2012, SDHC Housing Innovations Department completed the expenditure of Federal American Recovery and Reinvestment Act (ARRA) funds (via the Homelessness Prevention and Rapid Re-housing Program) providing temporary housing assistance to more than 1,000 individuals. SDHC also utilized HUD's Shelter Plus Care Grants to provide permanent supportive housing for 236 households. With additional federal and local funds, SDHC Housing Innovations Department supported more than 1,000 shelter and transitional housing beds for individuals and families, and a homeless drop-in center that served 3,600 individuals.

September 2012 marked the fifth anniversary of SDHC receiving HUD approval to transition out of the Public Housing Program and assume full ownership and operating authority for 1,366 units at 137 sites.

On September 11, 2009 an innovative Finance Plan to tap into the equity from this new portfolio to generate additional housing was approved unanimously by the SDHC Board of Commissioners. It subsequently was approved by the Housing Authority of the City of San Diego.

SDHC raised \$95.3 million in total loan proceeds and created 810 additional affordable rental housing units that will remain affordable for 55 years or more.

SDHC exceeded the terms of the HUD agreement that called for 350 additional units.

To generate the \$95.3 million of loan proceeds, 33 of SDHC's larger properties were leveraged with three loans from Fannie Mae under the conventional multifamily loan program, generating \$37.1 million in loan proceeds. These loans closed in December 2009. Another portion of SDHC's portfolio, 44 properties, was leveraged under the Federal Housing Administration's (FHA) 223(f) program and generated \$58.2 million in loan proceeds. Two of the FHA loans closed in August 2010 and one in September 2010. The loans were obtained by grouping the properties into six SDHC wholly owned Limited Liability Companies (LLCs). The LLC's were primarily based on property location. All of the LLC loans are non-recourse obligations.

As a result of this entrepreneurial real estate finance strategy, SDHC rescued a foreclosed property, preserved senior housing, built multifamily developments that reduce energy costs, and renovated aging properties.

Utilizing these loan proceeds, SDHC purchased three properties and another one in partnership with a government entity:

1. Hotel Sandford, 129 affordable units and a manager's unit, \$6.46 million, closed March 2010.
2. Courtyard Apartments, 37 affordable units, \$7.85 million, closed September 2010.
3. Mariner's Village, 171 affordable units and a manager's unit, \$34.8 million, closed October 2010.
4. Park Crest Apartments, 70 affordable units and a manager's unit, \$8.91 million, closed September 2012.

These properties will serve families with incomes at 80 percent of the San Diego Area Median Income (AMI) or less.

SDHC also invested in six public-private partnerships in which the agency purchased the land and provided a loan and ground lease to the developer.

1. Arbor Village, 111 affordable units and a manager's unit, \$7.98 million, March 2010
2. Riverwalk Apartments, 49 affordable units and a manager's unit, \$4.52 million, closed March 2010
3. Vista Grande Apartments, 48 affordable units and a manager's unit, \$3.85 million, closed October 2010
4. Estrella del Mercado Apartments, 91 affordable units and a manager's unit, \$7.1 million, closed March 2011
5. Mission Apartments, 84 affordable units and a manager's unit, \$6 million, closed May 2011
6. Park Terramar Apartments, 20 affordable units and a manager's unit, \$2.15 million, closed July 2011

These properties will serve families with incomes at 60 percent of the San Diego AMI or less.

SDHC owns and operates 3,010 affordable housing units in the City of San Diego.

Comprising this figure are:

- 1,366 former public housing/local units
- 407 units in new acquisitions (Part of the 810 new housing units)
- 260 units in properties previously owned by SDHC
- 112 SDHC-owned properties with state rent restrictions
- 789 units owned by SDHC non-profit affiliate Housing Development Partners
- 76 Public Housing Units

SDHC also created an additional 403 affordable housing units through public-private partnerships that make-up the remainder of 810 housing units.

In addition to the above discussion, the Government Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. SDHC's MD&A can be found immediately following the report of the independent auditors in the financial section of this report.

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



Richard C. Gentry  
President and Chief Executive Officer



Nicole DeBerg  
Vice President and Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Diego Housing Commission  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davison*

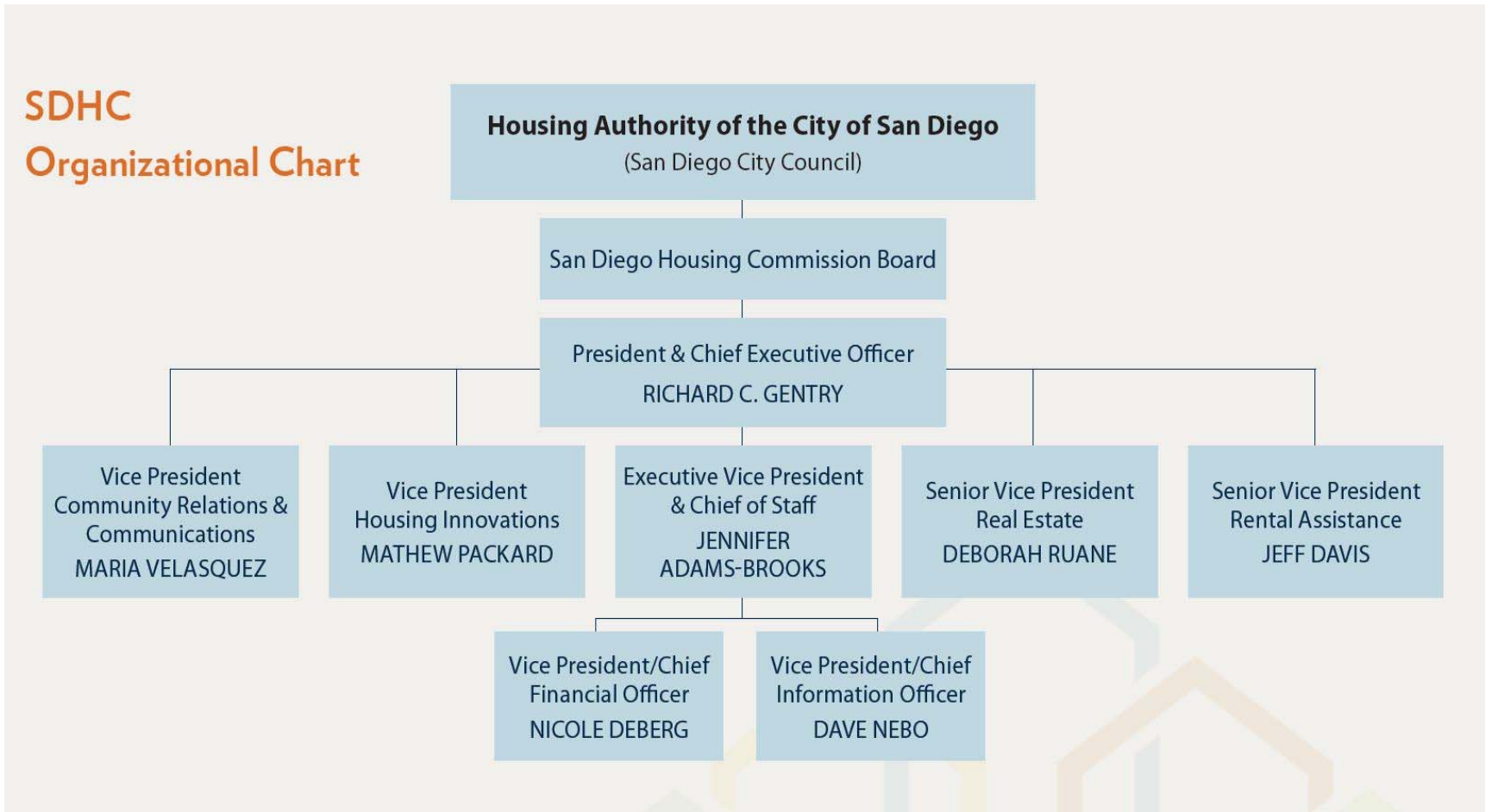
President

*Jeffrey R. Emer*

Executive Director



**SDHC**  
**Organizational Chart**





## SAN DIEGO HOUSING COMMISSION ROSTER OF OFFICIALS

SDHC was formed by the City of San Diego in accordance with the Housing Authority Law of the State of California. The City Council, acting in its capacity as the Housing Authority, exercises oversight responsibility over the operations of SDHC.

### HOUSING AUTHORITY

Council Member - District 1	Sherri Lightner
Council Member - District 2	Kevin Faulconer
Council Member - District 3	Todd Gloria
Council Member - District 4	Tony Young
Council Member - District 5	Carl DeMaio
Council Member - District 6	Lorie Zapf
Council Member - District 7	Marti Emerald
Council Member - District 8	David Alvarez

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

### BOARD OF COMMISSIONERS

Chair	Gary Gramling
Vice Chair	Roberta Spoon
Commissioner	Khadija Basir
Commissioner	Sam Guillen
Commissioner	Ben Moraga
Commissioner	Allen Sims
Commissioner	James T. Waring



SAN DIEGO  
HOUSING  
COMMISSION

# Financial Section



## *We're About People*

Once she was a low-income single mother receiving federal housing assistance through the Housing Choice Voucher program. Now, Khadija Basir has her own home, a government career and an award from a national housing organization — the result of persistence and valuable help from the Achievement Academy of the San Diego Housing Commission.





## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
of the San Diego Housing Commission

We have audited the accompanying financial statements of the San Diego Housing Commission (SDHC), a component unit of the City of San Diego, California, and its discretely presented component units as of and for the year ended June 30, 2012, as listed in the table of contents. These basic financial statements are the responsibility of SDHC's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units of SDHC. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component units were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the San Diego Housing Commission and its discretely presented component units as of June 30, 2012, and the changes in financial position and, where applicable, cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards we have also issued our report dated November 30, 2012 on our consideration of SDHC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 18 through 28 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements of SDHC as a whole. The accompanying supplemental information on pages 85 through 107, including the Financial Data Schedule required by the U.S. Department of Housing and Urban Development, is presented for purposes of additional analysis and is not a required part of the basic financial statements of SDHC. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The information included in the statistical section from pages 109 through 133 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "CohnReznick LLP".

Sacramento, California  
November 30, 2012



## **San Diego Housing Commission**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012

This section of SDHC's component unit financial statements presents an analysis of SDHC's financial performance for the fiscal year ended June 30, 2012. As such it should be read in conjunction with the letter of transmittal preceding this section and the financial statements and related notes following this section.

### **FINANCIAL HIGHLIGHTS**

The following represents a brief discussion highlighting selected changes in net assets comparing fiscal year 2012 to the previous fiscal year 2011:

- SDHC's net assets increased 4% to \$422.7 million at the end of fiscal year 2012 due to an \$18.2 million surplus.
- Current liabilities decreased 62% to \$13.0 million primarily due to the payoff of the JP Morgan Chase loan of \$2.9 million and the pay down of \$4.6 million on the Smart Corner US Bank loan and the refinancing of the remaining \$15.0 million balance over 15 years.
- Operating revenues decreased by \$1.2 million from \$31.4 million in fiscal year 2011 to \$30.2 million in fiscal year 2012 mostly due to receiving \$1.42 million in a litigation settlement and \$1.4 million in additional in-lieu fees in fiscal year 2011 offset by an increase in fiscal year 2012 of \$0.8 million in dwelling rental income as a result of additional affordable units and higher occupancy levels.
- Operating expenses increased 1% from \$191.7 million in fiscal year 2011 to \$192.9 million in fiscal year 2012. This increase is primarily due to an increase of \$2.2 million in administrative expenses, \$1.9 million in housing assistance payments, and \$1.1 million in grant expenses offset by a decrease of \$3.0 million in asset management expenses.
- Non-operating income and expenses, net, decreased \$1.2 million from \$186.0 million in fiscal year 2011 to \$184.8 million in fiscal year 2012 primarily due to full utilization of economic stimulus grants in fiscal year 2011 revenues and increased fiscal year 2012 interest income.



## OVERVIEW OF THE FINANCIAL STATEMENTS

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

## REQUIRED FINANCIAL STATEMENTS

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

The *Statement of Net Assets* include all of SDHC's assets and liabilities for the year ended June 30, 2012 and provides information about the nature and amounts of investments in resources (assets) and the obligations to SDHC's creditors (liabilities). It also provides the basis for computing rates of return, evaluating the capital structure of SDHC and assessing the liquidity and financial flexibility of SDHC.

The *Statement of Revenues, Expenses and Changes in Net Assets* accounts for all of SDHC's revenue and expenses for the year ended June 30, 2012. The statement reflects the results of SDHC's operations over the year and can be used to determine SDHC's credit worthiness and its ability to successfully recover all its costs through grants, tenant charges and other income.

The *Statement of Cash Flows* provides information about SDHC's cash receipts and cash payments during the year ended June 30, 2012. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing noncapital financing and investment activities. The statement provides answers to questions of where cash came from, what cash was used for and what caused changes in cash for the reporting periods covered.

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

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



## FINANCIAL ANALYSIS OF SDHC AS A WHOLE

The following analysis summarizes SDHC's net assets (Table 1) and changes in net assets (Table 2) during the fiscal years ended June 30, 2012 and 2011.

**TABLE 1**  
Net Assets  
(in thousands of dollars)

	June 30, 2012	June 30, 2011	Change \$	Change %
<b>ASSETS</b>				
Current and other assets	\$ 74,360	\$ 106,548	\$ (32,188)	-30%
Non current assets	319,768	283,153	36,615	13%
Capital assets net of depreciation	157,891	152,013	5,878	4%
<b>Total assets</b>	<b>\$ 552,019</b>	<b>\$ 541,714</b>	<b>\$ 10,305</b>	<b>2%</b>
<b>LIABILITIES</b>				
Current liabilities	\$ 13,039	\$ 34,548	\$ (21,509)	-62%
Notes Payable and non- current liabilities	116,285	102,651	13,634	13%
<b>Total liabilities</b>	<b>129,324</b>	<b>137,199</b>	<b>(7,875)</b>	<b>-6%</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of debt	54,769	43,092	11,677	27%
Restricted	142,431	137,162	5,269	4%
Unrestricted	225,495	224,261	1,234	1%
<b>Total net assets</b>	<b>422,695</b>	<b>404,515</b>	<b>18,180</b>	<b>4%</b>
<b>Total liabilities and net assets</b>	<b>\$ 552,019</b>	<b>\$ 541,714</b>	<b>\$ 10,305</b>	<b>2%</b>



Net assets are a useful indicator of an entity's financial position and as of June 30, 2012, the total assets of SDHC exceeded total liabilities by \$422.7 million. During the fiscal year, SDHC generated an operating surplus of \$18.2 million.

Total assets increased by \$10.3 million. Current and other assets decreased by \$32.2 million mainly due to the reclassification of \$26.2 million of short-term investments to long-term Agency and Corporate Bonds.

Non-current assets increased by \$36.6 million in part due to the reclassification of investments from current to non-current mentioned above. Capital assets net of depreciation, increased \$5.9 million mostly due to the \$9.4 million in construction-in-progress offset by \$3.9 million in depreciation.

Total liabilities decreased by \$7.9 million or 6%. Current liabilities decreased by \$21.5 million, primarily due to SDHC refinancing the U.S. Bank loan for the Smart Corner Building. SDHC paid-down \$4.6 million of this loan and SDHC paid off \$2.9 million of the JP Morgan Chase loan that was due in fiscal year 2012. Notes Payable and non-current liabilities increased by \$13.6 million mainly due to the new GE Capital loan of \$15 million for the Smart Corner office building offset by loan principal payments on existing debt.

Net assets increased a total of \$18.2 million due to the above mentioned operating surplus. Invested in capital assets net of debt increased \$11.7 million due to a \$5.9 million increase in capital assets and an \$8.0 million decrease in Notes Payable offset by spending \$2.0 million of loan proceeds.

Restricted net assets increased \$5.3 million primarily due to an additional \$3.8 million in reserves for HOME notes receivable and related accrued interest. Payments received by SDHC, including interest, net of administrative expenses allowance, are required to be recycled and used for future HOME program and NSP program purposes and therefore must continue to meet the restrictions criteria. 90% of the principal amount of loans made and accrued notes receivable interest is included in restricted net assets.

Restricted net assets also include \$2.8 million in replacement reserves due to lender requirements for the debts of the six LLCs.

Other activity in restricted net assets includes unspent Veterans Affairs Supportive Housing (VASH) funds. Additional information can be found in Note 14 to the Basic Financial Statements.

Unrestricted net assets increased \$1.2 million to \$225.5 million as of June 30, 2012. Unrestricted net assets include funds that will be spent for future years' contractual, grant and other obligations, funds invested in notes receivable, public housing funds, capital funds needed for future property maintenance and improvements, available FHA and Fannie Mae



loan proceeds, funds reserved for future MTW program initiatives and unrestricted funds available for operations and contingencies. The increase in restricted net assets is mostly due to the issuance of additional notes receivable under various grant programs.

**TABLE 2**  
Changes in Net Assets  
(in thousands of dollars)

	<b>June 30, 2012</b>	<b>June 30, 2011</b>	<b>Change \$</b>	<b>Change %</b>
Operating revenues				
Dwelling rental income	\$ 25,083	\$ 24,310	\$ 773	3%
Land lease and other rental income	1,892	1,970	(78)	-4%
Fee revenue	1,886	2,868	(982)	-34%
Shared equity income	171	158	13	8%
Other revenue	1,121	2,076	(955)	-46%
Total Operating revenues	30,153	31,382	(1,229)	-4%
Operating expenses	192,868	191,682	1,186	1%
Deficit before depreciation and other non-operating income and expenses	(162,715)	(160,300)	(2,415)	2%
Depreciation	3,920	4,048	(128)	-3%
Deficit before other non- operating income and expenses	(166,635)	(164,348)	(2,287)	1%
Other non-operating income and expenses, net	184,815	186,024	(1,209)	-1%
Change in net assets	<u>\$ 18,180</u>	<u>\$ 21,676</u>	<u>\$ (3,496)</u>	<u>-16%</u>

This year's overall surplus of \$18.2 million represents a \$3.5 million decrease from fiscal year 2011 mainly due to \$1.2 million in lower other non-operating income and expenses, net and \$1.2 million in higher operating expenditures and \$1.2 million in operating revenues.

Other non-operating income and expenses, net, decreased \$1.2 million from \$186.0 million in fiscal year 2011 to \$184.8 million in fiscal year 2012. This is due to a \$2.0 million decrease in grant revenue from the HOME program, a \$1.1 million decrease from the NSP





program and a \$2.1 million decrease from the ARRA program offset by a \$2.3 million increase in CDBG Housing Finance grant revenue.

Operating revenues decreased by \$1.2 million in part due to a \$1.4 million decrease in fees from an inclusionary fee received in fiscal year 2011 offset in part by a full year of rental income from Mariners Village and Courtyard Apartments.

Operating expenditures increased by \$1.2 million as a result of an expansion of SDHC's property portfolio, increased housing assistance payments and the related expansion in internal infrastructure. This expansion increased asset management, rehabilitation, and development costs, interest expense and general operating expenditures such as salaries and benefits.

### CAPITAL ASSETS

SDHC's investment in capital assets, net of depreciation as of June 30, 2012 amounted to \$157.9 million. This includes land, building, building improvements, vehicles, equipment and construction-in-progress.

The \$9.4 million increase in construction-in-progress is primarily building rehabilitation costs of \$4.1 million in Hotel Sandford, \$3.5 million in Paker Keir and \$1.1 million in Vista Verde.

The following summarizes SDHC's capital assets, net of accumulated depreciation, and changes therein, (Table 3) for the years ended June 30, 2012 and 2011.

**TABLE 3**  
Net Capital Assets  
(in thousands of dollars)

	June 30, 2012	June 30, 2011	Change \$	Change %
Land and buildings	\$ 147,297	\$ 150,644	\$ (3,347)	-2%
Construction-in-progress	9,831	466	9,365	2010%
Equipment	763	903	(140)	-16%
<b>Total</b>	<b>\$ 157,891</b>	<b>\$ 152,013</b>	<b>\$ 5,878</b>	<b>4%</b>

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



### **CURRENT AND LONG-TERM DEBT**

At June 30, 2012, notes payable totaled \$117.3 million.

The notes payable balance of \$93 million is comprised of Fannie Mae and FHA loans. These loans are described in further detail in the LLC Debt section below. These loans are non-recourse obligations of the LLCs and not of SDHC.

SDHC refinanced the U.S. Bank loan for the Smart Corner Building located at 1122 Broadway, San Diego California 92101. On October 31, 2011, SDHC paid down \$4.6 million of this loan. On November 1, 2011 SDHC refinanced the remaining \$15.0 million with GE Capital. The GE Capital loan has a term of 15 years and bears interest at the rate of 6.08%. Loan payments are financed by an administrative overhead allocation to SDHC's grant and other programs as well as lease income from commercial tenants.

\$4.5 million of this balance is comprised of two loans from the State of California made to finance the acquisition of the Otay Villas and Scattered Sites properties. These loans are interest free and it is anticipated they will be paid off with local funds or extended.

\$4.9 million of this balance is comprised of two loans from the Successor Agency of the Redevelopment Agency of the City of San Diego. One of these loans with a balance at June 30, 2012 of \$4.2 million is forgivable in 2065 and the loan with the remaining balance of \$0.7 million is forgivable in 2022.

On July 1, 2011, SDHC paid in full the \$3.0 million JP Morgan Chase loan on the Maya Apartments, a 132 unit affordable housing complex.

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

### **LLC Debt**

In 2009 the Board of Commissioners and the Housing Authority approved the Finance Plan for Acquisition of New Affordable Housing Units. The Finance Plan was created to structure and monitor the usage of equity from a portion of SDHC's real estate portfolio for the purpose of acquiring additional affordable housing in the San Diego area. As outlined in the Letter of Transmittal, SDHC leveraged 33 properties in fiscal year 2010, with three Fannie Mae loans generating \$37.1 million. In fiscal year 2011 SDHC leveraged an additional 44 properties under the FHA's 223(f) program and received three additional loans for \$58.2 million. This resulted in a total borrowing amount for the LLCs of \$95.3 million.



SDHC was eligible for the Build American Bonds (BABs) program that was offered by the Federal government. The BABs program provides a 35 percent interest rebate, for the life of the loan, of the interest paid on debt used by a municipality to construct, acquire, or rehabilitate facilities or other qualified capital expenditures. The Belden SDHC FNMA LLC, the Northern SDHC FHA LLC and the Southern SDHC FHA LLC loans have been approved as qualified direct subsidy BABs loans. SDHC has received \$839,089 in fiscal year 2012 BABs subsidy payments.

SDHC has acquired (or committed) 810 new units of affordable housing for a total investment of \$88,484,000 as listed below. These acquisitions include to-be-constructed properties as well as the acquisition and rehabilitation of existing properties.

Partnerships	# of Affordable		
	Units	Investment	Closing Date
Riverwalk Apartmnets	49	\$ 4,475	04/2010
Arbor Village Apartments	111	7,900	04/2010
Vista Grande Apartments	48	3,812	10/2010
Estrella de Mercado	91	7,005	03/2011
Mission Apartments	84	6,000	05/2011
Park Terramar	20	2,150	07/2011
<b>Sub-total</b>	<b>403</b>	<b>\$ 31,342</b>	
<b>Publicly Owned</b>			
Hotel Sandford	129	\$ 6,095	03/2010
Mariner's Village Apartments	171	34,331	10/2010
Courtyard Apartments	37	7,686	09/2010
Hotel Churchill		203	08/2011
Park Crest - FY 13	70	8,827	10/2012
<b>Sub-total</b>	<b>407</b>	<b>\$ 57,142</b>	
<b>Total</b>	<b>810</b>	<b>\$ 88,484</b>	



The amount available for future acquisition of affordable housing is calculated as follows:

<b>Total loan amount</b>	<b>\$ 95,383</b>
Less: financing fees	(2,120)
Less: completion/repair reserves	<u>(2,910)</u>
<b>Amount available for investment</b>	<b>90,353</b>
Less: amount committed/spent as of 06/30/2012	(79,657)
Less: asset/development fees and legal fees	(2,033)
Add: project budget savings	<u>708</u>
<b>Uncommitted amount available as of 06/30/2012</b>	<b>9,371</b>
Less: FY13 commitments	(8,827)
Less: development fees	<u>(274)</u>
<b>Remaining uncommitted amount available</b>	<b><u><u>\$ 270</u></u></b>

The net operating income generated by the LLC owned assets provides sufficient cash flow to cover debt service. Note 17 to the Basic Financial Statements outline the revenue and expense activity of the properties owned by the LLCs.

### Financial Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statement 14, Housing Development Partners (HDP) is incorporated into the accompanying financial statements. HDP is a nonprofit public benefit corporation established by SDHC in 1990. Its primary mission is to facilitate the development of affordable housing for low-and moderate-income persons by pursuing opportunities in collaboration with other affordable housing developers or by pursuing unique opportunities that require a public/private partnership. HDP has been audited by Leaf & Cole LLP.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The majority of SDHC's programs depend on federal financial assistance from HUD to continue operations. SDHC's largest funding source is grant income from HUD initiatives: in FY 2012 SDHC received 82% of its operating revenue from HUD, most of which were awarded to SDHC for the Moving to Work initiatives. SDHC's budget and financial condition are greatly affected by the financial condition of the Federal Government and Congress's annual appropriation to HUD. Though there is an expectation that, due to the current national economic and political climate, HUD grants for housing programs and program



administration funding may decrease, SDHC believes that through a combination of expense reduction and the prudent utilization of available programmatic reserves, SDHC will be able to balance its budget for the upcoming fiscal year.

MTW plans are prepared and submitted to HUD on an annual basis. Each annual plan describes initiatives to be implemented over the next fiscal year and the related reports give an accounting of activities put into action over the previous fiscal year. SDHC's fiscal year 2013 MTW plan was approved by HUD on June 13, 2012 and can be viewed at <http://www.sdhc.org/Rental-Assistance.aspx?id=5424>. As HUD's fiscal year runs from October to September annually, more information on HUD appropriations levels for SDHC's fiscal year 2014 will likely become available in the spring and summer of 2013.

The local economic conditions in the City of San Diego have improved over the past year. This is indicated by the increase in local housing market values and lower rental vacancies. "San Diego apartments are considerably outperforming the national market with a 4.7% vacancy rate. The outlook is for vacancy to remain below 3% in 2012."<sup>1</sup> San Diego's vacancy rate ranks the eighth-lowest in the Reis' 82 apartment markets. On one hand, this trend results in low vacancy rates in Commission owned and operated units; on the other hand, low vacancy rates may result in higher rental costs which could result in higher rental subsidy payments required on behalf of SDHC's housing choice voucher clients.

"San Diego County house prices rose 0.8 percent in July compared to 12 months earlier, breaking an 18-month down streak."<sup>2</sup> The housing market is making a steady recovery because homes are more affordable and mortgage rates have stayed steady to near-record lows. This may provide additional opportunities for low- and moderate-income homebuyers to purchase a home with assistance from one of SDHC's first time homebuyer assistance programs.

Other factors affecting housing needs in the City of San Diego are job growth, home foreclosures and homelessness. Foreclosure and short sales will continue to be part of the market realities for San Diego in the near future. However, local unemployment fell to 8.6% in September 2012 compared to 9.9% in September 2011<sup>3</sup>. Despite the fact that employment seems to be slowly recovering, homelessness is a continuing concern for SDHC.

Homelessness has increased by approximately 8.6% from 9,020 in 2011 to a total of 9,800 homeless persons living in the City of San Diego per the 2012 Regional Task Force on the

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<sup>1</sup>PMurray, San Diego Gaining Steam Across All Sectors, <http://www.reisreports.com>, October 1, 2012

<sup>2</sup>Evan Bedard, SD County Housing Prices Rise in Jul, Snapping 18-Month Down Streak, Index Says, <http://www.loansafe.org>, September 25, 2012

<sup>3</sup>San Diego-Carlsbad-San Marcos, California Unemployment, <http://www.deptofnumbers.com>,



Homeless count. SDHC continues to be a supporter of the Downtown San Diego “Campaign to End Homelessness” and will show that support with a commitment of an additional 75 Sponsor Based Vouchers for Phase 2 of this valuable effort. SDHC is also very excited to have made available an additional 150 vouchers for homeless individuals in addition to the 100 awarded last year. The Housing Innovations Department is overseeing SDHC’s homelessness efforts, which have recently been referred to as “cutting edge and best practice work on the part of a public housing authority.”

Despite slow economic recovery and potential future funding decreases, SDHC is committed to serving the housing needs of low to moderate income residents of San Diego. The need for affordable housing in the San Diego area remains very high in comparison to the rest of the nation. The number of people served and the level of service SDHC provides are constrained only by the amount of resources available for those services. SDHC’s Board-approved fiscal year 2013 budget of \$349.1 million will continue to provide a high level of services for its clients.

The ultimate goal for SDHC is to continue to provide the highest quality services to clients and the community, delivered in a rational and fiscally prudent manner, well into the future.

### **CONTACTING COMMISSION’S FINANCIAL MANAGEMENT**

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





SAN DIEGO  
HOUSING  
COMMISSION

# Basic Financial Statements



## *We're About People*

At the annual Fiesta del Sol, 125 San Diego children were tested for lead in their blood in a screening event sponsored by the San Diego Housing Commission (SDHC). It was part of SDHC's "Home Safe Home" program to protect low-income families in the City of San Diego from lead-based paint and other home health hazards. Six children tested positive for lead.







San Diego Housing Commission

STATEMENT OF NET ASSETS

June 30, 2012

	<u>Primary Government</u>	<u>Component Units</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 8,003,699	\$ 1,547,228
Restricted cash and cash equivalents	3,664,952	454,123
Short-term investments	53,438,553	-
Accounts receivable - tenants, net	348,156	-
Accounts receivable - funding sources	6,181,230	-
Accounts receivable - other	1,328,699	373,501
Notes and mortgages receivable, current portion	491,424	-
Accrued interest receivable - investments	143,710	-
Prepaid items and other assets	759,113	35,688
	<u>74,359,536</u>	<u>2,410,540</u>
Total current assets		
Noncurrent assets		
Long-term investments	60,931,512	-
Accrued interest receivable - notes and mortgages receivable	27,115,294	-
Notes and mortgages receivable, net of allowance for loan	229,481,197	-
Accounts receivable - other, net	-	309,417
Investment in partnerships	-	22,461
Other assets, net of amortization	2,239,688	977,684
Capital assets not being depreciated	70,394,663	3,156,453
Capital assets, net of accumulated depreciation	87,496,653	6,947,750
	<u>477,659,007</u>	<u>11,413,765</u>
Total noncurrent assets		
Total assets	<u>\$ 552,018,543</u>	<u>\$ 13,824,305</u>

(continued)



San Diego Housing Commission

STATEMENT OF NET ASSETS - CONTINUED

Year ended June 30, 2012

	Primary Government	Component Units
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 3,669,458	\$ 129,376
Accounts payable - funding sources	596,439	-
Accrued payroll and benefits	1,194,517	-
Accrued compensated absences	1,594,188	-
Accrued interest payable	552,053	24,046
Notes payable, current portion	1,571,717	88,183
Deposits payable	1,675,291	46,646
Deferred revenue	1,839,933	13,119
Other current liabilities	345,594	-
Total current liabilities	13,039,190	301,370
Noncurrent liabilities		
Notes payable, net of current portion	115,754,385	9,754,117
Other liabilities	530,492	1,624,938
Total noncurrent liabilities	116,284,877	11,379,055
Total liabilities	129,324,067	11,680,425
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	54,768,792	-
Restricted		
Reserve for HOME notes receivable	131,220,185	-
Reserve for NSP notes receivable	6,566,439	-
Reserve for replacement reserves	2,848,815	-
Reserve for VASH, DVP and FUP housing assistance	1,795,396	-
Total restricted	142,430,835	-
Unrestricted	225,494,849	2,143,880
Total net assets	422,694,476	2,143,880
Total liabilities and net assets	\$ 552,018,543	\$ 13,824,305

See notes to financial statements



San Diego Housing Commission

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year ended June 30, 2012

	Primary Government	Component Units
<b>OPERATING REVENUES</b>		
Dwelling rental income	\$ 25,082,830	\$ 884,294
Land lease and other rental income	1,892,027	-
Fee revenue	1,886,252	72,860
Shared equity income	171,422	-
Other revenue	1,120,603	70,717
Total operating revenues	<u>30,153,134</u>	<u>1,027,871</u>
<b>OPERATING EXPENSES</b>		
Administrative expenses	26,870,807	293,557
Tenant services	2,207,747	-
Asset management	7,470,695	787,774
General expenses	2,615,886	-
Grant expense	5,879,572	-
Housing assistance	147,823,240	-
Depreciation	3,920,321	226,243
Total operating expenses	<u>196,788,268</u>	<u>1,307,574</u>
Operating loss	<u>(166,635,134)</u>	<u>(279,703)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Grant revenue	182,353,583	539,753
Interest income on investments and notes receivable	8,774,498	43,032
Interest expense	(6,263,419)	(292,443)
Share in loss from partnerships	-	(102,783)
Loss on sale of capital assets	(49,695)	-
Total nonoperating revenues (expenses)	<u>184,814,967</u>	<u>187,559</u>
Change in net assets before capital transactions	18,179,833	(92,144)
Capital distributions	-	(96,916)
Change in net assets	18,179,833	(189,060)
<b>NET ASSETS</b>		
Beginning of year	<u>404,514,643</u>	<u>2,332,940</u>
End of year	<u>\$ 422,694,476</u>	<u>\$ 2,143,880</u>

See notes to financial statements

# Basic Financial Statements



San Diego Housing Commission

## STATEMENT OF CASH FLOWS

Year ended June 30, 2012

	Primary Government
Cash flows from operating activities	
Cash received from tenants and operations	\$ 30,341,132
Cash payments to suppliers for operations	(161,005,846)
Cash payments for general and administrative expenses	(29,587,689)
Net cash used for operating activities	<u>(160,252,403)</u>
Cash flows from capital and related financing activities	
Principal paid on notes payable	(23,849,282)
Acquisition and construction of capital assets	(8,588,153)
Proceeds from new debt financings	15,853,444
Financing fees paid	(271,282)
Interest expense paid	(6,702,857)
Net cash used for capital and related financing activities	<u>(23,558,130)</u>
Cash flows from noncapital financing activities	
Cash received from grants	<u>178,713,832</u>
Net cash provided by noncapital financing activities	<u>178,713,832</u>
Cash flows from investing activities	
Interest on investments and notes receivable	3,860,004
Collections of notes receivable	2,892,961
Cash loaned on notes receivable	(9,510,985)
Deposits released from escrows	(2,470)
Purchases of investments	(112,743,244)
Proceeds from sale of investments	<u>123,377,037</u>
Net cash provided by investing activities	<u>7,873,303</u>
Net increase in cash and cash equivalents	2,776,602
Cash and cash equivalents	
Beginning of year	<u>8,892,049</u>
End of year	<u>\$ 11,668,651</u>
Financial statement presentation	
Cash and cash equivalents	\$ 8,003,699
Restricted cash and cash equivalents	<u>3,664,952</u>
Total cash and cash equivalents	<u>\$ 11,668,651</u>

(continued)

# Basic Financial Statements



San Diego Housing Commission

## STATEMENT OF CASH FLOWS - CONTINUED

Year ended June 30, 2012

	<u>Primary Government</u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (166,635,134)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	3,920,321
Amortization	88,697
Provision for loan losses	1,305,452
Changes in operating assets and liabilities:	
(Increase) decrease in tenant receivables	(109,163)
(Increase) decrease in other receivables	337,273
(Increase) decrease in prepaid items and other assets	(189,693)
Increase (decrease) in accounts payable	374,838
Increase (decrease) in accrued payroll and benefits	517,711
Increase (decrease) in deposits payable	354,179
Increase (decrease) in deferred revenues	(40,112)
Increase (decrease) in other liabilities	(176,772)
Net cash used for operating activities	<u>\$ (160,252,403)</u>
Supplemental disclosure of noncash investing and noncapital financing activities	
Accrued interest on notes receivable converted to principal	<u>\$ 2,389,153</u>
Accounts payable - construction included in capital assets	<u>\$ 1,260,281</u>
Decrease in fair market value of interest rate swap	<u>\$ 417,304</u>

See notes to financial statements



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 1 - THE FINANCIAL REPORTING ENTITY

Primary Government

The San Diego Housing Commission (SDHC), a governmental agency, was formed by the City of San Diego (the City), under ordinance No. 2515 on December 5, 1978, in accordance with the Housing Authority Law of the State of California. SDHC primarily serves low income families by providing rental assistance payments, rental housing, loans and grants to individuals and not-for-profit organizations and other services.

SDHC is an integral part (component unit) of the reporting entity of the City. The accounts of SDHC have been included within the scope of the basic financial statements of the City. SDHC is governed by the San Diego Housing Authority, which is composed of the eight members of the San Diego City Council. The Housing Authority has final authority over SDHC's budget and major policy changes.

Component Units

The governmental reporting entity consists of SDHC (the Primary Government) and its component units. Component units are legally separate organizations for which the Board of Commissioners is financially accountable or other organizations whose nature and significant relationships with SDHC are such that exclusion would cause SDHC's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either SDHC's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on SDHC. The basic financial statements include both blended and discretely presented component units.

Blended Component Units

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

SDHC has seven blended component units which are Belden SDHC FNMA LLC, Northern SDHC FNMA LLC, Central SDHC FNMA LLC, Northern SDHC FHA LLC, Southern SDHC FHA LLC, Central SDHC FHA LLC and Mercado SDHC LLC together collectively



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

referred to as the “LLCs”. With the exception of Mercado SDHC LLC, the titles of 77 properties were transferred from SDHC to the LLCs. SDHC includes its blended component units in its business-type activities’ financial statements.

Discretely Presented Component Units

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

SDHC has three discretely presented component units which are financially and legally separate entities from SDHC. Housing Development Partners of San Diego (HDP) is a California Nonprofit Public Benefit Corporation. Its mission is to preserve and increase affordable housing opportunities for low and moderate income residents. The corporation shares staff and board of directors with the SDHC. The corporation’s by-laws state that two of HDP’s board members are also SDHCs board members and a third member is the Chief Executive Officer of SDHC. HDP Mason Housing Corporation (HDP Mason) is a California nonprofit public benefit corporation which is controlled by HDP. HDP also controls Casa Colina, LP (Casa Colina), a tax credit limited partnership of which HDP is the sole general partner. HDP and HDP Mason share the same board members and purpose. The financial statements of HDP, HDP Mason and Casa Colina have been consolidated under HDP and are presented in a separate column from the financial information of SDHC. HDP, HDP Mason and Casa Colina all have a December 31, 2011 year end.

Change In Reporting Entity

The consolidated financial statements of HDP have been included in the financial statements of SDHC as discretely present component units effective July 1, 2011 and the net assets of HDP as of that date in the amount of \$2,332,940 are included in beginning net assets in the statement of revenues, expenses and changes in net assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The government-wide financial statements report information of the primary government and its component units. The primary government is reported separately from certain legally separate discrete component units for which the primary government is financially





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

accountable. For financial reporting purposes, SDHC reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and fund financial statements are the same.

Basic Financial Statements

The basic financial statements (i.e. the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows) report information on all of the business-type activities of SDHC and its wholly owned LLCs, and its discretely presented component units. These basic financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) standards.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Activities presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

In accordance with GASB standards, SDHC has elected to apply all Financial Accounting Standards Board (FASB) pronouncements issued prior to November 30, 1989, which are not inconsistent with GASB pronouncements. Subsequent to this date, SDHC accounts for its proprietary funds as required by GASB.

Cash and Cash Equivalents

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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represents deposits that are used as collateral for loans made by a bank, used for replacement reserve and impound accounts, insurance reserve, security deposit and residual receipt accounts.

Investments

All investments are stated at fair value, except for money market investments which have a remaining maturity of less than one year when purchased, which are stated at amortized cost. Money market investments are short-term highly-liquid debt securities, such as bankers' acceptances, commercial paper, repurchase agreements, negotiable certificates of deposit and U.S. Treasury obligations. Fair value is the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Interfund Receivables and Payables

SDHC operates a revolving fund which provides for the pooling of cash to provide a convenient method for the payment of items chargeable to multiple sources and to maximize investment opportunities. The majority of receipts of cash are deposited to the revolving fund with an appropriate payable to the subsidiary general ledger which has provided the cash. The majority of disbursements are made from the revolving fund with an appropriate receivable from the subsidiary general ledger whose costs are being paid.

As all programs of SDHC are ongoing in nature with continuous receipts and expenditures, the daily status of individual funds undergoes constant change. Interfund receivables and payables are eliminated as expeditiously as possible.

Interprogram due from/to have been eliminated as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables.

Notes and Interest Receivable

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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Capital Assets

Capital assets are stated at cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Net interest costs are capitalized on projects during the construction period. The capitalization threshold for all capital assets is \$5,000.

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

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

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

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

Intangible Assets

Intangible assets consist of loan costs and are recorded at cost at the date of acquisition. Amortization is charged to the Statement of Activities over the term of the related debt using the effective yield method from the date they are available for use.

Impairment of Capital Assets

SDHC reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

of the normal life cycle of the capital asset being evaluated. As of June 30, 2012, there has been no impairment of the capital assets.

Accrued Compensated Absences

It is SDHC's policy to permit employees hired prior to July 1, 1994 to accumulate up to 650 hours of annual leave. Employees hired after July 1, 1994 are permitted to accumulate a maximum of 350 hours. All employees whose service is terminated shall be entitled to receive the equivalent amount of pay for the balance in their annual leave account at the time of termination.

In accordance with GASB standards, vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. The change in liability for compensated absences increased \$64,841 from June 30, 2011 to June, 30 2012.

Permanent employees are entitled to receive compensation at their current base salary for all unused annual leave upon termination or retirement.

In providing direction for conversion to the GAAP basis of accounting, HUD's Accounting Brief No. 6 discusses the conflicting direction given in HUD grant handbooks, which are not considered GAAP, and the cost principles of GAAP. In its final analysis, HUD opines that "Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under federal awards, including but not necessarily limited to wages, salaries, and fringe benefits." Since federal awards extend for a limited time period, and accrued benefits may not be paid out during the term of the award, the above analysis can be reasonably interpreted to mean that costs may be drawn down at the close of the award period to fund unpaid compensated absences.

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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Notes Payable and Interest Payable

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

Deferred Revenue

Deferred revenue includes rents received in advance from tenants, unearned interest income, and grant funds received from other governmental agencies, which are conditioned upon incurring certain qualifying costs or meeting other conditions. The rents from tenants will be recognized as revenue when earned and the grant funds will be recognized as revenue when the qualifying costs are incurred and the possibility of not meeting the conditions are remote.

Net Assets

In the Statement of Net Assets, net assets are classified in the following categories:

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

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

*Unrestricted Net Assets* - This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

Use of Estimates

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

Derivatives

SDHC uses derivatives to manage risks related to interest rate movements. Derivative instruments not meeting the criteria of hedge accounting are recorded at fair value on the



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Statement of Net Assets with any change in fair value reflected in the Statement of Activities in the period of change.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at June 30, 2012 consisted of the following:

Deposits	\$ 7,984,713
Petty cash	16,946
Cash held in investment account	2,040
Local Agency Investment Fund	9,887,498
San Diego County Investment Pool	22,334,564
Bankers Acceptance Notes	1,117,082
Agency bonds	70,042,876
Corporate bonds	<u>10,988,045</u>
Total cash and investments	122,373,764
Restricted cash and cash equivalents	3,664,952
Total	<u><u>\$ 126,038,716</u></u>

Deposits

The carrying amounts of SDHC's cash deposits were \$7,984,713 at June 30, 2012. Bank balances are fully insured and/or collateralized with securities held by the pledging financial institutions in SDHC's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure SDHC's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in SDHC's name.

The fair value of pledged securities must equal at least 110% of SDHC's cash deposits. California law also allows institutions to secure Commission deposits by pledging first trust



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

deed mortgage notes having a value of 150% of SDHC's total cash deposits. SDHC may waive collateral requirements for cash deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC).

Investment Policy

In accordance with State statutes and HUD regulations, SDHC has authorized the Chief Financial Officer or designee to invest in obligations of the U.S. Treasury, U.S. Government agencies or other investments as outlined in Commission Investment Policy. An Investment Committee, consisting of two Commission Board members, monitors the management of funds and compliance with SDHC Investment Policy.

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

Investments in the State's Local Agency Investment Fund (LAIF) and the San Diego County Investment Pool (SDCIP) represent SDHC's equity in pooled investments. Other investments such as CDs, bonds, repurchase agreements, bankers acceptance notes and checking accounts are safe kept with commercial banking and investing institutions.

Local Agency Investment Fund Investments

SDHC participates in the State's LAIF that is regulated by California Government Code. LAIF is part of the State of California Pooled Money Investment Account (P.M.I.A.) and is protected by statute ensuring invested funds remain Commission assets. The balance of the investment portfolio of P.M.I.A. at June 30, 2012 was \$60,502 million. P.M.I.A. is not registered with the Securities and Exchange Commission (SEC) but is required to invest in accordance with California State Code. The average maturity of P.M.I.A. investments was 270 days as of June 30, 2012.

As of June 30, 2012, SDHC had \$9,887,498 invested in LAIF and at which time, the LAIF fair value factor of 1.001219643 was used to calculate the fair value of the investments in LAIF. More information on LAIF investment pool can be found at <http://www.treasurer.ca.gov/pmia-laif/>.





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

San Diego County Investment Pool Investments

SDHC participates in the SDCIP. SDCIP is a Standard & Poor's AAA rated fund managed by the San Diego County Treasurer - Tax Collector. The market value of the investment portfolio of SDCIP at June 30, 2012 was \$6,148 million and had weighted average yield to maturity of 0.51%, a weighted average days to maturity of 370 days and an effective duration of 0.680 years.

In addition to voluntary participants such as SDHC, the pool is largely made up of mandatory participants such as the County of San Diego 36.31%, schools 36.67%, community colleges 12.68% and non-County funds of 5.35%. Voluntary depositors make up only 8.99% of the invested funds as of June 30, 2012.

As of June 30, 2012, SDHC had \$22,334,564 invested in SDCIP. More information on SDCIP can be found at <http://www.sdtreastax.com/investment-results.html>.

Certificates of Deposits

As of June 30, 2012, SDHC had no certificates of deposits in the investment portfolio.

Bankers Acceptance Notes

Bankers acceptance notes are short-term debt instruments guaranteed by both a borrowing firm and a commercial bank. They are issued at a discount with maturities of up to 180 days. As of June 30, 2012, SDHC had \$1,117,082 invested in bankers acceptance notes issued through U.S. Bank and held in a safekeeping account in SDHC's name.

Agency Bonds

SDHC's investments under U.S. Government Agency bonds are made up of Mortgage-Backed Security (MBS) bonds traded on an active secondary market. MBS Bonds are a security or debt obligation that represents a claim on the monthly cash flows from mortgage loans. They represent investments in securities that are backed by pools of high quality consumer or commercial mortgages guaranteed by a government agency or Government Sponsored Enterprises. While Standard & Poor's and Moody's does not specifically rate MBS, they carry an implied rating based on the high quality collateral that backs the bonds and the AAA rating by Moody's (AA+ by Standard & Poor) of the GSE (Fannie/Freddie)



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

that issues/guarantees them. At June 30, 2012, SDHC had \$70,042,876 invested in Agency MBS.

Corporate Bonds

Corporate bonds represent an investment in FDIC-guaranteed floating rate corporate debt securities (floaters) explicitly backed by the U.S. Government. Unlike fixed rate instruments, the coupon rate on these floating-rate securities resets every 3 months based on the 90-day London Inter-Bank Offer Rate (“LIBOR”) index plus a margin or basis points. At June 30, 2012, SDHC had \$10,988,045 invested in FDIC insured corporate floating rate bonds.

NOTE 4 - INVESTMENT RISK FACTORS

There are many factors that can affect the value of investments. Some, such as credit risk, custodial risk, concentration of credit risk and market risk, may affect both equity and fixed income securities. Equity and debt securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risk and changes in interest rates. It is the investment policy of SDHC to invest substantially all of its funds in fixed income securities which limits SDHC’s exposure to most types of risk.

Credit Risk

Fixed income securities are subject to credit risk, which is the risk that an issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer’s ability to make these payments will cause security prices to decline. Certain fixed income securities, including obligations of the U.S. Government or those explicitly guaranteed by the U.S. Government are considered to have minimal credit risk. SDHC minimizes credit risk by limiting investments to those listed in the Investment Policy. In addition, SDHC pre-qualifies the financial institutions, broker/dealers, intermediaries and advisors with which SDHC will do business in accordance with the Investment Policy and SDHC diversifies the portion of the investment portfolio not invested in US Treasury Bills, Notes, Bonds and collateralized certificates of deposit to minimize potential losses from any one type of security or issuer.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Custodial Risk

Custodial risk is the risk that, in the event of the failure of the custodian, the investments may not be returned. Bonds are purchased through a Merrill Lynch account in SDHC's name. All securities are held in safekeeping by Merrill Lynch and are covered by Securities Investor Protection Corporation (SIPC) and a separate Lloyd's of London policy for a combined aggregate limit of \$600 million.

The exposure of SDHC's debt securities to credit risk and custodial risk as of June 30, 2012 is as follows:

	Total fair value	Standard & Poor's Credit Rating as of June 30,			Not subject to rating
		AAA	AA	A	
Cash and cash equivalents					
Cash and cash equivalents	\$ 8,003,699	\$ -	\$ -	\$ -	\$ 8,003,699
Restricted cash and cash equivalents	3,664,952	-	-	-	3,664,952
Total cash and cash equivalents	<u>\$ 11,668,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,668,651</u>
Short-term investments					
Local agency investment fund	\$ 9,887,498	\$ -	\$ -	\$ -	\$ 9,887,498
County Investment Pool	22,334,564	22,334,564	-	-	-
Bankers Acceptance Notes	1,117,082	-	-	1,117,082	-
U.S. Government Agency securities	20,099,409	-	-	-	20,099,409
Total short-term investments	<u>\$ 53,438,553</u>	<u>\$ 22,334,564</u>	<u>\$ -</u>	<u>\$ 1,117,082</u>	<u>\$ 29,986,907</u>
Long-term investment securities:					
U.S. Government Agency securities	\$ 49,943,467	\$ -	\$ -	\$ -	\$ 49,943,467
Corporate Bonds	10,988,045	-	7,388,305	3,599,740	-
Total long-term investments	<u>\$ 60,931,512</u>	<u>\$ -</u>	<u>\$ 7,388,305</u>	<u>\$ 3,599,740</u>	<u>\$ 49,943,467</u>

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing SDHC to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Investments issued or guaranteed by the U.S Government and investments in external investment pools such as the California LAIF are not considered subject to concentration of credit risk.

The U.S. Government Agency securities in SDHC's portfolio include Fannie Mae issued by the Federal National Mortgage Association (FNMA), Freddie Mac issued by the Federal



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Home Loan Mortgage Corporation (FHLMC) and Federal Home Loan Bank (FHLB). Of the \$70,042,876 invested in Agency Mortgage Backed Securities (MBS) as of June 30, 2012, \$66,771,587 is issued either by FNMA or FHLMC. Both of these Agencies are currently under conservatorship by the U.S. Government giving them an additional level of security.

Investments in Agency MBS are not subject to ratings by Standard and Poor's. While Standard & Poor's and Moody's does not specifically rate MBS, they carry an implied AAA rating based on the collateral that backs the bond and the AAA rating of the Agency that issues/guarantees them. MBS are not considered subject to concentration of credit risk.

SDHC may choose to maintain 100% of its investment portfolio in US Treasury Bills, Notes, Bonds and collateralized certificates of deposit. Certificates of deposits are, according to SDHC's Investment Policy, to be collateralized at least 100% of the amount that is not federally insured. Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to SDHC. The security cannot be released, substituted or sold without the approval of SDHC. As of June 30, 2012, SDHC did not have any investments in certificates of deposits.

Market Risk

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

*Interest Rate Risk* is the risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes.

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

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

In accordance with its Investment Policy, SDHC manages market risk by matching portfolio maturities to projected liabilities and monitoring the weighted average maturity of its



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

portfolio. This is done by maintaining a portion of the portfolio in readily available funds and investing in securities with limited call features and an active secondary market. These measures ensure that appropriate liquidity is maintained in order to meet ongoing operations, maximize return and limit exposure to changing market conditions. SDHC's exposure to market risk as of June 30, 2012 is as follows:

	Total fair value	Debt investment maturities as of June 30, 2012		
		Less than 3 months	4 - 12 months	1 - 5 years
Cash and cash equivalents				
Deposits	\$ 7,984,713	\$ 7,984,713	\$ -	\$ -
Investment other	2,040	2,040	-	-
Petty cash	16,946	16,946	-	-
Total cash and cash equivalents	<u>\$ 8,003,699</u>	<u>\$ 8,003,699</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted cash and cash equivalents	<u>\$ 3,664,952</u>	<u>\$ 3,664,952</u>	<u>\$ -</u>	<u>\$ -</u>
Short-term investments				
Local Agency Investment Fund	\$ 9,887,498	\$ 9,887,498	\$ -	\$ -
San Diego County Investment Pool	22,334,564	22,334,564	-	-
Bankers Acceptance Notes	1,117,082	1,117,082	-	-
U.S. Government Agency	20,099,409	4,362,823	15,736,586	-
Total short-term investments	<u>\$ 53,438,553</u>	<u>\$ 37,701,967</u>	<u>\$ 15,736,586</u>	<u>\$ -</u>
Long-term investments:				
U.S. Government Agency	\$ 49,943,467	\$ -	\$ -	\$ 49,943,467
Corporate Bonds	10,988,045	-	-	10,988,045
Total long-term investments	<u>\$ 60,931,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,931,512</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE 5 - ACCOUNTS RECEIVABLE - FUNDING SOURCES

At June 30, 2012, due from funding sources consisted of the following:

Source	Program	Amount
Federal	Lead Programs	\$ 1,223,367
Federal	CDBG	1,013,842
Federal	Emergency Shelter Grant	647,515
Federal	Homeless Prevention and Rapid Re-Housing	479,098
Federal	Housing Choice Vouchers	364,948
Federal	Capital Fund	258,382
Federal	Section 8 Moderate Rehabilitation	164,595
Federal	HOME	124,040
Federal	Shelter Plus Care	83,700
Federal	Healthy Homes Production	81,497
Federal	Social Innovation Fund	27,495
Federal	Neighborhood Stabilization	15,977
State	Various	88,025
Business activities:	Various	1,608,749
Total		<u>\$ 6,181,230</u>

All amounts are expected to result in payment in the next fiscal year.

NOTE 6 - NOTES, MORTGAGES AND INTEREST RECEIVABLE

Loans made by SDHC are of three types:

1. Notes requiring periodic payments of principal and interest with interest rates ranging from 0% to 10% and lengths of maturity ranging from 3 years to 55 years;
2. Deferred payment notes with interest rates ranging from 0% to 10% and lengths of maturity ranging from 3 to 55 years; and
3. Subsidy loans to reduce the effective interest rate to recipients on loans made by a commercial bank.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Notes, mortgages and interest receivable at June 30, 2012 consist of the following:

Borrower	Project address	Interest rate	Maturity date	Principal amount
Carmel Valley Housing	13875 Carmel Valley Road	3.00%	01/01/57	\$ 892,111
Island Palms Apt. L.P.	1225 Market St	3.00%	12/01/56	4,400,000
Mesa Family Villas	2061-73 Avenida del Mexico	5.60%	05/01/57	2,190,130
Villa Harvey Mandel L.P.	72 17th St	5.60%	02/01/57	3,057,444
Market Square Manor L.P.	525 14th St	5.60%	03/01/57	2,621,606
Nestor Family Housing	1150 Tesoro Grove Way	5.60%	02/01/57	3,305,658
Metro Villa Housing Partners	Metro Villas 3900 Block of 39th	4.85%	02/01/58	1,512,207
Renaissance Senior Housing	El Cajon Blvd & 30th St	4.65%	04/12/59	2,874,173
Affirmed Family Housing	2170 Coronado Ave	5.20%	06/30/35	2,512,018
Hacienda Townhomes, LTD	350 17th St	4.50%	07/01/48	1,791,733
Mission Terrace Associates, LP	10210 San Diego Mission Road	3.00%	09/01/49	2,055,000
Metropolitan Area Advisory Com	2001-97 Newton, 2008-2094 M	6.00%	12/01/47	1,425,000
Urban Council Development Inc	5202 Orange Avenue	3.00%	07/01/52	741,884
Canyon Rim LP	10931 Gerana St	3.00%	06/20/55	1,513,346
Stratton Apts LP	5765 Mount Alifan Drive	3.00%	06/20/55	1,511,869
City Heights Community Dev	4048-64 1 / 2 48th St	3.00%	12/01/55	778,500
Vista Terrace Hills	1606 Del Sur Blvd	3.00%	12/31/56	1,090,571
Coronado Terrace Preservation L.P.	1183 25th St	3.00%	03/01/57	1,285,286
SD Fox Hollow LP	4366 Home Ave	3.00%	04/01/32	2,200,000
Bolt Housing Partners, LP	4010-50 Park Haven Ct	3.00%	04/01/56	1,418,838
Logan Square Housing Partners	4742 Solola Avenue	3.00%	03/01/48	1,000,000
Harbor View Associates LP	404-24 N 47th St	3.00%	04/01/34	900,000
Urban Housing Dev Corp	2651-63 J St	3.00%	02/01/57	867,279
Mayberry Townhomes, CA LP	4328-90 Mayberry St	3.00%	03/01/29	670,000
Casa Colina LP	5207 52nd St	3.00%	02/01/59	1,600,000
Chicano Federation	4033 33rd St	3.00%	12/01/52	596,442
City Heights Community Dev	3816-32 43rd St	3.00%	05/01/53	808,976
Mountain View Prop. LP	4066 Messina Drive	6.00%	04/01/33	2,065,897
Chicano Federation	5222 Trojan Avenue	3.00%	07/01/53	1,144,817
Hope CCDC	4910-20 Ocean View Blvd	3.00%	12/22/48	647,056
Logan Development LP	4720-67 Logan Avenue	6.00%	11/30/50	1,400,000
So Bay Community Svcs	135 Averil Road	3.00%	12/01/52	630,700
Chicano Federation	5052 Wightman St	3.00%	07/01/54	1,536,750
Chicano Federation	4420 Delta Street	3.00%	11/01/55	1,485,943





## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Borrower	Project address	Interest rate	Maturity date	Principal amount
Winona Gardens Housing Assoc	3810 Winona Avenue	3.00%	07/01/55	2,100,000
Palm Terrace Interfaith Housing	2885 Palm Avenue	3.00%	04/30/53	2,079,740
New Palace Associates	1814 5th Avenue	8.44%	03/01/21	1,409,213
Housing Development Partners	1337-1345 Fifth Avenue	3.00%	05/15/57	520,591
Bayview CDC	1440-1516 So. 40th St	3.00%	02/01/56	696,000
TACHS	1851-1865 Titus St	3.00%	12/01/12	572,781
Beyer Blvd Apts LP	920 Beyer Blvd	3.00%	11/01/59	4,200,000
Delta Village Housing	4316-4368 Delta St.	3.00%	05/01/36	6,100,000
SD LGBT Community Center	1640 Broadway	3.00%	11/01/60	934,000
Affirmed Family Housing	2125-55 Coronado Avenue	4.79%	06/30/35	794,350
St Stephens Housing	5641 Imperial Avenue	4.79%	05/01/36	1,221,543
Vietnam Veterans of San Diego	4141 Pacific Highway	3.00%	05/15/70	675,000
Lillian Place LP	1401 & 1437 J Street	3.00%	12/31/60	731,000
Santa Luz Family Apts	16775 Sainsbury Glen	3.00%	04/01/60	500,000
YWCA Transitional Housing	Becky's House	0.00%	03/01/61	1,786,000
Townpeople	4242-60 51st Street	3.00%	05/01/61	1,570,000
Arbor Terrace	3693-3741 Florida Street	4.86%	07/01/62	8,493,597
Del Sol Apts LP	3606-90 Del Sol Blvd.	3.00%	05/01/62	4,126,000
Alabama Manor	3822-36 Alabama Street	0.00%	12/31/63	3,793,128
Veterans Village 07-056	4141 Pacific Highway	3.00%	06/01/72	6,917,883
Tachs-The Cove 06-060	5288 El Cajon Blvd	3.00%	05/01/62	982,000
Catholic Charities 07-075	798 Ninth Ave	0.00%	10/31/58	927,500
Steadfast Villa Nueva 07-113	3604 Beyer Blvd	3.00%	05/01/62	9,200,000
El Cajon Boulevard LP	3137 El Cajon Blvd	3.00%	12/31/63	600,000
Community Housing Works	3783-3825 Florida Street	3.00%	02/01/67	5,911,255
Golden Age Garden Housing	740 S 36th St	3.00%	12/31/67	3,661,000
Dawson Senior Apt LP	4310 Dawson Avenue	2.00%	12/01/63	6,217,682
Pathfinders of San Diego Inc	2621-2625 University Avenue	3.00%	07/15/65	2,050,000
Wakeland Village Green Apts LP	4140-55 Bonillo Drive	3.00%	04/01/65	2,165,000
Riverwalk Apts LP	1194 Hollister St	3.00%	03/01/65	2,275,145
15th & Commercial LP	1501 Imperial Avenue	3.00%	01/01/66	3,500,000
LINC Arbor Village Apts	4914-98 Logan Avenue	3.00%	05/01/67	5,460,000
Georgia St LP	4105 Georgia St	3.00%	07/01/66	4,782,570
AMCAL Mission Fund LP	1815-75 Hancock St	3.00%	01/01/68	2,589,756
Mercado CIC LP	Barrio Logan Lot 2,6 & 7	5.00%	05/01/68	6,300,000



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Borrower	Project address	Interest rate	Maturity date	Principal amount
34th St Project LLC	4637 34th Street	4.00%	02/24/77	2,920,000
Wakeland Vista Grande Apt	5421 Sta Margarita St	3.00%	05/01/67	2,967,000
City Heights Community Dev	3535-45 43rd St	3.00%	03/31/65	702,686
City Heights Community Dev	4217-4231 Euclid	3.00%	03/31/65	580,458
Terramar CIC LP	13481-83 Silver Lane	3.00%	05/01/66	1,168,057
Development loans with rehab / acquisition (Under \$500,000)				2,475,348
Rehab loans (Under \$500,000)				6,752,847
Home ownership loans				40,787,641
Housing rehabilitation loans				17,646,670
Allowance for Loan Losses				(7,254,825)
Total notes receivable at June 30, 2012				<u>229,972,621</u>
Deferred cumulative interest receivable at June 30, 2012				27,115,294
Total notes and interest receivable at June 30, 2012				<u><u>\$ 257,087,915</u></u>

Notes and mortgages receivable due in less than one year amounted to \$491,424 at June 30, 2012.

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

Balance, June 30, 2011	Losses/ write-offs	Additions	Balance, June 30, 2012
<u>\$ 6,439,960</u>	<u>\$ (477,479)</u>	<u>\$ 1,292,344</u>	<u>\$ 7,254,825</u>

SDHC has executed a line-of-credit agreement with Wells Fargo Bank. This agreement provides for SDHC to deposit funds which earn interest as collateral to sustain the leveraging of bank funds used for rehabilitating housing units. The agreement further provides that in the event of default by the borrower on a previous loan made by the bank, the bank may, at its option, withdraw funds from the collateral to the extent of the outstanding principal and interest on a loan in default. During the fiscal year ended June 30, 2012, Wells Fargo released \$6,963 to protect the investments.

The amount of cash on deposit at Wells Fargo Bank at June 30, 2012 was \$71,947 and is reflected within restricted cash and cash equivalents on the Statement of Net Assets.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

SDHC makes affordable housing loans to individuals in which the borrower is not required to repay the loan during the compliance period as long as the compliance covenants are met. The compliance periods differ by program between 10 to 55 years. SDHC monitors the compliance. There is no cash disbursements associated with these loans and the loans do not bear interest. The notes are originated through noncash transactions having a net effect of zero to the Statement of Net Assets and SDHC does not record them in the Statement of Net Assets. Any payment received during the compliance period is recorded as revenue in the fiscal year of receipt. Notes represented by affordable housing loans outstanding as of June 30, 2012, total \$61,003,220.



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

## NOTE 7 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2012 is as follows:

	Balance, June 30, 2011	Additions	Transfers / Retirements	Balance, June 30, 2012
Capital assets, not being depreciated				
Land	\$ 60,440,950	\$ 122,326	\$ -	\$ 60,563,276
Construction in progress	465,800	9,365,587	-	9,831,387
Total capital assets, not being depreciated	<u>60,906,750</u>	<u>9,487,913</u>	<u>-</u>	<u>70,394,663</u>
Capital assets, being depreciated				
Buildings	84,722,349	-		84,722,349
Building improvements	17,719,475	-		17,719,475
Office furniture and equipment	3,213,224	360,521	(79,672)	3,494,073
Total capital assets, being depreciated	<u>105,655,048</u>	<u>360,521</u>	<u>(79,672)</u>	<u>105,935,897</u>
Less accumulated depreciation for:				
Buildings	(9,464,032)	(2,156,933)		(11,620,965)
Building improvements	(2,774,997)	(1,312,093)		(4,087,090)
Office furniture and equipment	(2,309,871)	(451,295)	29,977	(2,731,189)
Total accumulated depreciation	<u>(14,548,900)</u>	<u>(3,920,321)</u>	<u>29,977</u>	<u>(18,439,244)</u>
Total capital assets, being depreciated, net	<u>91,106,148</u>	<u>(3,559,800)</u>	<u>(49,695)</u>	<u>87,496,653</u>
Total capital assets, net	<u>\$ 152,012,898</u>	<u>\$ 5,928,113</u>	<u>\$ (49,695)</u>	<u>\$ 157,891,316</u>

On January 31, 2011 SDHC established its' seventh wholly-owned LLC, Mercado SDHC LLC. Mercado SDHC LLC was created to take title to the land and for the execution of the ground agreement to the developer due to the environmental remediation needed on the site. Once soil remediation and construction is completed, Mercado SDHC LLC may transfer the land and ground lease to SDHC. As part of the project, SDHC acquired land on July 26,



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

2011 for \$100 and executed a loan for \$7 million to Chelsea Development Corporation for the development of the Project.

SDHC acquired Hotel Churchill through Single Room Occupancy (SRO) litigation in August 2011 for a settlement of \$203,390 which included \$120,085 in land. The Hotel Churchill is a historic 94-unit SRO building constructed in 1915. The building is currently uninhabited and is will undergo rehabilitation prior to placing back in service.

Construction in progress increased by \$9.4 million to \$9.8 million due to the various stages of completion of several development and modernization projects. Some of the major projects in the works include Hotel Sandford at \$4.1 million, Parker Keir \$3.5 at million, Vista Verde at \$1.1 million and Picador for \$.8 million.

In fiscal year 2012 SDHC increased office furniture and equipment by \$280,848 mainly due to the selling four vans and purchasing nine vans for their maintenance fleet.

Depreciation expense for the year ended June 30, 2012 was \$3,920,321

NOTE 8 - PREPAID ITEMS AND OTHER ASSETS

As of June 30, 2012, the prepaid items and other assets include; prepaid insurance of \$35,006, prepaid mortgage insurance premium of \$96,720, property management deposits of \$70,777, deposit of \$25,000 for future refinancing equity loans, escrow deposit for mortgage insurance premiums of \$187,243, \$341,897 deposit escrow for Hotel Sandford, and \$2,470 of additional deposit escrow.

Intangible assets

The LLCs obtained financing from Fannie Mae in fiscal year 2010 in the amount of \$37.1 million, the financing cost associated with these loans were \$495,384. In fiscal year 2011, the LLCs obtained financing from FHA in the amount of \$58.3 million. The financing costs associated with these loans were \$1,624,449. The loan fees are amortized over the 30 and 35 years respectively using the effective yield method. In November 2011, the loan on the Smart Corner building was refinanced and the financing cost associated with this loan was \$271,882.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Estimated annual amortization expense for each of the next five years is:

June 30, 2013	\$	105,228
2014		107,410
2015		109,552
2016		111,642
2017		113,667



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE 9 - NOTES PAYABLE

A summary of notes payable at June 30, 2012 is as follows:

Type of obligations	Interest rates	Maturity date	Balance, 6/30/2011	Additions	Payments	Balance, 6/30/2012
<u>Debts of the Commission</u>						
JPMorgan Chase, dated June 1995	Variable	2011	\$ 2,948,919	\$ -	\$ (2,948,919)	\$ -
US Bank, dated November 2006	Variable	2011	19,508,217	-	(19,508,217)	-
State of California (RHCP)	0.00%	2013	1,404,934	-	-	1,404,934
State of California (RHCP)	0.00%	2015	3,149,077	-	-	3,149,077
GE Capital, (Smart Corner & Maya) dated November 2011	6.08%	2026	-	15,000,000	(152,310)	14,847,690
Successor Agency of the Redevelopment Agency of the City of San Diego, dated March 1992	0% forgivable	2022	695,628	-	-	695,628
Successor Agency of the Redevelopment Agency of the City of San Diego, dated March 18, 2010	1% forgivable	2065	3,338,038	853,444	-	4,191,482
<u>Debts of the LLCs</u>						
Greystone Servicing Corp, Inc. Fannie Mae (Belden)	7.32%	2040	12,150,768	-	(130,440)	12,020,328
Greystone Servicing Corp, Inc. Fannie Mae (Northern)	7.32%	2040	10,661,510	-	(114,453)	10,547,057
Greystone Servicing Corp, Inc. Fannie Mae (Central)	7.32%	2040	13,817,554	-	(148,334)	13,669,220
PNC Bank, NA FHA (Southern)	3.76%	2046	24,754,535	-	(361,786)	24,392,749
PNC Bank, NA FHA (Northern)	3.76%	2046	17,316,528	-	(253,080)	17,063,448
PNC Bank, NA FHA (Central)	3.65%	2046	15,576,232	-	(231,743)	15,344,489
Total			<u>\$ 125,321,940</u>	<u>\$ 15,853,444</u>	<u>\$ (23,849,282)</u>	<u>\$ 117,326,102</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

At June 30, 2012, the current portion of notes payable is \$1,571,717 and the noncurrent portion of notes payable is \$115,754,385.

The JP Morgan Chase loan was paid off in July 2011. The US Bank loan represented the loan for the Smart Corner Building which houses the administrative offices of SDHC and was due on October 31, 2011. In November 2011, \$4,458,000 was paid down on the US Bank loan and \$15,000,000 was refinanced with a loan from GE Commercial Finance. The new loan is for 15 years, amortized over 25 years with a fixed interest rate of 6.08% for ten years.

SDHC entered into a loan agreement with the Redevelopment Agency of the City of San Diego ("Redevelopment Agency") as of March 18, 2010, for the acquisition and rehabilitation of the Hotel Sandford. On January 12, 2012, the City Council adopted resolution number 307238, designating the City to serve as the Successor Agency for the former redevelopment agency thus have changed the obligation from Redevelopment Agency to the Successor Agency of the City of San Diego. The loan is a forgivable loan, with a term of 55 years and 1% simple interest. The total approved loan amount is \$6,095,000 with \$4,191,482 disbursed as of June 30, 2012.

On December 30, 2009, Belden SDHC FNMA LLC, Central SDHC FNMA LLC and Northern SDHC FNMA LLC entered into debt agreements with Greystone Servicing Corp. Inc. in the amount of \$37.1 million. The debt agreement is to obtain financing towards acquiring over 350 affordable housing units in the City of San Diego. The FNMA loans were the LLCs not SDHC. Each one of these loans are nonrecourse obligations of the LLCs. Under the terms of the loan agreements, the LLCs agree to pay a fixed interest rate of 7.32% on the life of the loan through the maturity date January 1, 2040.

On August 31, 2010, Northern SDHC FHA LLC, and Southern SDHC FHA LLC entered into debt agreements with PNC Bank, N. A. On September 20, 2010, Central SDHC FHA LLC entered into debt agreement with PNC Bank, N. A. for the combined total amount of \$58.3 million. The debt agreements are to obtain financing towards acquiring additional affordable housing units in the City of San Diego. The FHA loans were the LLCs not SDHC. Each one of these loans are nonrecourse obligations of the LLCs. Under the terms of the loan agreements, the LLCs agree to pay a fixed interest rate not to exceed 4.0% on the life of the loan through the maturity dates of September 1, 2045 and October 1, 2045 respectively.





## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

The American Recovery and Reinvestment Act of 2009 created the new Build America Bond (BABs) program. State and local governments receive directly from the U.S. Treasury subsidy payments for a portion of their borrowing costs on Build America Bonds equal to 35 percent of the total coupon interest paid. The Subsidy stream is paid for the full term of the bonds. The Belden SDHC FNMA LLC, the Northern SDHC FHA LLC and the Southern SDHC FHA LLC loans have been approved as qualified direct subsidy BAB's loans. SDHC has received \$839,089 in fiscal year 2012 subsidy payments.

The annual requirements to amortize notes payable are as follows:

	Notes payable		
	Principal	Interest	Total
Year ending June 30, 2013	\$ 1,571,717	\$ 5,686,814	\$ 7,258,531
2014	3,059,138	5,604,028	8,663,166
2015	4,890,544	5,516,447	10,406,991
2016	1,833,806	5,423,770	7,257,576
2017	1,931,541	5,325,676	7,257,217
2018 - 2022	11,345,579	24,919,709	36,265,288
2023 - 2027	23,902,660	20,983,451	44,886,111
2028 - 2032	15,639,090	14,720,621	30,359,711
2033 - 2037	20,572,951	9,761,737	30,334,688
2038 - 2042	19,213,169	3,737,270	22,950,439
2043 - 2065	13,365,907	1,501,157	14,867,064
Total	<u>\$ 117,326,102</u>	<u>\$ 103,180,680</u>	<u>\$ 220,506,782</u>

## NOTE 10 - LEASE COMMITMENTS

SDHC accounts for all lease arrangements as operating leases. Under this method, rentals are recorded as either expenditures or income as they become due.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

SDHC receives income from various long term land leases that it maintains upon which housing is located. Lease terms include annual payments ranging from \$1 to \$511,272 for periods of one to 55 years and additional payments based upon surplus cash generated by certain housing projects. For fiscal year 2012, the amount of Land Lease Income is \$756,477 and is comprised of the following leases:

Mariner's Cove	\$ 511,272
Dawson Ave. Senior Apts	95,625
Talmadge Senior Village	73,886
Villa Merced	33,548
Casa Colina	19,452
Jones - 229 16th Street Parking Lot	19,053
Golden Villa	3,641
	<hr/>
	<u>\$ 756,477</u>

SDHC also receives income from commercial leases at the Smart Corner building for the first and second floor rental space. In fiscal year 2010 Housing Opportunities Collaborative entered into a 5-year lease for the first floor at the Smart Corner building. As well Family Justice Center entered into a 10-year lease agreement for the Smart Corner second floor retail space.

In addition, as part of the Hotel Sandford acquisition, SDHC acquired 7,663 square feet of first floor retail. The first floor is leased to BB's Delicatessen, Associated Barber College of San Diego and P5 Academy, a martial arts academy.

Lease terms include annual payments ranging from \$10,903 to \$456,525. The lease terms are up to 10 years with options of five year renewals as defined in the lease agreements.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

For fiscal year 2012, commercial lease income was \$661,639 from the following leases:

**Commercial Leases Smart Corner**

Family Justice Center	\$ 456,525
7-Eleven, Inc.	87,810
K&A Pacific, Inc.	38,484
Housing Opportunitites Collaborative	18,000

**Commercial Leases Hotel Sandford**

Associated Barber College	28,667
P5 Academy	21,250
BB Delicatessen	10,903
	<hr/>
Total Commercial Leases	<u>\$ 661,639</u>

Aggregate future collections of minimum lease payments are as follows:

Year ending June 30, 2013	\$ 1,021,649
2014	1,033,076
2015	1,037,379
2016	1,025,295
2017	1,013,551
2018 - 2022	4,292,533
2023 - 2027	2,359,564
2028 - 2032	2,461,104
2033 - 2037	1,400,774
2038 - 2042	639,621
2043 - 2047	538,841
2048 - 2051	518,777
	<hr/>
	<u>\$ 17,342,164</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

SDHC does not hold any leases payable at June 30, 2012. Total rental expense was approximately \$100,771 for the year ended June 30, 2012.

NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN

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

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

The Plan is administered by SDHC and the outside recordkeeping is done by Diversified. SDHC has the authority to establish and amend the provisions of the Plan including the contribution requirements with the approval of the Board of Commissioners. The Plan is audited by an outside firm and a copy of the report can be obtained by contacting the San Diego Housing Commission at 1122 Broadway, Suite 300, San Diego, California 92101.

SDHC's covered payroll in fiscal year 2012 was \$14,757,653. SDHC made the required 14% contribution, amounting to \$2,066,071 and plan members contributed \$90,483 for the fiscal year ended June 30, 2012. As of June 30, 2012 the accrued salary and benefits was \$1,193,081 which consist of a full pay period or ten working days from June 16, 2012 to June 29, 2012. The accrued balance was paid on July 6, 2012, the first payroll in fiscal year 2012.

NOTE 12 - DEFERRED COMPENSATION PLAN

SDHC offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, *State and Local Government Deferred Compensation Plans*. The plan, available to all full-time employees, permits them to defer a portion of their salary



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

until future years. The deferred compensation is not available to employees until termination, retirement, death, disability or an unforeseeable emergency.

SDHC contributes 1% of earnings for qualified employees. An additional employer match of up to a maximum of 1.5% is available for similarly qualified employees at a matching rate of one to one.

SDHC funds the deferred compensation through investments in various mutual funds administered by an insurance company. Since the plan is managed and assets are held in trust by a third party administrator, the assets are not included in SDHC's basic financial statements. The assets held by the plan administrator had a market value of \$10,106,816 at June 30, 2012.

NOTE 13 - RISK MANAGEMENT

Worker's Compensation

SDHC is a member of the California Housing Worker's Compensation Authority (CHWCA), which provides worker's compensation insurance, coverage includes employer liability coverage to its members, in the amount of \$550,000 each occurrence. CHWCA has purchased excess insurance coverage from \$550,000 to statutory, for all of its members.

CHWCA is a joint powers authority consisting of 33 public housing authorities, housing commissions, and redevelopment agencies organized under a joint powers agreement to fund a self-insurance program for worker's compensation. Each member has equal representation on the Board of Directors. The Board elects a seven-member Executive Committee for a two-year term which has the responsibility for overseeing all operations of CHWCA. The Board of Directors has total responsibility for all actions of CHWCA.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Annual premiums are approved by the Board of Directors and are adjusted each year based on the following criteria:

- Rates per \$100 of payroll for CHWCA's four class codes as determined annually by CHWCA's independent actuary, which are used to calculate the pure loss premium;
- The application of an experience modification factor to each member's pure loss premium; and
- Each member's allocated share of administrative costs, claims servicing, and excess insurance.

If CHWCA is dissolved, the remaining assets, after all premiums and assessments have been paid and final disposition of all claims has been determined, will be distributed to members proportionate to each member's cash contributions made during the life of CHWCA. Until dissolution, however, no member has identifiable equity.

General Liability, Property, Auto and Physical Damage

SDHC retained the services of various brokers and direct insurers to provide coverage for general liability, property, auto and physical damage. Insurers are as follows:



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Type of coverage	Broker	Carrier
Commercial Liability	N/A	Housing Authority Risk Retention Group
Public Officials Errors & Omissions	HAIG	Charits
Smart Corner Liability Ins.	Alliant Ins. Svcs.	Travelers
Smart Corner Excess Liability Ins.	Alliant Ins. Svcs.	Travelers
Employment Practices Insurance	HAIG	Charits
Primary Property	Alliant Ins. Svcs	CSAC CIA & Lexington
Excess Property	Alliant Ins. Svcs	CSAC Excess Insurance Authority
Auto Liability	N/A	Housing Authority Risk Retention Group
Computer Equipment	Alliant Ins. Svcs	CSAC
Crime & Honesty Bond	Alliant Ins. Svcs	National Union/Chartis
Commercial Fidelity Crime Bond	Alliant Ins. Svcs	National Union/Chartis
Terrorist & Sabotage	Alliant Ins. Svcs	CSAC
Fiduciary Liability	Alliant Ins. Svcs	RLI
Flood Insurance	Barney & Barney	The Hartford
Lead Liability Insurance	HAIG	American Safety
FHMA Crime Bond	Barney & Barney	The Hartford
FHA Crime Bond	Barney & Barney	The Hartford

Deductibles under the policies listed above vary, with none exceeding \$25,000. Claims and deductibles payable were \$0 at June 30, 2012. The amount of claims has not exceeded the insurance coverage purchased; accordingly, no liability is reported for these claims. Settlements have not exceeded coverage for each of the past four fiscal years.

NOTE 14 - RESTRICTED NET ASSETS

Restricted net assets include \$131,220,185 representing 90% of the balance of HOME funded notes receivable and \$6,566,439 for Neighborhood Stabilization Program (NSP) funded notes receivable and accrued interest receivable net of the related allowance for loan losses.

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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

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

The NSP funds are a result of President Obama's economic stimulus plan under Housing Economic Recovery Act of 2008. These loans are made to provide emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become source of abandonment and blight within their communities. These NSP loans are nonrecourse and are collateralized by a subordinated mortgage on the underlying property of the borrower. Any repayments received by SDHC on these loans (including principal and interest) are treated as program income and must be used for future NSP program purposes, with the exclusion of 10% that SDHC can retain to cover its administrative costs. As such, the net assets associated with the NSP loans are treated as restricted net assets because of the perpetual purpose restriction to continue to recycle these resources into eligible uses under the NSP program.

In addition, \$2,848,815 is restricted for the replacement reserves required by the obligations on the LLC's.

The remaining balance of restricted net assets amounting to \$1,795,396 consisting of \$1,526,839 representing restricted funds of the HUD Veteran Affairs Supportive Housing (VASH) operating reserve, \$242,898 of the Family Unification Program reserves, and \$25,659 of the Disaster Voucher Program (DVP) reserves, restricted in accordance with HUD instructions. These restricted balances are administered in accordance with regular HCV program requirements.

NOTE 15 - ECONOMIC DEPENDENCY

SDHC receives the majority of its funding from HUD. HUD is subject to the federal budget allocation process each year. For the fiscal year ended June 30, 2012, SDHC's budget included \$223,615,570 of estimated HUD funding. A reduction in funding from HUD could significantly change the services provided by SDHC.





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Grants

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

Loan Commitments

SDHC has committed funds for loans and grants to various individuals and entities as of June 30, 2012. The amount of loans and grants SDHC has committed to fund, but has not funded as of June 30, 2012, is \$27,067,225.

Lawsuits and Claims

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

NOTE 17 - BLENDED COMPONENT UNITS

In September 2007, SDHC received HUD approval to transition out of the Public Housing Program and to own and operate those same 134 properties (1,366 units) of rental housing. In October 2009, the Housing Authority of the City of San Diego approved SDHC's Finance Plan for the Acquisition of New Affordable Housing Units (HAR 09-030). SDHC leveraged the equity in a portion of those 150 properties through two financing sources, Fannie Mae and FHA.

A portion of SDHC's larger properties (33 properties) were leveraged with three loans from Fannie Mae under the conventional multifamily loan program and generated \$37,140,000 in total loan proceeds. Another portion of SDHC's portfolio (44 properties) was leveraged under FHA's 223(f) program and generated \$58,243,400 in total loan proceeds. The Fannie Mae loans closed in December 2009; two of the FHA loans closed in August 2010 and one FHA loan closed in September 2010. The loans were obtained by grouping the properties



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

into six Limited Liability Companies (“LLCs”). The groupings were primarily based on property location. Each of these LLC loans are nonrecourse.

On January 31, 2011 SDHC established its’ seventh wholly-owned LLC, Mercado SDHC LLC. Mercado SDHC LLC was created to take title to the land and for the execution of the ground agreement to the developer due to the environmental remediation needed on the site. Once soil remediation and construction is completed, Mercado SDHC LLC may transfer the land and ground lease to SDHC. As part of the project, SDHC acquired land for \$100 and executed a loan for \$7 million to Chelsea Development Corporation for the development of the project.

The following table reflects the Statement of Net Assets and the Statement of Activities for the Blended Component Units of the San Diego Housing Commission as of the fiscal year ended June 30, 2012:



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

San Diego Housing Commission - Blended Component Units  
Statement of Net Assets  
June 30, 2012

	<b>Belden SDHC FNMA LLC</b>	<b>Northern SDHC FNMA LLC</b>	<b>Central SDHC FNMA LLC</b>	<b>Northern SDHC FHA LLC</b>	<b>Southern SDHC FHA LLC</b>	<b>Central SDHC FHA LLC</b>	<b>Mercado SDHC LLC</b>	<b>Total</b>
<b>ASSETS</b>								
<i>Current Assets</i>								
Operating Cash	\$ 127,515	\$ 102,891	\$ 114,167	\$ 1,673,019	\$ 2,257,241	\$ 1,509,025	\$ -	\$ 5,783,858
Security Deposit Account	89,881	74,716	108,962	95,546	158,228	128,705	-	656,038
Restricted Cash	139,893	93,468	139,196	855,432	546,135	1,074,691	-	2,848,815
Accounts Receivable	18,371	20,482	45,459	29,518	47,949	33,021	-	194,800
Allowance for Doubtful Accounts	(896)	(1,083)	(3,815)	(1,638)	(2,243)	(4,288)	-	(13,963)
Related Party Receivable	86,913	52,564	112,178	24	10	173	-	251,862
Prepaid Mortgage Insurance	-	-	-	26,437	38,390	31,893	-	96,720
Escrow Account - MIP	-	-	-	63,209	72,288	51,746	-	187,243
<b>Total Current Assets</b>	<b>461,677</b>	<b>343,038</b>	<b>516,147</b>	<b>2,741,547</b>	<b>3,117,998</b>	<b>2,824,966</b>	<b>-</b>	<b>10,005,373</b>
<i>Fixed Assets</i>								
Land	2,226,253	2,984,726	3,217,420	3,690,974	3,682,655	3,852,360	29,897	19,684,285
Building	1,815,264	3,251,837	3,928,724	5,097,807	3,901,237	3,857,391	-	21,852,260
Building Improvements	302,843	543,403	2,440,072	2,209,932	2,636,664	1,675,720	-	9,808,634
Depreciation	(167,097)	(306,391)	(727,325)	(583,264)	(588,419)	(426,023)	-	(2,798,519)
<b>Total Fixed Assets</b>	<b>4,177,263</b>	<b>6,473,575</b>	<b>8,858,891</b>	<b>10,415,449</b>	<b>9,632,137</b>	<b>8,959,448</b>	<b>29,897</b>	<b>48,546,660</b>
<i>Intangible Assets</i>								
Loan Fees	127,570	115,086	216,955	463,062	634,667	423,124	-	1,980,464
<b>TOTAL ASSETS</b>	<b>\$ 4,766,510</b>	<b>\$ 6,931,699</b>	<b>\$ 9,591,993</b>	<b>\$ 13,620,058</b>	<b>\$ 13,384,802</b>	<b>\$ 12,207,538</b>	<b>\$ 29,897</b>	<b>\$ 60,532,497</b>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

San Diego Housing Commission - Blended Component Units  
Statement of Net Assets - Continued  
June 30, 2012

	<b>Belden SDHC FNMA LLC</b>	<b>Northern SDHC FNMA LLC</b>	<b>Central SDHC FNMA LLC</b>	<b>Northern SDHC FHA LLC</b>	<b>Southern SDHC FHA LLC</b>	<b>Central SDHC FHA LLC</b>	<b>Mercado SDHC LLC</b>	<b>Total</b>
<b>LIABILITIES</b>								
<i>Current Liabilities</i>								
Accounts Payable	\$ 29,115	\$ 50,079	\$ 52,005	\$ 41,906	\$ 65,110	\$ 71,248	\$ 9,880	\$ 319,343
Related Party Payable	-	-	-	25,226	83,668	81,921	19,917	210,732
Interest Payable	73,324	64,337	83,382	53,465	76,431	46,673	-	397,612
First Mortgage - Current Portion	140,316	123,118	159,564	262,762	375,626	240,344	-	1,301,730
Unearned Income	26,936	14,984	20,538	17,087	23,978	18,330	-	121,853
Tenant Security Deposits	86,844	71,758	104,280	91,372	156,974	127,307	-	638,535
<b>Total Current Liabilities</b>	<b>356,535</b>	<b>324,276</b>	<b>419,769</b>	<b>491,818</b>	<b>781,787</b>	<b>585,823</b>	<b>29,797</b>	<b>2,989,805</b>
<i>Long-term Liabilities</i>								
First Mortgage Payable	11,880,012	10,423,939	13,509,657	16,800,687	24,017,123	15,104,146	-	91,735,564
<b>TOTAL LIABILITIES</b>	<b>12,236,547</b>	<b>10,748,215</b>	<b>13,929,426</b>	<b>17,292,505</b>	<b>24,798,910</b>	<b>15,689,969</b>	<b>29,797</b>	<b>94,725,369</b>
<b>EQUITY</b>								
Invested in Capital Assets Net of Related Debt	(7,843,065)	(4,073,481)	(4,810,330)	(6,647,999)	(3,167,039)	(3,774,936)	29,897	(30,286,953)
Unrestricted Net Assets	139,893	93,468	139,196	855,432	546,135	1,074,691	-	2,848,815
Surplus (Deficit)	233,135	163,497	333,701	2,120,120	(8,793,204)	(782,186)	(29,797)	(6,754,734)
<b>TOTAL EQUITY</b>	<b>(7,470,037)</b>	<b>(3,816,516)</b>	<b>(4,337,433)</b>	<b>(3,672,447)</b>	<b>(11,414,108)</b>	<b>(3,482,431)</b>	<b>100</b>	<b>(34,192,872)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 4,766,510</b>	<b>\$ 6,931,699</b>	<b>\$ 9,591,993</b>	<b>\$ 13,620,058</b>	<b>\$ 13,384,802</b>	<b>\$ 12,207,538</b>	<b>\$ 29,897</b>	<b>\$ 60,532,497</b>



## San Diego Housing Commission

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

San Diego Housing Commission - Blended Component Units  
Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended June 30, 2012

	<b>Belden SDHC FNMA LLC</b>	<b>Northern SDHC FNMA LLC</b>	<b>Central SDHC FNMA LLC</b>	<b>Northern SDHC FHA LLC</b>	<b>Southern SDHC FHA LLC</b>	<b>Central SDHC FHA LLC</b>	<b>Mercado SDHC LLC</b>	<b>Total</b>
<b>INCOME</b>								
Rental Income	\$ 2,278,013	\$ 1,911,768	\$ 2,570,612	\$ 2,616,495	\$ 4,013,819	\$ 3,207,169	\$ -	\$ 16,597,876
Other Income	307,569	29,972	17,338	262,035	381,871	30,648	-	1,029,433
<b>TOTAL INCOME</b>	<b>2,585,582</b>	<b>1,941,740</b>	<b>2,587,950</b>	<b>2,878,530</b>	<b>4,395,690</b>	<b>3,237,817</b>	<b>-</b>	<b>17,627,309</b>
<b>EXPENSES</b>								
<i>Operating</i>								
Salaries & Benefits	120,152	109,892	151,613	126,865	249,529	192,026	-	950,077
Management Fee	113,901	95,588	128,545	130,825	200,691	160,358	-	829,908
Other Admin	36,403	40,322	42,910	73,977	97,415	127,519	9,908	428,454
Utilities	178,234	139,855	213,560	201,730	362,630	283,409	-	1,379,418
Repairs & Maintenance	196,458	190,753	346,159	376,308	436,641	500,811	-	2,047,130
Protective Services	24,653	2,182	3,962	2,007	67,402	49,202	-	149,408
Equipment	8,833	7,753	6,646	16,473	30,034	20,257	-	89,996
Insurance	31,942	18,891	22,745	21,430	38,288	28,421	547	162,264
<b>Total Operating Expenses</b>	<b>710,576</b>	<b>605,236</b>	<b>916,140</b>	<b>949,615</b>	<b>1,482,630</b>	<b>1,362,003</b>	<b>10,455</b>	<b>6,036,655</b>
<b>Excess of Operating Revenue over Operating Expenses</b>	<b>1,875,006</b>	<b>1,336,504</b>	<b>1,671,810</b>	<b>1,928,915</b>	<b>2,913,060</b>	<b>1,875,814</b>	<b>(10,455)</b>	<b>11,590,654</b>
<i>Other Expenses</i>								
Interest Expense	884,322	775,935	1,005,629	645,977	923,444	563,976	-	4,799,283
Mortgage Insurance	-	-	-	93,354	133,453	88,757	-	315,564
Depreciation	69,393	125,719	292,575	318,166	320,983	242,178	-	1,369,014
Amortization	3,072	2,770	5,162	19,760	27,110	18,766	-	76,640
Bad Debt Expense	11,339	13,106	30,092	14,234	14,995	25,599	-	109,365
Other Expenses	73,884	6,805	6,970	6,847	7,276	8,910	1,600	112,292
<b>Total Other Expenses</b>	<b>1,042,010</b>	<b>924,335</b>	<b>1,340,428</b>	<b>1,098,338</b>	<b>1,427,261</b>	<b>948,186</b>	<b>1,600</b>	<b>6,782,158</b>
<b>Net income</b>	<b>832,996</b>	<b>412,169</b>	<b>331,382</b>	<b>830,577</b>	<b>1,485,799</b>	<b>927,628</b>	<b>(12,055)</b>	<b>4,808,496</b>
Operating Transfer In	-	-	-	-	-	-	12,055	12,055
Operating Transfer Out	(1,250,000)	(470,000)	(840,000)	-	-	-	-	(2,560,000)
<b>Total Operating Transfers</b>	<b>(1,250,000)</b>	<b>(470,000)</b>	<b>(840,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,055</b>	<b>(2,547,945)</b>
<b>Net income net of financing sources</b>	<b>\$ (417,004)</b>	<b>\$ (57,831)</b>	<b>\$ (508,618)</b>	<b>\$ 830,577</b>	<b>\$ 1,485,799</b>	<b>\$ 927,628</b>	<b>\$ -</b>	<b>\$ 2,260,551</b>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE 18 - DISCRETELY PRESENTED COMPONENT UNITS

The discretely presented component units include the consolidated financial statements of HDP which includes the accounts and transactions of HDP, HDP Mason and Casa Colina, LP (Casa Colina). All intercompany transactions have been eliminated in consolidation. A detail of the financial statements of the discretely presented component units as of December 31, 2011 is presented below:

San Diego Housing Commission - Discretely Presented Component Units  
Consolidating Statement of Net Assets

ASSETS	HDP	HDP Mason	Casa Colina, LP	Eliminations	Consolidated
<b><u>Current Assets:</u></b>					
Cash and cash equivalents	\$ 1,120,085	\$ 297,411	\$ 129,732	\$ -	\$ 1,547,228
Restricted cash and cash equivalents					
Tenant security deposits	24,931	-	23,557	-	48,488
Escrow deposits	-	-	23,138	-	23,138
Replacement reserve	89,129	-	149,093	-	238,222
Operating reserve	-	27,440	116,835	-	144,275
Total - Restricted cash and cash equivalents	114,060	27,440	312,623	-	454,123
Accounts receivable	343,915	40,259	9,327	(20,000)	373,501
Intercompany receivable	381,042	-	-	(381,042)	-
Prepaid expenses and other assets	10,488	-	25,200	-	35,688
Total Current Assets	1,969,590	365,110	476,882	(401,042)	2,410,540
<b><u>Noncurrent Assets:</u></b>					
Accounts receivable	584,417	-	-	(275,000)	309,417
Capitalized costs, net	-	-	365,411	-	365,411
Prepaid expenses and other assets	7,600	-	604,673	-	612,273
Investment in partnerships	22,492	-	-	(31)	22,461
Property and equipment, net	4,636,504	2,641,144	4,386,562	(1,560,007)	10,104,203
Total Noncurrent Assets	5,251,013	2,641,144	5,356,646	(1,835,038)	11,413,765
<b>TOTAL ASSETS</b>	<b>\$ 7,220,603</b>	<b>\$ 3,006,254</b>	<b>\$ 5,833,528</b>	<b>\$ (2,236,080)</b>	<b>\$ 13,824,305</b>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

San Diego Housing Commission - Discretely Presented Component Units  
Consolidating Statement of Net Assets - Continued

<b>LIABILITIES</b>	HDP	HDP Mason	Casa Colina, LP	Eliminations	Consolidated
<b><u>Current Liabilities:</u></b>					
Accounts payable accrued expenses	\$ 59,243	\$ 49,950	\$ 20,183	\$ -	\$ 129,376
Accrued interest payable	9,107	-	14,939	-	24,046
Related party payable	-	275,000	25,490	(300,490)	-
Intercompany payable	-	375,552	-	(375,552)	-
Prepaid revenue	13,105	-	14	-	13,119
Tenant security deposits	24,278	-	22,368	-	46,646
Current portion of notes payable	37,935	-	50,248	-	88,183
Total Current Liabilities	<u>143,668</u>	<u>700,502</u>	<u>133,242</u>	<u>(676,042)</u>	<u>301,370</u>
<b><u>Noncurrent Liabilities:</u></b>					
Accrued interest payable	1,441,001	19,880	164,057	-	1,624,938
Notes payable, less current portion	2,762,436	2,285,872	4,705,809	-	9,754,117
Total Noncurrent Liabilities	<u>4,203,437</u>	<u>2,305,752</u>	<u>4,869,866</u>	<u>-</u>	<u>11,379,055</u>
Total Liabilities	<u>4,347,105</u>	<u>3,006,254</u>	<u>5,003,108</u>	<u>(676,042)</u>	<u>11,680,425</u>
<b>NET ASSETS</b>					
Partners' equity	-	-	830,420	(830,420)	-
Unrestricted net assets, controlling interest	2,873,498	-	-	(1,560,007)	1,313,491
Unrestricted net assets, non-controlling interest	-	-	-	830,389	830,389
Total Unrestricted Net assets	<u>2,873,498</u>	<u>-</u>	<u>830,420</u>	<u>(1,560,038)</u>	<u>2,143,880</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 7,220,603</u></u>	<u><u>\$ 3,006,254</u></u>	<u><u>\$ 5,833,528</u></u>	<u><u>\$ (2,236,080)</u></u>	<u><u>\$ 13,824,305</u></u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

San Diego Housing Commission - Discretely Presented Component Units  
Consolidating Statement of Revenues, Expenses and Changes in Net Assets

	HDP	HDP Mason	Casa Colina, LP	Eliminations	Consolidated
<b><u>Operating Revenue:</u></b>					
Rental income	\$ 18,388	\$ -	\$ 865,906	\$ -	\$ 884,294
Management fees	92,860	-	-	(20,000)	72,860
Developer fees and other income	275,000	-	70,717	(275,000)	70,717
Total Operating Revenue	<u>386,248</u>	<u>-</u>	<u>936,623</u>	<u>(295,000)</u>	<u>1,027,871</u>
<b><u>Operating Expenses:</u></b>					
Management and general	104,781	-	188,776	-	293,557
Program services	472,180	-	335,594	(20,000)	787,774
Depreciation	5,795	-	220,448	-	226,243
Total Operating Expenses	<u>582,756</u>	<u>-</u>	<u>744,818</u>	<u>(20,000)</u>	<u>1,307,574</u>
<b><u>Nonoperating Revenue (Expenses):</u></b>					
Other income	289,753	-	-	-	289,753
Forgiveness of debt	250,000	-	-	-	250,000
Interest income	41,445	-	1,587	-	43,032
Interest expense	(63,263)	-	(229,180)	-	(292,443)
Gain on disposal of property and equipment	1,285,007	-	-	(1,285,007)	-
Share of loss from partnerships	(102,787)	-	-	4	(102,783)
Total Nonoperating Revenue (Expenses)	<u>1,700,155</u>	<u>-</u>	<u>(227,593)</u>	<u>(1,285,003)</u>	<u>187,559</u>
Income (loss) before capital transactions	1,503,647	-	(35,788)	(1,560,003)	(92,144)
Distributions	-	-	(96,925)	9	(96,916)
Change in Unrestricted Net Assets	1,503,647	-	(132,713)	(1,559,994)	(189,060)
Unrestricted Net Assets at Beginning of Year	<u>1,369,851</u>	<u>-</u>	<u>963,133</u>	<u>(44)</u>	<u>2,332,940</u>
<b>UNRESTRICTED NET ASSETS</b>					
<b>AT END OF YEAR</b>	<u>\$ 2,873,498</u>	<u>\$ -</u>	<u>\$ 830,420</u>	<u>\$ (1,560,038)</u>	<u>\$ 2,143,880</u>

A summary of the significant accounting policies and accounts of HDP is presented below:

Principles of Consolidation

HDP Mason is a nonprofit organization and shares the same board of directors as HDP and is economically dependent on HDP. In accordance with GAAP, it has been determined that control exists over HDP Mason which has been included in the consolidation.

Casa Colina is a tax credit limited partnership in which HDP owns a minority financial interest, but has a controlling interest as the sole general partner. HDP has determined that





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

the presumption of control over Casa Colina has not been overcome, and as a result, the limited partnership has been consolidated.

Cash and Cash Equivalents

HDP considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

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

Capitalization and Depreciation

HDP capitalizes all expenditures in excess of \$2,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Property and equipment are depreciated using the straight-line and accelerated methods over the estimated useful asset lives as follows:

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

Depreciation expense totaled \$226,243 for the year ended December 31, 2011.

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

Impairment of Real Estate

HDP reviews its property and equipment for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted net cash flows expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2011.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Amortization

Capitalized costs are amortized over the term of the related assets using the straight-line method. Amortization aggregated \$16,531 for the year ended December 31, 2011.

Revenue Recognition

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

Developer fees are recognized when earned using the percentage of completion method and management's assessment of the collectability of developer fees receivable based upon the performance of the projects.

Income Taxes

HDP and HDP Mason are public charities and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. HDP and HDP Mason believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements. HDP and HDP Mason are not private foundations. HDP and HDP Mason's Return of Organization Exempt from Income Tax for the years ended December 31, 2011, 2010, 2009 and 2008 are subject to examination by the Internal Revenue Service and State taxing authorities, generally the three to four years after the returns were filed.

Casa Colina was formed as a limited partnership under the laws of the State of California. Casa Colina 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. No provisions or benefit for income taxes has been included in the consolidated financial statement since taxable income (loss) passes through to, and is reportable by, the partners individually. Casa Colina's tax returns for the years ended December 31, 2011, 2010, 2009 and 2008 are subject to examination by the Internal Revenue Service and State taxing authorities, generally the three to four years after the returns were filed.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Accounts Receivable:

Accounts receivable consist of the following at December 31, 2011:

Related Parties:

Studio 15 Housing Partners, LLC	\$ 303,413
Island Palm Apartments, LP	218,710
Dawson Avenue Senior Apartments, LP	27,973
Less: Allowance for doubtful accounts	<u>(218,710)</u>
Subtotal	<u>331,386</u>

Other:

Knox Glen Apartments	289,753
Mason Hotel permit refund	46,773
Resident services	8,905
Rent receivable	<u>6,101</u>
Subtotal	<u>351,532</u>
Total Accounts Receivable	<u>\$ 682,918</u>

Financial Statement Presentation:

Current	\$ 373,501
Noncurrent	<u>309,417</u>
	<u>\$ 682,918</u>

Investment in Limited Partnerships:

HDP is a co-general partner in several limited partnerships and accounts for its general partner interest using the equity method of accounting. HDP's investment balances are presented below as of December 31, 2011:

Dawson Avenue Senior Apartments, LP	\$ 25,266
Island Palms Apartments, LP	(2,091)
Studio 15 Housing Partners, LLC	<u>(714)</u>
Total Investment in Partnerships	<u>\$ 22,461</u>

HDP provided management services to these partnerships for which it earned the following amounts for the year ended December 31, 2011:

Dawson Avenue Senior Apartment, LP	\$ 27,972
Island Palm Apartments, LP	25,790
Studio 15 Housing Partners, LLC	<u>19,098</u>
Total Management Fees	<u>\$ 72,860</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Property and Equipment:

Property and equipment consist of the following at December 31, 2011:

Land	\$ 2,423,662
Building	8,363,873
Furniture and equipment	160,853
Construction in progress	<u>732,791</u>
Subtotal	11,681,179
Less: Accumulated depreciation	<u>(1,576,976)</u>
Property and Equipment, Net	<u>\$ 10,104,203</u>

Interest totaling \$3,229 for the year ended December 31, 2011 was capitalized and is included in construction in progress.

Notes Payable:

Notes payable consist of the following at December 31, 2011:

Note payable is held by JP Morgan Chase Bank, N.A. in the original amount of \$1,545,000. Monthly payments of \$12,143 including principal and interest at 8.74% are due through November, 2027. The note is secured by a deed of trust on Knox Glen Apartments. Accrued interest totaled \$9,107 at December 31, 2011.

\$ 1,250,371

Note payable is held by SDHC in the original amount of \$1,400,000. The note bears interest at 6% per annum. Payments of principal and interest are due and payable annually from 50% of "residual receipts," as defined in the loan agreement through November 2050. The note is secured by deed of trust on Knox Glen Apartments. Accrued interest totaled \$1,369,667 at December 31, 2011.

1,400,000

Note payable is held by the Successor Agency to the former Redevelopment Agency of the City of San Diego in the original amount of \$150,000. The note bears interest at 3% per annum with all principal and interest due in December, 2050. The note is secured by a deed of trust on Knox Glen Apartments. Accrued interest totaled \$71,334 at December 31, 2011.

150,000



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Note payable is held by the SDHC in the original amount of \$2,365,284. The note bears interest at 3% per annum. Beginning May 1, 2014 and annually on May 1 of each year thereafter through February 2068, principal and interest are due and payable from 24.75% of residential “residual receipts” and 32.5% of commercial “residual receipts,” as defined in the loan agreement. The note is secured by a deed of trust on the Mason Hotel. Accrued interest totaled \$724 at December 31, 2011. \$ 668,050

Note payable is held by the Successor Agency to the former Redevelopment Agency of the City of San Diego in the original amount of \$1,318,964. The note bears interest at 5% per annum. Principal and interest are due and payable from 50% of net cash flow each operating year as defined in the loan agreement note through May 2057. The note is secured by a deed of trust on the Mason Hotel. Accrued interest totaled \$2,418 at December 31, 2011. 1,318,964

Note payable is held by SDHC in the original amount of \$230,000. The note is noninterest bearing. The note shall be incrementally forgiven beginning May 2013 at 10% per year provided the Corporation has complied with all provisions of the note. The note is secured by a deed of trust on the Mason Hotel. 230,000

Note payable is held by SDHC in the original amount of \$226,000. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from 50% of “residual receipts,” as defined in the loan agreement through May 2057. The note is secured by a deed of trust on the Mason Hotel. Accrued interest totaled \$16,738 at December 31, 2011. 68,858

Note payable is held by California Housing Finance Agency in the original amount of \$1,180,727. The note bears interest at 3% per annum. Annual payments of principal and interest are payable from 23.90% of the Development’s “residual receipts,” as defined in the loan agreement through December 2066. The note is secured by a deed of trust on the Mason Hotel. HDP has not drawn any funds on this note payable at December 31, 2011. -



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Note payable is held by Red Mortgage Capital, Inc. in the original amount of \$3,465,000. Monthly payments of \$19,018 including principal and interest at 5.68% are due through February 1, 2039. The note is secured by a deed of trust on Casa Colina. Accrued interest totaled \$14,939 at December 31, 2011.

\$ 3,156,057

Note payable is held by SDHC in the original amount of \$1,600,000. The note bears interest at 3% per annum. Annual payments of principal and interest are payable only from 50% of "residual Receipts," as defined in the loan agreement through February 2059. The note is secured by a deed of trust on Casa Colina. Accrued interest totaled \$164,057 at December 31, 2011.

Total Notes Payable

1,600,000

Less: Current Portion

9,842,300

Notes Payable, Net of Current Portion

(88,183)  
\$ 9,754,117

Future principal payments on the notes payable for the years following December 31, 2011 are as follows:

2012	\$ 88,183
2013	117,565
2014	124,430
2015	131,821
2016	139,775
Thereafter	<u>9,240,526</u>
	<u>\$ 9,842,300</u>

A \$250,000 affordable housing program note payable held by JP Morgan Chase Bank N.A. was forgiven during the year ending December 31, 2011. The note payable required Knox Glen Apartments to provide affordable housing to low-income individuals for a period of 15 years. Since the requirement was met in 2011, the debt was forgiven and reported as revenue in the consolidated statement of activities.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE 19 - AFFORDABLE HOUSING

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

The AHF contains two main revenue accounts: Housing Trust Fund (HTF) and the Inclusionary Fund (IHF). The HTF revenues are generated from commercial linkage fees and fees assessed on non-residential developments on a square foot bases. IHF revenues are generated when developers satisfy the affordable housing requirements through payment of an “in-lieu” fee. The IHF program requires that 10% of the new construction resident units be set aside as affordable housing for families earning no more than 65 percent of area median income (AMI) for rental units or 100 percent AMI for-sale properties.

The following table reflects the condensed statement of revenues, expenses and changes in net assets as of the fiscal year ended June 30, 2012 for IHF and HTF as required by the AHF Ordinance (San Diego Municipal Code section 98.0515).



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

	<b>Inclusionary Housing Fund</b>	<b>Housing Trust Fund</b>
<b>OPERATING REVENUES</b>		
Fee revenue	\$ 34,156	\$ 2,650
Other revenue	160,712	29,199
Total operating revenues	194,868	31,849
<b>OPERATING EXPENSES</b>		
Administrative expenses	82,695	76,779
General expenses	39,902	75,196
Grant expense	41,258	1,263,147
Total operating expenses	163,855	1,415,122
Operating loss	31,013	(1,383,273)
<b>NON-OPERATING REVENUES</b>		
Grant revenue	2,818,242	1,472,666
Interest income on notes receivable	492,993	968,089
Investment income	132,542	34,185
Total non-operating revenues	3,443,777	2,474,940
Net income (loss) before operating transfers	3,474,790	1,091,667
Operating transfers out	(92,400)	(54,079)
Change in net assets	<u>\$ 3,382,390</u>	<u>\$ 1,037,588</u>

NOTE 20 - SUBSEQUENT EVENTS

Management evaluated all activity of SDHC through November 30, 2012 and concluded that no subsequent event has occurred that would require recognition in the financial statements or disclosure in the notes to financial statements except the following:

In October 2012, SDHC acquired Park Crest Senior Apartments, a 71-unit located on a 0.652-acre site at 5330 Orange Avenue in the College Area. SDHC used a portion of the remaining FHA BAB's loan proceeds from leveraging of the prior public housing stock and





San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

not to exceed \$110,000 of local unrestricted funds. The acquisition of the land and building was \$6.4 million. The due diligence and rehabilitation costs are estimated at \$2.5 million.

On November 8, 2012, HDP sold the Knox Glen Apartments for \$4,900,000 to Logan Development II, LP, a tax credit partnership between Boston Capital (99.99% ownership) and Logan Development Management, LLC (.01% GP ownership). HDP is the Managing Member of Logan Development Management, LLC and has a 79% interest in the entity. Retirement Housing Foundation is a non-managing member of the LLC and has a 21% interest in Logan Development Management, LLC. Upon sale of the property, Logan Development II, LP paid off the existing JP Morgan Chase Bank, N.A. notes payable and assumed the existing SDHC and the Successor Agency to the former Redevelopment Agency of the City of San Diego notes payable. \$150,000 of accrued interest was paid to SDHC at closing. HDP provided a seller note to the new tax credit partnership in the amount of \$601,589, which is the difference between the balance of the debt at closing and the purchase price. The promissory notes for the SDHC and the Successor Agency to the former Redevelopment Agency of the City of San Diego were amended to mirror the cash flow distribution priority outlined in the new Limited Partnership Agreement.



SAN DIEGO  
HOUSING  
COMMISSION

# Supplementary Information



## *We're About People*

The San Diego Housing Commission is lead organizer for the annual Project Homeless Connect, a one-day resource fair for homeless San Diegans. On January 11, 2012, 941 individuals and families were helped at San Diego Concourse Golden Hall.





San Diego Housing Commission

COMBINING SCHEDULE OF NET ASSETS - ENTERPRISE FUNDS

June 30, 2012

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Primary Government</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,002,699	\$ 1,000	\$ -	\$ 8,003,699
Restricted cash and cash equivalents	3,661,820	3,132	-	3,664,952
Short term investments	33,084,180	19,864,265	490,108	53,438,553
Accounts receivable - tenant (net)	254,463	84,869	8,824	348,156
Accounts receivable - funding source	1,608,749	4,484,456	88,025	6,181,230
Accounts receivable - other	1,245,625	83,074	-	1,328,699
Notes receivable - current portion	268,466	222,958	-	491,424
Accrued interest receivable - investments	111,117	31,835	758	143,710
Interprogram due from/to	3,278,599	(3,039,420)	(239,179)	-
Intangible assets and prepaid items	756,643	2,470	-	759,113
	<u>52,272,361</u>	<u>21,738,639</u>	<u>348,536</u>	<u>74,359,536</u>
Total current assets				
Noncurrent assets				
Long-term investments	37,723,123	22,649,559	558,830	60,931,512
Accrued interest receivable on notes receivable	10,729,882	15,878,747	506,665	27,115,294
Notes receivable	84,532,011	139,217,611	5,731,575	229,481,197
Intangible assets, net	2,239,688	-	-	2,239,688
Capital assets not being depreciated	65,673,576	2,351,983	2,369,104	70,394,663
Capital assets, net of accumulated depreciation	84,358,649	2,284,609	853,395	87,496,653
	<u>84,358,649</u>	<u>2,284,609</u>	<u>853,395</u>	<u>87,496,653</u>
	<u>\$ 337,529,290</u>	<u>\$ 204,121,148</u>	<u>\$ 10,368,105</u>	<u>\$ 552,018,543</u>
TOTAL ASSETS				



San Diego Housing Commission

COMBINING SCHEDULE OF NET ASSETS - ENTERPRISE FUNDS - CONTINUED

June 30, 2012

	<b>Business activities</b>	<b>Federal funds</b>	<b>State funds</b>	<b>Primary Government</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable - vendors	\$ 2,226,790	\$ 1,392,927	\$ 49,741	\$ 3,669,458
Accounts payable - funding source	519,533	55,296	21,610	596,439
Accrued payroll and benefits	1,194,517	-	-	1,194,517
Accrued compensated absences	1,594,188	-	-	1,594,188
Accrued interest payable	552,053	-	-	552,053
Notes payable - current portion	1,571,717	-	-	1,571,717
Deposits payable	1,411,493	227,567	36,231	1,675,291
Deferred revenues	1,594,818	102,938	142,177	1,839,933
Other current liabilities	76,679	268,915	-	345,594
Total current liabilities	10,741,788	2,047,643	249,759	13,039,190
Noncurrent liabilities				
Notes payable - net of current portion	111,200,374	-	4,554,011	115,754,385
Other liabilities	84,701	445,791	-	530,492
TOTAL LIABILITIES	<u>\$ 122,026,863</u>	<u>\$ 2,493,434</u>	<u>\$ 4,803,770</u>	<u>\$ 129,324,067</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 51,463,712	\$ 4,636,592	\$ (1,331,512)	\$ 54,768,792
Restricted				
Reserve for HOME notes receivable	-	131,220,185	-	131,220,185
Reserve for NSP notes receivable	-	6,566,439	-	6,566,439
Reserve for VASH, DVP and FUP housing assistance payments	-	1,795,396	-	1,795,396
Reserve for Replacement Reserves of LLCs	2,848,815	-	-	2,848,815
Unrestricted	161,189,900	57,409,102	6,895,847	225,494,849
TOTAL NET ASSETS	<u>215,502,427</u>	<u>201,627,714</u>	<u>5,564,335</u>	<u>422,694,476</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 337,529,290</u>	<u>\$ 204,121,148</u>	<u>\$ 10,368,105</u>	<u>\$ 552,018,543</u>

## Supplementary Information



### San Diego Housing Commission

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

Year ended June 30, 2012

	<b>Business activities</b>	<b>Federal funds</b>	<b>State funds</b>	<b>Primary Government</b>
Operating revenues				
Dwelling rental income	\$ 24,238,770	\$ 335,324	\$ 508,736	\$ 25,082,830
Land lease and other rental income	1,818,141	73,886	-	1,892,027
Fee revenue	1,794,659	91,593	-	1,886,252
Shared equity income	-	171,422	-	171,422
Other revenue	753,808	355,791	11,004	1,120,603
Total operating revenues	<u>28,605,378</u>	<u>1,028,016</u>	<u>519,740</u>	<u>30,153,134</u>
Administrative expenses	8,696,255	17,875,900	298,652	26,870,807
Tenant services	940,186	1,267,514	47	2,207,747
Asset management	6,828,127	303,869	338,699	7,470,695
General expenses	626,512	1,468,417	520,957	2,615,886
Grant expense	-	5,879,572	-	5,879,572
Housing assistance	-	147,823,240	-	147,823,240
Depreciation	3,758,399	88,932	72,990	3,920,321
Total operating expenses	<u>20,849,479</u>	<u>174,707,444</u>	<u>1,231,345</u>	<u>196,788,268</u>
Net operating income (loss)	<u>7,755,899</u>	<u>(173,679,428)</u>	<u>(711,605)</u>	<u>(166,635,134)</u>



San Diego Housing Commission

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

Year ended June 30, 2012

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Primary Government</u>
Nonoperating revenues (expenses)				
Grant revenue	5,327,678	175,201,298	1,824,607	182,353,583
Interest income on investments and notes receivable	4,233,684	4,452,782	88,032	8,774,498
Interest expense and mortgage insurance	(6,263,419)	-	-	(6,263,419)
Loss on sale of capital assets	(49,695)	-	-	(49,695)
Total nonoperating revenues	<u>3,248,248</u>	<u>179,654,080</u>	<u>1,912,639</u>	<u>184,814,967</u>
Net income before operating transfers	11,004,147	5,974,652	1,201,034	18,179,833
Operating transfers in	15,377,461	164,910	-	15,542,371
Operating transfers out	<u>(8,309,426)</u>	<u>(7,232,945)</u>	<u>-</u>	<u>(15,542,371)</u>
Change in net assets	18,072,182	(1,093,383)	1,201,034	18,179,833
Net assets - beginning of year	<u>197,430,245</u>	<u>202,721,097</u>	<u>4,363,301</u>	<u>404,514,643</u>
Net assets - end of year	<u>\$ 215,502,427</u>	<u>\$ 201,627,714</u>	<u>\$ 5,564,335</u>	<u>\$ 422,694,476</u>



San Diego Housing Commission

COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS

Year ended June 30, 2012

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Primary Government</u>
<b>Cash flows from operating activities</b>				
Cash received from tenants	\$ 28,838,661	\$ 990,665	\$ 511,806	\$ 30,341,132
Cash payments to suppliers for operations	(27,916,231)	(133,918,531)	828,916	(161,005,846)
Cash payments for general and administrative expenses	<u>(9,423,763)</u>	<u>(19,344,317)</u>	<u>(819,609)</u>	<u>(29,587,689)</u>
Net cash provided by (used for) operating activities	<u>(8,501,333)</u>	<u>(152,272,183)</u>	<u>521,113</u>	<u>(160,252,403)</u>
<b>Cash flows from capital and related financing activities</b>				
Principal paid on notes payable	(23,849,282)	-	-	(23,849,282)
Acquisition and construction of capital assets	(7,302,045)	(489,103)	(797,005)	(8,588,153)
Proceeds from additional borrowings	15,853,444	-	-	15,853,444
Financing fees paid	(271,282)	-	-	(271,282)
Interest payments	<u>(6,702,857)</u>	<u>-</u>	<u>-</u>	<u>(6,702,857)</u>
Net cash provided by (used for) capital and related financing activities	<u>(22,272,022)</u>	<u>(489,103)</u>	<u>(797,005)</u>	<u>(23,558,130)</u>
<b>Cash flows from noncapital financing activities</b>				
Cash received from grants	2,858,781	174,286,349	1,568,702	178,713,832
Transfers in (out)	<u>7,068,035</u>	<u>(7,068,035)</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>9,926,816</u>	<u>167,218,314</u>	<u>1,568,702</u>	<u>178,713,832</u>



San Diego Housing Commission

COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2012

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Primary Government</u>
<b>Cash flows from investing activities</b>				
Interest on investments and notes receivable	2,146,482	1,700,567	12,955	3,860,004
Collection of notes receivable	893,552	1,870,001	129,408	2,892,961
Cash loaned on notes receivable	(4,941,331)	(3,645,104)	(924,550)	(9,510,985)
Deposits released from escrow	-	(2,470)	-	(2,470)
Purchases of investments	(69,800,127)	(41,909,099)	(1,034,018)	(112,743,244)
Proceeds from sale of investments	96,312,899	26,559,316	504,822	123,377,037
Net cash used for investing activities	<u>24,611,475</u>	<u>(15,426,789)</u>	<u>(1,311,383)</u>	<u>7,873,303</u>
Net increase (decrease) in cash and cash equivalents	3,764,936	(969,761)	(18,573)	2,776,602
<b>Cash and cash equivalents</b>				
Beginning of year	<u>7,899,583</u>	<u>973,893</u>	<u>18,573</u>	<u>8,892,049</u>
End of year	<u>\$ 11,664,519</u>	<u>\$ 4,132</u>	<u>\$ -</u>	<u>\$ 11,668,651</u>
<b>Noncash investing and noncapital financing activities</b>				
Interest on notes receivable converted to principal	<u>\$ 777,451</u>	<u>\$ 1,611,702</u>	<u>\$ -</u>	<u>\$ 2,389,153</u>
Accounts payable - construction included in capital assets	<u>\$ 609,907</u>	<u>\$ 650,374</u>	<u>\$ -</u>	<u>\$ 1,260,281</u>
Decrease in fair market value of interest rate swap	<u>\$ 417,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 417,304</u>





San Diego Housing Commission

COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2012

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Primary Government</u>
<b>Reconciliation of operating loss to net cash used in operating activities</b>				
Operating income (loss)	\$ 7,755,899	\$ (173,679,428)	\$ (711,605)	\$ (166,635,134)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	3,758,399	88,932	72,990	3,920,321
Amortization	88,697	-	-	88,697
Provision for loan losses	380,736	401,398	523,318	1,305,452
Fair market value of derivative	-	-	-	-
Changes in operating assets and liabilities:				
(Increase) decrease in tenant receivables	(75,930)	(25,299)	(7,934)	(109,163)
(Increase) decrease in other receivables	337,967	(694)	-	337,273
(Increase) decrease in prepaid items and other assets	(189,693)	-	-	(189,693)
Increase (decrease) in accounts payable	87,965	273,203	13,670	374,838
Increase (decrease) in accrued payroll and benefits	517,711	-	-	517,711
Increase (decrease) in deposits payable	159,976	199,297	(5,094)	354,179
Increase (decrease) in deferred revenues	(28,754)	(11,358)	-	(40,112)
Increase (decrease) in other liabilities	(31,987)	(144,785)	-	(176,772)
Increase (decrease) in other interprogram from/to	(21,262,319)	20,626,551	635,768	-
Net cash provided by (used for) operating activities	<u>\$ (8,501,333)</u>	<u>\$ (152,272,183)</u>	<u>\$ 521,113</u>	<u>\$ (160,252,403)</u>

**FINANCIAL DATA SCHEDULE**

	Project Total	14.880 Family Unification Program (FUP)	14.DVP Disaster Voucher Program	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.881 Moving to Work Demonstration Program	14.218 Community Development Block Grants/Entitlement Grants	14.901 Healthy Homes Initiative Grants
111 Cash - Unrestricted							1,000		
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted							1,000		
114 Cash - Tenant Security Deposits									
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	-	-	-	-	-	-	2,000	-	-
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects	258,382						364,948	1,029,819	81,497
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous							65,428	10,388	
126 Accounts Receivable - Tenants	16,431						69,303		
126.1 Allowance for Doubtful Accounts - Tenants	(865)						-	-	
126.2 Allowance for Doubtful Accounts - Other	-						(7,424)	-	
127 Notes Loans & Mortgages Receivable - Current								8,620	
128 Fraud Recovery									
128.1 Allowance for Doubtful Accounts - Fraud									
129 Accrued Interest Receivable	10,427	185	19				19,530	214,759	
120 Total Receivables Net of Allowances for Doubtful Accounts	284,375	185	19				511,785	1,263,586	81,497
131 Investments - Unrestricted	13,843,924	8,471	25,640				24,094,856	1,096,922	
132 Investments - Restricted		242,898					2,125,355		
135 Investments - Restricted for Payment of Current Liability		-							
142 Prepaid Expenses and Other Assets								2,470	
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From									
145 Assets Held for Sale									
150 Total Current Assets	14,128,299	251,554	25,659	-	-	-	26,733,996	2,362,978	81,497
161 Land	1,240,000								
162 Buildings	2,397,684								
163 Furniture Equipment & Machinery - Dwellings									
164 Furniture Equipment & Machinery - Administration	193,605						29,710		
165 Leasehold Improvements									
166 Accumulated Depreciation	(306,679)						(29,710)		
167 Construction in Progress	1,111,983								
168 Infrastructure									
160 Total Capital Assets Net of Accumulated Depreciation	4,636,593	-	-	-	-	-	-	-	-
171 Notes Loans and Mortgages Receivable - Non-Current								9,296,556	
172 Notes Loans & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures									
180 Total Non-Current Assets	4,636,593	-	-	-	-	-	-	9,296,556	-
190 Total Assets	18,764,892	251,554	25,659	-	-	-	26,733,996	11,659,534	81,497

	14.257 Homelessness Prevention and Rapid Re- Housing Program (RAF)	14.870 Resident Opportunity and Supportive Services	14.900 Lead- Based Paint Hazard Control in Privately- Owned Housing	14.239 HOME Investment Partnerships Program	8 Other Federal Program 1	14.231 Emergency Shelter Grants Program	14.238 Shelter Plus Care	93.602 New Assets for Independence Demonstration Program	9 Other Federal Program 2
111 Cash - Unrestricted									
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted								2,132	
114 Cash - Tenant Security Deposits									
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	-	-	-	-	-	-	-	2,132	-
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects	479,098		1,223,367	124,040		647,515	83,700		
124 Accounts Receivable - Other Government					27,495				
125 Accounts Receivable - Miscellaneous	14,683								
126 Accounts Receivable - Tenants									
126.1 Allowance for Doubtful Accounts - Tenants									
126.2 Allowance for Doubtful Accounts - Other									
127 Notes Loans & Mortgages Receivable - Current				214,338					
128 Fraud Recovery									
128.1 Allowance for Doubtful Accounts - Fraud									
129 Accrued Interest Receivable				15,665,466				179	16
120 Total Receivables Net of Allowances for Doubtful Accounts	493,781	-	1,223,367	16,003,844	27,495	647,515	83,700	179	16
131 Investments - Unrestricted				801,638			12,583	127,049	21,429
132 Investments - Restricted								113,059	
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets									
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From									
145 Assets Held for Sale									
150 Total Current Assets	493,781	-	1,223,367	16,805,482	27,495	647,515	96,283	242,419	21,445
161 Land									
162 Buildings									
163 Furniture Equipment & Machinery - Dwellings									
164 Furniture Equipment & Machinery - Administration									
165 Leasehold Improvements									
166 Accumulated Depreciation									
167 Construction in Progress									
168 Infrastructure									
160 Total Capital Assets Net of Accumulated Depreciation	-	-	-	-	-	-	-	-	-
171 Notes Loans and Mortgages Receivable - Non-Current				129,921,056					
172 Notes Loans & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures									
180 Total Non-Current Assets	-	-	-	129,921,056	-	-	-	-	-
190 Total Assets	493,781	-	1,223,367	146,726,538	27,495	647,515	96,283	242,419	21,445

	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat	2 State/Local	1 Business Activities	6 Component Units	Subtotal	ELIM	Total
111 Cash - Unrestricted	-	-	8,002,699	1,547,228	9,550,927	-	9,550,927
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-
113 Cash - Other Restricted	-	-	2,921,752	405,635	3,330,519	-	3,330,519
114 Cash - Tenant Security Deposits	-	-	740,068	48,488	788,556	-	788,556
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-
100 Total Cash	-	-	11,664,519	2,001,351	13,670,002	-	13,670,002
121 Accounts Receivable - PHA Projects	-	-	13,309	-	13,309	-	13,309
122 Accounts Receivable - HUD Other Projects	164,595	-	-	-	4,456,961	-	4,456,961
124 Accounts Receivable - Other Government	-	88,025	81,089,192	-	81,204,712	(79,627,081)	1,577,631
125 Accounts Receivable - Miscellaneous	-	-	1,821,423	682,918	2,594,840	(442,469)	2,152,371
126 Accounts Receivable - Tenants	-	9,026	271,414	-	366,174	-	366,174
126.1 Allowance for Doubtful Accounts - Tenants	-	(202)	(16,951)	-	(18,018)	-	(18,018)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	(7,424)	-	(7,424)
127 Notes Loans & Mortgages Receivable - Current	-	-	268,466	-	491,424	-	491,424
128 Fraud Recovery	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-
129 Accrued Interest Receivable	-	507,422	10,841,001	-	27,259,004	-	27,259,004
120 Total Receivables Net of Allowances for Doubtful Accounts	164,595	604,271	94,287,854	682,918	116,360,982	(80,069,550)	36,291,432
131 Investments - Unrestricted	-	1,048,938	70,646,913	-	111,728,363	-	111,728,363
132 Investments - Restricted	-	-	160,390	-	2,641,702	-	2,641,702
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	756,642	647,961	1,407,073	-	1,407,073
143 Inventories	-	-	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	-	-
145 Assets Held for Sale	-	-	-	-	-	-	-
150 Total Current Assets	164,595	1,653,209	177,516,318	3,332,230	245,808,122	(80,069,550)	165,738,572
161 Land	-	1,572,095	57,751,177	2,423,662	62,986,938	-	62,986,938
162 Buildings	-	2,919,612	97,124,529	8,363,873	110,805,698	-	110,805,698
163 Furniture Equipment & Machinery - Dwellings	-	-	66,386	-	66,386	-	66,386
164 Furniture Equipment & Machinery - Administration	-	-	3,204,371	160,853	3,588,539	-	3,588,539
165 Leasehold Improvements	-	-	-	-	-	-	-
166 Accumulated Depreciation	-	(2,066,217)	(16,036,638)	(1,576,976)	(20,016,220)	-	(20,016,220)
167 Construction in Progress	-	797,005	7,922,399	732,791	10,564,178	-	10,564,178
168 Infrastructure	-	-	-	-	-	-	-
160 Total Capital Assets Net of Accumulated Depreciation	-	3,222,499	150,032,224	10,104,203	167,995,519	-	167,995,519
171 Notes Loans and Mortgages Receivable - Non-Current	-	5,731,575	84,532,010	-	229,481,197	-	229,481,197
172 Notes Loans & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-	-
174 Other Assets	-	-	2,239,688	365,411	2,605,099	-	2,605,099
176 Investments in Joint Ventures	-	-	-	22,461	22,461	-	22,461
180 Total Non-Current Assets	-	8,954,074	236,803,922	10,492,075	400,104,276	-	400,104,276
190 Total Assets	164,595	10,607,283	414,320,240	13,824,305	645,912,398	(80,069,550)	565,842,848

	Project Total	14.880 Family Unification Program (FUP)	14.DVP Disaster Voucher Program	14.OPS MTW Demonstratio n Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.881 Moving to Work Demonstration Program	14.218 Community Development Block Grants/Entitleme nt Grants	14.901 Healthy Homes Initiative Grants
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	76,826	3,107					219,583	513,897	4,854
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable									
322 Accrued Compensated Absences - Current Portion									
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs	54,476								
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	209,983							528,013	76,643
341 Tenant Security Deposits	28,280								
342 Deferred Revenues	2,938								
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds									
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities							564,420		
346 Accrued Liabilities - Other							35,096		
347 Inter Program - Due To									
348 Loan Liability - Current									
310 Total Current Liabilities	372,503	3,107	-	-	-	-	819,099	1,041,910	81,497
351 Long-term Debt Net of Current - Capital Projects/Mortgage Revenue									
352 Long-term Debt Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other									
354 Accrued Compensated Absences - Non Current									
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities									
300 Total Liabilities	372,503	3,107	-	-	-	-	819,099	1,041,910	81,497
508.1 Invested In Capital Assets Net of Related Debt	4,636,593								
511.1 Restricted Net Assets		242,898	25,659				1,526,839	6,566,438	
512.1 Unrestricted Net Assets	13,755,796	5,549	-	-	-	-	24,388,058	4,051,186	-
513 Total Equity/Net Assets	18,392,389	248,447	25,659				25,914,897	10,617,624	-
600 Total Liabilities and Equity/Net Assets	18,764,892	251,554	25,659	-	-	-	26,733,996	11,659,534	81,497

	14.257 Homelessness Prevention and Rapid Re- Housing Program (RAF)	14.870 Resident Opportunity and Supportive Services	14.900 Lead- Based Paint Hazard Control in Privately- Owned Housing	14.239 HOME Investment Partnerships Program	8 Other Federal Program 1	14.231 Emergency Shelter Grants Program	14.238 Shelter Plus Care	93.602 New Assets for Independence Demonstration Program	9 Other Federal Program 2
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	10,765		150,402	248,679		70,627	94,186		
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable									
322 Accrued Compensated Absences - Current Portion									
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs							819		
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	483,016		1,072,965		27,495	576,888	1,278		
341 Tenant Security Deposits									
342 Deferred Revenues				100,000					
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds									
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities				199,287				115,191	
346 Accrued Liabilities - Other									
347 Inter Program - Due To	-								
348 Loan Liability - Current									
310 Total Current Liabilities	493,781	-	1,223,367	547,966	27,495	647,515	96,283	115,191	-
351 Long-term Debt Net of Current - Capital Projects/Mortgage Revenue									
352 Long-term Debt Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other									
354 Accrued Compensated Absences - Non Current									
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities									
300 Total Liabilities	493,781	-	1,223,367	547,966	27,495	647,515	96,283	115,191	-
508.1 Invested In Capital Assets Net of Related Debt									
511.1 Restricted Net Assets				131,220,185					
512.1 Unrestricted Net Assets	-	-	-	14,958,387	-	-	-	127,228	21,445
513 Total Equity/Net Assets				146,178,572				127,228	21,445
600 Total Liabilities and Equity/Net Assets	493,781	-	1,223,367	146,726,538	27,495	647,515	96,283	242,419	21,445

	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat	2 State/Local	1 Business Activities	6 Component Units	Subtotal	ELIM	Total
311 Bank Overdraft	-						
312 Accounts Payable <= 90 Days	-	49,741	2,669,260	129,376	4,241,303	(442,469)	3,798,834
313 Accounts Payable >90 Days Past Due	-						
321 Accrued Wage/Payroll Taxes Payable	-		1,194,517		1,194,517		1,194,517
322 Accrued Compensated Absences - Current Portion	-		1,594,188		1,594,188		1,594,188
324 Accrued Contingency Liability	-						
325 Accrued Interest Payable	-		552,053	24,046	576,099		576,099
331 Accounts Payable - HUD PHA Programs	-				55,295		55,295
332 Account Payable - PHA Projects	-						
333 Accounts Payable - Other Government	63,141	260,788	76,868,015		80,168,225	(79,627,081)	541,144
341 Tenant Security Deposits	-	36,231	942,930	46,646	1,054,087		1,054,087
342 Deferred Revenues	-	142,177	1,594,818	13,119	1,853,052		1,853,052
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-		1,571,717	88,183	1,659,900		1,659,900
344 Current Portion of Long-term Debt - Operating Borrowings	-						
345 Other Current Liabilities	-		629,942		1,508,840		1,508,840
346 Accrued Liabilities - Other	-				35,096		35,096
347 Inter Program - Due To	-						
348 Loan Liability - Current	-						
310 Total Current Liabilities	63,141	488,937	87,617,440	301,370	93,940,602	(80,069,550)	13,871,052
351 Long-term Debt Net of Current - Capital Projects/Mortgage Revenue	-	4,554,011	111,200,374	11,379,055	127,133,440		127,133,440
352 Long-term Debt Net of Current - Operating Borrowings	-						
353 Non-current Liabilities - Other	-						
354 Accrued Compensated Absences - Non Current	-						
355 Loan Liability - Non Current	-						
356 FASB 5 Liabilities	-						
357 Accrued Pension and OPEB Liabilities	-						
350 Total Non-Current Liabilities	-	4,554,011	111,200,374	11,379,055	127,133,440		127,133,440
300 Total Liabilities	63,141	5,042,948	198,817,814	11,680,425	221,074,042	(80,069,550)	141,004,492
508.1 Invested In Capital Assets Net of Related Debt	-	(1,331,512)	51,463,711		54,768,792		54,768,792
511.1 Restricted Net Assets	-		2,848,816		142,430,835		142,430,835
512.1 Unrestricted Net Assets	101,454	6,895,847	161,189,899	2,143,880	227,638,729	-	227,638,729
513 Total Equity/Net Assets	101,454	5,564,335	215,502,426	2,143,880	424,838,356		424,838,356
600 Total Liabilities and Equity/Net Assets	164,595	10,607,283	414,320,240	13,824,305	645,912,398	(80,069,550)	565,842,848



FINANCIAL DATA SCHEDULE  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS ACCOUNTS

	Project Total	14.880 Family Unification Program (FUP)	14.DVP Disaster Voucher Program	14.OPS MTW Demonstratio n Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.881 Moving to Work Demonstration Program	14.218 Community Development Block Grants/Entitleme nt Grants	14.901 Healthy Homes Initiative Grants
70300 Net Tenant Rental Revenue	331,808								
70400 Tenant Revenue - Other	3,515								
70500 Total Tenant Revenue	335,323	-	-	-	-	-	-	-	-
70600 HUD PHA Operating Grants		879,979		39,084		159,575,785	-	2,480,755	186,467
70610 Capital Grants				-	872,131				
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue									
70800 Other Government Grants									
71100 Investment Income - Unrestricted	144,640	51	260				293,324	7,052	
71200 Mortgage Interest Income								213,455	
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery							51,289		
71500 Other Revenue	18,862						324,109	10,878	
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted		5,024					28,812		
70000 Total Revenue	498,825	885,054	260	39,084	872,131	159,575,785	697,534	2,712,140	186,467
91100 Administrative Salaries	193,769	42,706					7,154,740	60,626	55,008
91200 Auditing Fees	28,650	217					41,287		649
91300 Management Fee									
91310 Book-keeping Fee									
91400 Advertising and Marketing	2,758	210					34,516		
91500 Employee Benefit contributions - Administrative	47,118	14,846					2,456,678	21,292	9,846
91600 Office Expenses	62,149	13,735	3,940				2,518,575		12,818
91700 Legal Expense	4,013	1,481					241,064	588	2,171
91800 Travel	972	358					60,177		2,365
91810 Allocated Overhead									
91900 Other	30,065	1,907					869,587	188	22,902
91000 Total Operating - Administrative	369,494	75,460	3,940	-	-	-	13,376,624	82,694	105,759
92000 Asset Management Fee									
92100 Tenant Services - Salaries							567,227		
92200 Relocation Costs	5,668								
92300 Employee Benefit Contributions - Tenant Services		(25)					218,340		
92400 Tenant Services - Other	31						240,010		
92500 Total Tenant Services	5,699	(25)	-	-	-	-	1,025,577	-	-

FINANCIAL DATA SCHEDULE  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS ACCOUNTS

	14.257 Homelessness Prevention and Rapid Re- Housing Program (RAF)	14.870 Resident Opportunity and Supportive Services	14.900 Lead- Based Paint Hazard Control in Privately- Owned Housing	14.239 HOME Investment Partnerships Program	8 Other Federal Program 1	14.231 Emergency Shelter Grants Program	14.238 Shelter Plus Care	93.602 New Assets for Independence Demonstration Program	9 Other Federal Program 2
70300 Net Tenant Rental Revenue									
70400 Tenant Revenue - Other									
70500 Total Tenant Revenue	-	-	-	-	-	-	-	-	-
70600 HUD PHA Operating Grants	1,345,645	17,218	2,519,783	3,929,856		647,515	2,043,273		
70610 Capital Grants									
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue									
70800 Other Government Grants					88,920			90,000	
71100 Investment Income - Unrestricted				11,926			-	325	196
71200 Mortgage Interest Income				3,746,468					
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery									
71500 Other Revenue				287,552				1	
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted								1,251	
70000 Total Revenue	1,345,645	17,218	2,519,783	7,975,802	88,920	647,515	2,043,273	91,577	196
91100 Administrative Salaries	170,739		767,720	1,040,645		24,824	31,410		
91200 Auditing Fees			2,941	6,064			(132)		
91300 Management Fee									
91310 Book-keeping Fee									
91400 Advertising and Marketing			626	6,620			66		
91500 Employee Benefit contributions - Administrative	50,956		250,412	327,945		8,245	11,165		
91600 Office Expenses	30,400	134	75,746	303,507	3,059		1,771	405	
91700 Legal Expense			9,836	244,630			(33)		
91800 Travel			2,012	10,732	2,231		241	822	
91810 Allocated Overhead									
91900 Other	6,466	(496)	372,495	33,168	1,310		20,030	12	
91000 Total Operating - Administrative	258,561	(362)	1,481,788	1,973,311	6,600	33,069	64,518	1,239	-
92000 Asset Management Fee									
92100 Tenant Services - Salaries					32,334			664	
92200 Relocation Costs			110,538						
92300 Employee Benefit Contributions - Tenant Services					10,904			243	
92400 Tenant Services - Other		10,394	2,000	13	39,082			30,105	
92500 Total Tenant Services	-	10,394	112,538	13	82,320	-	-	31,012	-

FINANCIAL DATA SCHEDULE  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS ACCOUNTS

	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat	2 State/Local	1 Business Activities	6 Component Units	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	-	502,311	24,318,914	884,294	26,037,327	(312,418)	25,724,909
70400 Tenant Revenue - Other	-	6,425	232,275		242,215		242,215
70500 Total Tenant Revenue	-	508,736	24,551,189	884,294	26,279,542	(312,418)	25,967,124
70600 HUD PHA Operating Grants	484,887				174,150,247		174,150,247
70610 Capital Grants	-				872,131		872,131
70710 Management Fee	-						
70720 Asset Management Fee	-						
70730 Book Keeping Fee	-						
70740 Front Line Service Fee	-						
70750 Other Fees	-						
70700 Total Fee Revenue	-				-	-	-
70800 Other Government Grants	-	1,027,602	5,765,294		6,971,816		6,971,816
71100 Investment Income - Unrestricted	-	3,655	985,832	43,032	1,490,293		1,490,293
71200 Mortgage Interest Income	-	83,189	2,403,792		6,446,904		6,446,904
71300 Proceeds from Disposition of Assets Held for Sale	-						
71310 Cost of Sale of Assets	-						
71400 Fraud Recovery	-				51,289		51,289
71500 Other Revenue	-	808,009	11,578,333	683,330	13,711,074	(7,649,340)	6,061,734
71600 Gain or Loss on Sale of Capital Assets	-		(49,695)		(49,695)		(49,695)
72000 Investment Income - Restricted	-	1,187	844,059		880,333		880,333
70000 Total Revenue	484,887	2,432,378	46,078,804	1,610,656	230,803,934	(7,961,758)	222,842,176
91100 Administrative Salaries	23,927	156,003	4,996,193		14,718,310		14,718,310
91200 Auditing Fees	113	2,033	111,854		193,676		193,676
91300 Management Fee	-		925,199		925,199	(925,199)	-
91310 Book-keeping Fee	-						
91400 Advertising and Marketing	116	2,453	63,377		110,742		110,742
91500 Employee Benefit contributions - Administrative	8,321	56,801	1,579,457		4,843,082		4,843,082
91600 Office Expenses	8,662	56,692	1,989,506		5,081,099	(2,427,142)	2,653,957
91700 Legal Expense	835	5,445	535,001		1,045,031		1,045,031
91800 Travel	201	1,642	47,140		128,893		128,893
91810 Allocated Overhead	-						
91900 Other	1,030	17,583	2,110,108	293,557	3,779,912	(309,239)	3,470,673
91000 Total Operating - Administrative	43,205	298,652	12,357,835	293,557	30,825,944	(3,661,580)	27,164,364
92000 Asset Management Fee	-						
92100 Tenant Services - Salaries	-		267,862		868,087		868,087
92200 Relocation Costs	-		370,173		486,379		486,379
92300 Employee Benefit Contributions - Tenant Services	(15)		85,452		314,899		314,899
92400 Tenant Services - Other	-	47	216,700	787,774	1,326,156		1,326,156
92500 Total Tenant Services	(15)	47	940,187	787,774	2,995,521	-	2,995,521

FINANCIAL DATA SCHEDULE  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS ACCOUNTS

	Project Total	14.880 Family Unification Program (FUP)	14.DVP Disaster Voucher Program	14.OPS MTW Demonstratio n Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.881 Moving to Work Demonstration Program	14.218 Community Development Block Grants/Entitleme nt Grants	14.901 Healthy Homes Initiative Grants
93100 Water	27,704								
93200 Electricity	8,341							11	
93300 Gas	1,883								
93400 Fuel									
93500 Labor									
93600 Sewer	21,270								
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93000 Total Utilities	59,198	-	-	-	-	-	-	11	-
94100 Ordinary Maintenance and Operations - Labor	34,730								
94200 Ordinary Maintenance and Operations - Materials and Other	10,451						23		
94300 Ordinary Maintenance and Operations Contracts	86,450						9,188		
94500 Employee Benefit Contributions - Ordinary Maintenance	18,899								
94000 Total Maintenance	150,530	-	-	-	-	-	9,211	-	-
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs	15,695						2,734		
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	15,695	-	-	-	-	-	2,734	-	-
96110 Property Insurance	3,795	1					185		
96120 Liability Insurance	2,604	183					28,472	68	
96130 Workmen's Compensation									
96140 All Other Insurance	1,278	111					20,590	8	
96100 Total insurance Premiums	7,677	295	-	-	-	-	49,247	76	-
96200 Other General Expenses	14,289						142,681	2,877,032	80,708
96210 Compensated Absences	1,065	277					52,892	107	
96300 Payments in Lieu of Taxes									
96400 Bad debt - Tenant Rents	(5,740)						(6,199)		
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	9,614	277	-	-	-	-	189,374	2,877,139	80,708
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	-	-
96900 Total Operating Expenses	617,907	76,007	3,940	-	-	-	14,652,767	2,959,920	186,467
97000 Excess of Operating Revenue over Operating Expenses	(119,082)	809,047	(3,680)	39,084	872,131	159,575,785	(13,955,233)	(247,780)	-

FINANCIAL DATA SCHEDULE  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS ACCOUNTS

	14.257 Homelessness Prevention and Rapid Re- Housing Program (RAF)	14.870 Resident Opportunity and Supportive Services	14.900 Lead- Based Paint Hazard Control in Privately- Owned Housing	14.239 HOME Investment Partnerships Program	8 Other Federal Program 1	14.231 Emergency Shelter Grants Program	14.238 Shelter Plus Care	93.602 New Assets for Independence Demonstration Program	9 Other Federal Program 2
93100 Water									
93200 Electricity									
93300 Gas									
93400 Fuel									
93500 Labor									
93600 Sewer									
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93000 Total Utilities	-	-	-	-	-	-	-	-	-
94100 Ordinary Maintenance and Operations - Labor									
94200 Ordinary Maintenance and Operations - Materials and Other				108					
94300 Ordinary Maintenance and Operations Contracts		6,592							
94500 Employee Benefit Contributions - Ordinary Maintenance									
94000 Total Maintenance	-	6,592	-	108	-	-	-	-	-
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	-	-	-	-	-	-	-	-	-
96110 Property Insurance				26			2		
96120 Liability Insurance			(554)	428			16		
96130 Workmen's Compensation									
96140 All Other Insurance				2,949			121		
96100 Total insurance Premiums	-	-	(554)	3,403	-	-	139	-	-
96200 Other General Expenses	161,906	594	932,298	2,922,736		614,446	86,636		
96210 Compensated Absences	1,232		(6,287)	(10,646)			(188)	(9)	
96300 Payments in Lieu of Taxes									
96400 Bad debt - Tenant Rents									
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	163,138	594	926,011	2,912,090	-	614,446	86,448	(9)	-
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	-	-
96900 Total Operating Expenses	421,699	17,218	2,519,783	4,888,925	88,920	647,515	151,105	32,242	-
97000 Excess of Operating Revenue over Operating Expenses	923,946	-	-	3,086,877	-	-	1,892,168	59,335	196

FINANCIAL DATA SCHEDULE  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS ACCOUNTS

	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat	2 State/Local	1 Business Activities	6 Component Units	Subtotal	ELIM	Total
93100 Water	-	36,612	781,679		845,995		845,995
93200 Electricity	-	8,691	549,075		566,118		566,118
93300 Gas	-	20,392	248,789		271,064		271,064
93400 Fuel	-	-	-		-		-
93500 Labor	-	-	-		-		-
93600 Sewer	-	46,595	792,171		860,036		860,036
93700 Employee Benefit Contributions - Utilities	-	-	-		-		-
93800 Other Utilities Expense	-	-	23,572		23,572		23,572
93000 Total Utilities	-	112,290	2,395,286	-	2,566,785	-	2,566,785
94100 Ordinary Maintenance and Operations - Labor	-	28,351	500,482		563,563		563,563
94200 Ordinary Maintenance and Operations - Materials and Other	1	9,226	300,387		320,196		320,196
94300 Ordinary Maintenance and Operations Contracts	-	158,493	2,536,843		2,797,566		2,797,566
94500 Employee Benefit Contributions - Ordinary Maintenance	-	16,914	274,417		310,230		310,230
94000 Total Maintenance	1	212,984	3,612,129	-	3,991,555	-	3,991,555
95100 Protective Services - Labor	-	-	-		-		-
95200 Protective Services - Other Contract Costs	-	1,253	493,178		512,860		512,860
95300 Protective Services - Other	-	-	13,074		13,074		13,074
95500 Employee Benefit Contributions - Protective Services	-	-	-		-		-
95000 Total Protective Services	-	1,253	506,252	-	525,934	-	525,934
96110 Property Insurance	1	5,024	165,472		174,506		174,506
96120 Liability Insurance	104	3,066	125,506		159,893		159,893
96130 Workmen's Compensation	-	-	-		-		-
96140 All Other Insurance	63	4,082	162,601		191,803		191,803
96100 Total insurance Premiums	168	12,172	453,579	-	526,202	-	526,202
96200 Other General Expenses	-	524,120	4,097,879	199,699	12,655,024	(4,172,590)	8,482,434
96210 Compensated Absences	158	(1,776)	28,267		65,092		65,092
96300 Payments in Lieu of Taxes	-	-	172,107		172,107		172,107
96400 Bad debt - Tenant Rents	-	(1,387)	164,635		151,309		151,309
96500 Bad debt - Mortgages	-	-	-		-		-
96600 Bad debt - Other	-	-	-		-		-
96800 Severance Expense	-	-	-		-		-
96000 Total Other General Expenses	158	520,957	4,462,888	199,699	13,043,532	(4,172,590)	8,870,942
96710 Interest of Mortgage (or Bonds) Payable	-	-	-		-		-
96720 Interest on Notes Payable (Short and Long Term)	-	-	5,947,855	292,443	6,240,298		6,240,298
96730 Amortization of Bond Issue Costs	-	-	-		-		-
96700 Total Interest Expense and Amortization Cost	-	-	5,947,855	292,443	6,240,298	-	6,240,298
96900 Total Operating Expenses	43,517	1,158,355	30,676,011	1,573,473	60,715,771	(7,834,170)	52,881,601
97000 Excess of Operating Revenue over Operating Expenses	441,370	1,274,023	15,402,793	37,183	170,088,163	(127,588)	169,960,575

FINANCIAL DATA SCHEDULE  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS ACCOUNTS

	Project Total	14.880 Family Unification Program (FUP)	14.DVP Disaster Voucher Program	14.OPS MTW Demonstratio n Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.881 Moving to Work Demonstration Program	14.218 Community Development Block Grants/Entitleme nt Grants	14.901 Healthy Homes Initiative Grants
97100 Extraordinary Maintenance	-								
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments		1,190,705					143,017,442		
97350 HAP Portability-In							4,112		
97400 Depreciation Expense	88,931								
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	706,838	1,266,712	3,940	-	-	-	157,674,321	2,959,920	186,467
10010 Operating Transfer In	1,098,240						159,580,874	164,910	
10020 Operating transfer Out	(187,025)			(39,084)	(872,131)	(159,575,785)	(6,958,000)	(167,903)	
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	911,215	-	-	(39,084)	(872,131)	(159,575,785)	152,622,874	(2,993)	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	703,202	(381,658)	(3,680)	-	-	-	(4,353,913)	(250,773)	-
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-
11030 Beginning Equity	17,176,526	630,105	29,339	-	-	-	30,268,810	10,868,397	-
11040 Prior Period Adjustments Equity Transfers and Correction of Errors	512,661								
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity									
11180 Housing Assistance Payments Equity									
11190 Unit Months Available	900	1200					174018		
11210 Number of Unit Months Leased	861	992					169388		
11270 Excess Cash	13,682,027								
11610 Land Purchases	-								
11620 Building Purchases	-								
11630 Furniture & Equipment - Dwelling Purchases	-								
11640 Furniture & Equipment - Administrative Purchases	-								
11650 Leasehold Improvements Purchases	-								
11660 Infrastructure Purchases	-								
13510 CFFP Debt Service Payments	-								
13901 Replacement Housing Factor Funds	-								

FINANCIAL DATA SCHEDULE  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS ACCOUNTS

	14.257 Homelessness Prevention and Rapid Re- Housing Program (RAF)	14.870 Resident Opportunity and Supportive Services	14.900 Lead- Based Paint Hazard Control in Privately- Owned Housing	14.239 HOME Investment Partnerships Program	8 Other Federal Program 1	14.231 Emergency Shelter Grants Program	14.238 Shelter Plus Care	93.602 New Assets for Independence Demonstration Program	9 Other Federal Program 2
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments	923,946			368,319			1,892,168		
97350 HAP Portability-In									
97400 Depreciation Expense									
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	1,345,645	17,218	2,519,783	5,257,244	88,920	647,515	2,043,273	32,242	-
10010 Operating Transfer In									
10020 Operating transfer Out				(107,043)					
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	-	-	-	(107,043)	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses				2,611,515				59,335	196
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-
11030 Beginning Equity	-	-	-	143,567,057	-	-	-	67,893	21,249
11040 Prior Period Adjustments Equity Transfers and Correction of Errors									
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity									
11180 Housing Assistance Payments Equity									
11190 Unit Months Available	1415			435			2652		
11210 Number of Unit Months Leased	1415			435			2652		
11270 Excess Cash									
11610 Land Purchases									
11620 Building Purchases									
11630 Furniture & Equipment - Dwelling Purchases									
11640 Furniture & Equipment - Administrative Purchases									
11650 Leasehold Improvements Purchases									
11660 Infrastructure Purchases									
13510 CFFP Debt Service Payments									
13901 Replacement Housing Factor Funds									



SAN DIEGO HOUSING COMMISSION  
JUNE 30, 2012

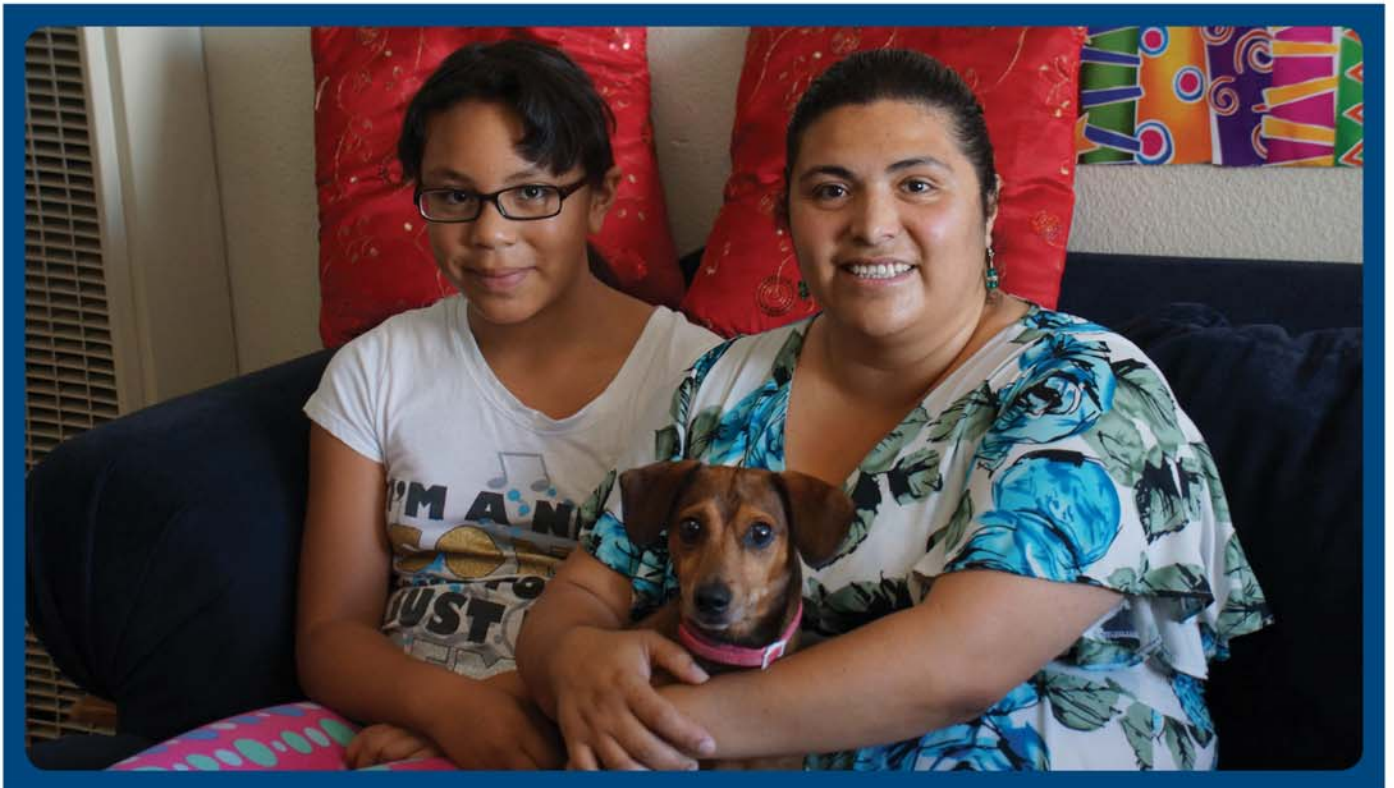
FINANCIAL DATA SCHEDULE  
COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS ACCOUNTS

	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat	2 State/Local	1 Business Activities	6 Component Units	Subtotal	ELIM	Total
97100 Extraordinary Maintenance	-	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-
97300 Housing Assistance Payments	426,548	-	-	-	147,819,128	-	147,819,128
97350 HAP Portability-In	-	-	-	-	4,112	-	4,112
97400 Depreciation Expense	-	72,989	3,758,401	226,243	4,146,564	-	4,146,564
97500 Fraud Losses	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-
90000 Total Expenses	470,065	1,231,344	34,434,412	1,799,716	212,685,575	(7,834,170)	204,851,405
10010 Operating Transfer In	-	-	15,377,461	-	176,221,485	-	176,221,485
10020 Operating transfer Out	(5,088)	-	(8,309,426)	-	(176,221,485)	-	(176,221,485)
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-
10050 Proceeds from Notes Loans and Bonds	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-	-
10070 Extraordinary Items Net Gain/Loss	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	(5,088)	-	7,068,035	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	9,734	1,201,034	18,712,427	(189,060)	18,118,359	(127,588)	17,990,771
11020 Required Annual Debt Principal Payments	-	-	23,849,281	88,183	23,937,464	-	23,937,464
11030 Beginning Equity	91,720	4,363,301	233,756,085	(36,453,425)	404,387,057	127,585	404,514,642
11040 Prior Period Adjustments Equity Transfers and Correction of Errors	-	-	(36,966,086)	38,786,365	2,332,940	-	2,332,940
11050 Changes in Compensated Absence Balance	-	-	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
11170 Administrative Fee Equity	-	-	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	-
11190 Unit Months Available	612	-	-	-	181232	-	181232
11210 Number of Unit Months Leased	584	-	-	-	176327	-	176327
11270 Excess Cash	-	-	-	-	13,682,027	-	13,682,027
11610 Land Purchases	-	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-



SAN DIEGO  
HOUSING  
COMMISSION

# Statistical Section (Unaudited)



## *We're About People*

When the San Diego Housing Commission (SDHC) took full ownership and operating authority over 1,366 public housing units from the U.S. Department of Housing and Urban Development, tenants received federal Section 8 Housing Choice vouchers with an option to remain in their units or take the rental assistance with them to housing of their choice. Silvia, a single mother with three children, decided to stay in her SDHC apartment.





San Diego Housing Commission

Statistical Section (Unaudited)

This part of the Comprehensive Annual Financial Report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about SDHC's overall financial health. The following are the categories of the schedules that are included in this Section:

**Financial Trends**

These schedules contain trend information to help the reader understand how SDHC's financial performance and well-being have changed over time. These schedules can be viewed on pages 111 - 113.

**Revenue Capacity**

This schedule contains information to help the reader assess SDHC's most significant revenue source. This schedule can be viewed on page 115.

**Debt Capacity**

This schedule presents information to help the reader assess the affordability of SDHC's current level of outstanding debt. This schedule can be viewed on page 117.

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which SDHC's financial activities take place. These schedules can be viewed on pages 119 - 124.

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in SDHC's financial report relates to the services SDHC provides and the activities it performs. These schedules can be viewed on pages 126 - 132.

## **FINANCIAL TRENDS**



San Diego Housing Commission

Net Assets by Component (Unaudited)

Ten Years Ending June 30, 2012

Fiscal Year	Invested in Capital Assets, Net of Related Debt	Restricted	Unrestricted	Total Net Assets
2003	\$ 76,225,015	\$ -	\$ 125,699,840	\$ 201,924,855
2004	74,834,496	-	134,854,332	209,688,828
2005	68,018,419	72,050,540	103,729,782	243,798,741
2006	67,288,827	74,995,714	127,911,849	270,196,390
2007	67,893,139	86,943,780	141,958,499	296,795,418
2008	68,982,385	122,520,904	137,314,102	328,817,391
2009	69,458,302	128,863,010	152,042,313	350,363,625
2010	39,788,284	129,062,731	213,986,961	382,837,976
2011	43,092,084	137,161,661	224,260,898	404,514,643
2012	54,768,792	142,430,835	225,494,849	422,694,476

Source: Annual Financial Statements



San Diego Housing Commission

Revenues, Expenses and Changes in Net Assets (Unaudited)

Last Ten Years Ending June 30, 2012

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>OPERATING REVENUES:</b>										
Dwelling rental income	\$ 25,082,830	\$ 24,309,910	\$ 21,193,199	\$ 21,431,650	\$ 15,001,921	\$ 9,214,737	\$ 9,246,138	\$ 8,784,442	\$ 8,435,150	\$ 7,725,697
Land lease and other rental income	1,892,027	1,970,080	1,233,941	1,368,541	1,292,869	893,008	1,420,994	686,927	660,753	2,046,494
Fee revenue	1,886,252	2,867,606	1,813,413	1,648,597	2,085,358	2,423,510	3,445,605	1,863,034	1,736,638	653,809
Shared equity income	171,422	158,270	181,535	206,068	694,263	1,335,361	3,332,144	-	-	-
Other revenue	1,120,603	2,076,205	3,365,390	1,439,749	845,374	786,219	783,850	7,037,417	6,501,631	5,064,688
Total operating revenues	30,153,134	31,382,071	27,787,478	26,094,605	19,919,785	14,652,835	18,228,731	18,371,820	17,334,172	15,490,688
<b>OPERATING EXPENSES:</b>										
Administrative expenses	26,870,807	24,686,591	23,208,287	19,959,913	18,974,670	18,869,659	17,440,943	16,977,386	17,790,327	18,104,219
Tenant services	2,207,747	2,450,010	1,862,540	1,687,646	1,809,223	1,701,047	1,699,413	1,748,554	1,965,756	1,850,144
Asset management	7,470,695	10,130,088	7,074,276	6,664,735	7,779,665	7,950,607	6,564,833	6,023,949	6,152,656	5,579,665
General expenses	2,615,886	3,840,050	4,587,653	3,286,471	2,428,251	2,627,940	1,116,232	1,049,149	1,001,111	581,156
Grant expense	5,879,572	4,698,932	5,065,696	4,561,061	5,618,803	6,461,210	4,541,016	5,081,507	6,370,189	4,132,524
Housing assistance	147,823,240	145,876,110	144,790,881	139,234,699	126,587,352	113,252,745	114,717,876	106,562,142	105,458,951	97,780,741
Depreciation	3,920,321	4,047,879	2,595,635	2,367,288	2,980,926	3,628,646	2,954,643	3,219,855	3,124,891	2,987,399
Total operating expenses	196,788,268	195,729,660	189,184,968	177,761,813	166,178,890	154,491,854	149,034,956	140,662,542	141,863,881	131,015,848
Operating loss	(166,635,134)	(164,347,589)	(161,397,490)	(151,667,208)	(146,259,106)	(139,839,019)	(130,806,225)	(122,290,722)	(124,529,709)	(115,525,160)
<b>Non-operating revenues (expenses):</b>										
Grant revenue	182,353,583	184,749,521	189,101,021	169,455,958	172,108,621	156,165,071	150,529,900	152,817,247	129,175,119	127,195,741
Investment income	8,774,498	6,974,862	7,312,333	6,374,263	6,858,050	7,339,612	5,739,847	3,636,566	3,643,183	2,350,992
Gain/loss on sale of capital assets	(49,695)	(683)	-	-	(132,480)	3,560,143	11,504	3,527,602	117,900	-
Gain on fair market value of interest swap		859,125	459,836	(831,228)	-	-	-	-	-	-
Interest expense	(6,263,419)	(6,558,569)	(3,001,349)	(1,785,551)	(1,772,989)	(1,278,512)	(383,624)	(355,007)	(475,942)	(500,532)
Total nonoperating revenues (expenses)	184,814,967	186,024,256	193,871,841	173,213,442	177,061,202	165,786,314	155,897,627	159,626,408	132,460,260	129,046,201
Total revenues and expenses	18,179,833	21,676,667	32,474,351	21,546,234	30,802,096	25,947,295	25,091,402	37,335,686	7,930,551	13,521,041
Capital grants	-	-	-	-	1,219,877	651,733	1,306,247	1,328,236	-	-
Change in net assets	\$ 18,179,833	\$ 21,676,667	\$ 32,474,351	\$ 21,546,234	\$ 32,021,973	\$ 26,599,028	\$ 26,397,649	\$ 38,663,922	\$ 7,930,551	\$ 13,521,041

Source: Annual Financial Statements

## Statistical Section (Unaudited)



San Diego Housing Commission  
Capital Assets by Category (Unaudited)  
Last Ten Years Ending June 30, 2012

CATEGORY	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Land	\$ 60,563,277	\$ 60,440,951	\$ 39,022,937	\$ 29,543,943	\$ 29,651,723	\$ 29,436,163	\$ 30,543,943	\$ 30,543,943	\$ 27,798,657	\$ 27,096,962
Construction in progress	9,831,387	465,800	4,319,426	7,000,730	11,611,732	10,607,415	9,942,951	8,636,704	7,308,470	6,471,518
Buildings	84,722,349	84,722,349	60,954,269	56,403,458	56,372,153	79,665,542	58,874,458	58,874,458	59,881,038	59,881,039
Building improvements	17,719,475	17,719,475	12,227,363	12,368,642	7,901,115	24,396,791	24,270,847	24,270,847	25,121,440	25,121,440
Furniture and equipment	3,494,073	3,213,224	2,930,854	2,844,786	2,463,141	3,282,749	986,424	914,750	915,231	973,405
<b>Total capital assets</b>	<b>176,330,561</b>	<b>166,561,799</b>	<b>119,454,849</b>	<b>108,161,559</b>	<b>107,999,864</b>	<b>147,388,660</b>	<b>124,618,623</b>	<b>123,240,702</b>	<b>121,024,836</b>	<b>119,544,364</b>
Less accumulated depreciation										
Buildings	11,620,965	9,464,032	8,059,821	7,521,776	6,105,932	28,012,583	26,885,994	25,414,132	24,418,902	22,921,876
Building improvements	4,087,090	2,774,997	2,233,130	2,048,503	1,521,762	17,140,068	15,682,539	14,225,824	13,031,720	11,448,085
Furniture and equipment	2,731,189	2,309,871	1,904,844	1,363,573	938,870	1,128,894	870,169	861,347	860,875	874,820
<b>Total accumulated depreciation</b>	<b>18,439,244</b>	<b>14,548,900</b>	<b>12,197,795</b>	<b>10,933,852</b>	<b>8,566,564</b>	<b>46,281,545</b>	<b>43,438,702</b>	<b>40,501,303</b>	<b>38,311,497</b>	<b>35,244,781</b>
<b>Net capital assets</b>	<b>157,891,317</b>	<b>152,012,899</b>	<b>107,257,054</b>	<b>97,227,707</b>	<b>99,433,300</b>	<b>101,107,115</b>	<b>81,179,921</b>	<b>82,739,399</b>	<b>82,713,339</b>	<b>84,299,583</b>
Related debt	103,122,525	108,920,815	67,468,770	27,769,404	30,450,915	33,213,976	13,891,094	14,720,979	7,878,843	8,074,569
<b>Invested in capital assets, net of related debt</b>	<b>\$ 54,768,792</b>	<b>\$ 43,092,084</b>	<b>\$ 39,788,284</b>	<b>\$ 69,458,303</b>	<b>\$ 68,982,385</b>	<b>\$ 67,893,139</b>	<b>\$ 67,288,827</b>	<b>\$ 68,018,420</b>	<b>\$ 74,834,496</b>	<b>\$ 76,225,014</b>

Source: Annual Financial Statements

## **REVENUE CAPACITY**



## Statistical Section (Unaudited)



San Diego Housing Commission  
Revenue on a Gross Basis (Unaudited)  
Last Ten Years Ending June 30, 2012

DESCRIPTION	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues (gross):										
Operating revenues	\$ 30,153,134	\$ 31,382,071	\$ 27,787,478	\$ 26,094,605	\$ 19,919,784	\$ 14,652,835	\$ 18,228,731	\$ 18,371,820	\$ 17,334,172	\$ 15,490,688
Subsidies and grants	182,353,583	184,749,521	189,101,021	169,455,958	173,328,498	156,816,804	151,836,147	154,145,483	129,175,119	127,195,741
Investment income	8,774,498	6,974,862	7,312,333	6,374,263	6,858,080	7,339,612	5,739,847	3,636,566	3,643,183	2,350,992
Gain/loss on sale of capital assets	(49,695)	(683)			(132,480)	3,560,143	11,504	3,527,602	117,900	-
Other		859,125	459,836	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>\$ 221,231,520</b>	<b>\$ 223,964,896</b>	<b>\$ 224,660,668</b>	<b>\$ 201,924,826</b>	<b>\$ 199,973,882</b>	<b>\$ 182,369,394</b>	<b>\$ 175,816,229</b>	<b>\$ 179,681,471</b>	<b>\$ 150,270,374</b>	<b>\$ 145,037,421</b>

Source: Annual Financial Statements

## **DEBT CAPACITY**



San Diego Housing Commission

Outstanding Debt Related to Capital Assets (Unaudited)

Last Ten Years Ending June 30, 2012

<u>Fiscal year</u>	<u>Notes Payable</u>		<u>Capital Assets less Accumulated Depreciation</u>	<u>Ratio of total debt to capital assets*</u>
2003	\$ 8,074,569		\$ 84,299,583	9.58%
2004	7,878,843		82,713,339	9.53%
2005	14,720,979		82,739,399	17.79%
2006	13,891,094		81,179,921	17.11%
2007	33,213,976		101,107,115	32.85%
2008	30,450,915		99,433,300	30.62%
2009	27,769,404		97,227,707	28.56%
2010	67,468,770		107,257,057	62.90%
2011	108,920,815 **		152,012,899	71.65%
2012	103,122,424 ***		157,891,317	65.31%

Source: Annual Financial Statements

\* Percentage of personal income is not available

\*\* This \$109 million equals the total notes payable of \$125 million less 16 million of unspent loan proceeds.

\*\*\* This \$103 million equals the total notes payable of \$117 million less 14 million of unspent loan proceeds.

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**



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

**Population**

<u>Year</u>	<u>United States</u>	<u>Change from Prior Period</u>	<u>City of San Diego</u>	<u>Change from Prior Period</u>
2002-03	290,447,644	0.89%	1,275,112	1.54%
2003-04	293,191,511	0.94%	1,294,000	1.48%
2004-05	296,895,897	1.26%	1,306,000	0.93%
2005-06	298,754,819	0.63%	1,305,625	-0.03%
2006-07	301,621,157	0.96%	1,316,837	0.86%
2007-08	304,059,724	0.80%	1,336,865	1.52%
2008-09	307,006,550	0.97%	1,333,617	-0.24%
2009-10	308,745,538	0.57%	1,359,132	1.91%
2010-11	311,591,917	0.92%	1,311,882	-1.63%
2011-12			1,321,315	-2.78%

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

2011 United States population not available



**San Diego Housing Commission**  
**Demographic and Economic Statistics for the City of San Diego**  
**Ten Years Ended June 30, 2012**

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

<b>Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>2</sup> (1,000s)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate<sup>3</sup>(%)</b>
2002-03	1,275,112	32,794,606	25,719	4.4
2003-04	1,294,000	35,896,854	27,741	5.0
2004-05	1,306,000	38,523,082	29,497	4.5
2005-06	1,305,625	37,749,536	28,791	4.3
2006-07	1,316,837	39,302,317	29,846	4.0
2007-08	1,336,865	42,678,078	31,924	4.6
2008-09	1,333,617	42,857,116	32,136	6.0
2009-10	1,376,173	43,522,125	31,625	9.7
2010-11	1,311,882	40,336,435	30,747	10.2
2011-12	1,321,315	42,754,529	32,358	9.5

Footnotes:

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

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

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

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

# Statistical Section (Unaudited)



**San Diego Housing Commission  
Demographic Statistics -  
Principal Employers - City of San Diego  
Current Year and last three years \*\***

Business Name	2011-12			2010-11			2009-10			2008-09		
	Number of Employees	Rank	Percent of Total Employment (%)	Number of Employees	Rank	Percent of Total Employment (%)	Number of Employees	Rank	Percent of Total Employment (%)	Number of Employees	Rank	Percent of Total Employment (%)
University of California San Diego (2)	28,071	1	3.95%	27,406	2	3.91%	20,408	2	2.94%	26,011	2	3.78%
Unites States Navy (1)	27,869	2	3.92%	54,000	1	7.71%	54,415	1	7.83%	45,500	1	6.61%
Sharp Healthcare (3)	15,366	3	2.16%	14,924	5	2.13%	14,700	5	2.11%	13,872	5	2.01%
San Diego County	15,171	4	2.13%	15,063	4	2.15%	15,164	4	2.18%	17,000	4	2.47%
San Diego Unified School District	13,633	5	1.92%	16,158	3	2.31%	17,024	3	2.45%	24,000	3	3.49%
Qualcomm Inc	11,877	6	1.67%	11,500	6	1.64%	6,000	8	0.86%	6,000	9	0.87%
City of San Diego	10,090	7	1.42%	10,247	7	1.46%	10,499	6	1.51%	10,789	7	1.57%
Kaiser Permanente	7,425	8	1.04%	7,101	8	1.01%	7,028	7	1.01%	6,970	8	1.01%
UC San Diego Medical Center	6,039	9	0.85%	5,799	9	0.83%	5,549	9	0.80%	-		0.00%
San Diego Gas & Electric (4)	5,028	10	0.71%	4,643	10	0.66%	5,075	10	0.73%	5,000	10	0.73%
Scipps Health										12,000	6	1.74%
<b>Total Top Employers</b>	<b>140,569</b>		<b>18.20%</b>	<b>166,841</b>		<b>22.32%</b>	<b>155,862</b>		<b>20.89%</b>	<b>167,142</b>		<b>24.28%</b>
<b>Total City Employment</b>	<b>711,500</b>			<b>700,600</b>			<b>695,200</b>			<b>688,500</b>		

Source: MuniServices, LLC

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

(1) Includes Navy personnel only (civilian/military)

(2) Includes full and part time, academic and support staff

(3) Count is companywide

(4) Does not include Sempra Energy or other affiliate companies

\*\* only have 3 years of history



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

<u>Resident Members Per Household</u>			<u>Number Bedrooms Per Household</u>		
Categories	Households	Percent	Categories	Households	Percent
1 Member	5,319	37.5%	Studio	334	2.4%
2 Members	3,006	21.2%	1 Bedroom	3,278	23.1%
3 Members	2,072	14.6%	2 Bedrooms	5,496	38.7%
4 Members	1,656	11.7%	3 Bedrooms	3,618	25.5%
5 Members	1,077	7.6%	4 Bedrooms	1,252	8.8%
6 Member	561	4.0%	5 Bedrooms	192	1.4%
7 Members	257	1.8%	6 Bedrooms	23	0.2%
8 Members	118	0.8%	7 Bedrooms	0	0.0%
9 Member	71	0.5%	Waiting list	0	0.0%
10 + Members	<u>56</u>	<u>0.4%</u>			
<b>Total</b>	<u><u>14,193</u></u>	<u><u>100.0%</u></u>	<b>Total</b>	<u><u>14,193</u></u>	<u><u>100.0%</u></u>

Source: San Diego Housing Commission Statistics





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

**Income Ranges (All Sources)**

<b>Annual Income Ranges</b>	<b>No. of Households</b>	<b>Percentage</b>
\$ 0-.99	259	1.8%
\$ 1-9,999	2,757	19.4%
\$ 10,000-19,999	7,529	53.0%
\$ 20,000-29,999	2,198	15.5%
\$ 30,000-39,999	919	6.5%
\$ 40,000-49,999	381	2.7%
\$ 50,000 +	150	1.1%
<b>Total</b>	<b>14,193</b>	<b>100.0%</b>

Source: San Diego Housing Commission Statistics



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

**Length of Residency - Current**

<b>Years in Housing</b>	<b>Households</b>	<b>Quantity</b>
<1	381	1.8%
1	1,107	6.0%
2	461	4.9%
3	732	18.0%
4	649	4.1%
5	2,259	9.1%
6	509	5.4%
7	1,124	3.2%
8	686	8.5%
9	391	12.8%
10	1,064	3.5%
11	1,616	4.2%
12	442	3.2%
13	497	2.7%
14	370	0.8%
15	326	2.2%
16	109	0.6%
17	273	0.7%
18	82	1.2%
19	88	1.3%
20+	1,027	5.7%
<b>Total</b>	<b>14,193</b>	<b>100.0%</b>

Source: San Diego Housing Commission Statistics

## **OPERATING INFORMATION**



**San Diego Housing Commission Local Units**

<b>Address</b>	<b>No. Units</b>	<b>Year Built</b>
4720 - 4722 34TH STREET	3	1982
4756 - 4758 35TH STREET	4	1982
3010 #A - B 39TH STREET	2	1975
3617 - 3619 42ND STREET	4	1984
2716 - 2718 44TH STREET	4	1983
2734 - 2736 44TH STREET	4	1983
4078 #A - D 47TH STREET	4	1964
4286 - 4292 48TH STREET	4	1960
3280 A STREET	2	1982
4207 - 4209 ALTADENA AVENUE	2	1984
4123 AREY DRIVE	1	1970
4080 ARIZONA STREET	4	1987
2766 CARDINAL ROAD	2	1982
4314 DARWIN WAY	1	1970
2326 - 2332 E. JEWETT STREET	4	1944
4334 EBERSOLE DRIVE	1	1970
4181 ENERO STREET	1	1970
2477 - 2477 1/2 FAIRMOUNT AVENUE	4	1967
2479 - 2481		
3081 - 3083 HAWTHORN STREET	4	1983
1170 ILEXEY AVENUE	1	1970
1366 ILEXEY AVENUE	1	1970
4230 KIMSUE WAY	1	1970
1255 KOSTNER DRIVE	1	1970
4259 LAYLA COURT	1	1970
4276 LAYLA COURT	1	1970
4256 LAYLA WAY	1	1970
4269 LAYLA WAY	1	1970
4274 LAYLA WAY	1	1970



**San Diego Housing Commission Local Units - Continued**

<b>Address</b>	<b>No. Units</b>	<b>Year Built</b>
4339 MARCIA COURT	1	1970
4074 MARCWADE DRIVE	1	1970
4150 MARCWADE DRIVE	1	1970
4186 MARCWADE DRIVE	1	1970
4293 MARCWADE DRIVE	1	1970
4239 MARGE WAY	1	1971
4331 MARGE WAY	1	1970
4334 MARGE WAY	1	1970
4890 NAPLES STREET	4	1982
1152 NEVIN STREET	1	1970
8505 NOELINE AVENUE	1	1975
4050 - 4056 OAKCREST DRIVE	4	1960
5974 OLD MEMORY LANE	1	1941
4034 PETERLYNN COURT	1	1970
1232 PETERLYNN DRIVE	1	1970
1327 PETERLYNN DRIVE	1	1970
1405 PETERLYNN DRIVE	1	1970
1506 PETERLYNN DRIVE	1	1970
1530 PETERLYNN DRIVE	1	1970
4024 PETERLYNN WAY	1	1970
2325 RACHEL AVENUE	3	1982
1128 RANSOM STREET	1	1970
1145 RANSOM STREET	1	1970
1169 RANSOM STREET	1	1970
5955 #1 - 4 STREAMVIEW DRIVE	4	1963
4233 STU COURT	1	1970
3755 - 3757 SWIFT AVENUE	4	1997
6511 - 6517 TAIT STREET	4	1952
1041 TWINING AVENUE	1	1970
1144 TWINING AVENUE	1	1970
1250 TWINING AVENUE	1	1970
1317 TWINING AVENUE	1	1970
3630 - 3632 VAN DYKE AVENUE	4	1982
<b>Total Local Units</b>	<b>117</b>	



**Belden SDHC FNMA LLC**

<b>Address</b>	<b>No. Units</b>	<b>Year Built</b>
7705 - 7795 BELDEN STREET	243	1983
<b>Total Belden FNMA Units</b>	<b>243</b>	

**Northern SDHC FNMA LLC**

<b>Address</b>	<b>No. Units</b>	<b>Year Built</b>
3501 1ST AVENUE	22	1976
7105 - 7120 EASTMAN STREET	36	1989
7085 - 7095 LEVANT STREET	14	1989
7526 - 7580 FULTON STREET	31	1996
2615 - 2665 GENESEE AVENUE	11	1983
4131 MARYLAND STREET	24	1982
<b>Total Northern FNMA Units</b>	<b>138</b>	

**Central SDHC FNMA LLC**

<b>Address</b>	<b>No. Units</b>	<b>Year Built</b>
2932 30TH STREET	5	1986
3012 30TH STREET	5	1986
3030 30TH STREET	5	1988
3217 30TH STREET	5	1986
4729 32ND STREET	5	1985
4541 #1 - 8 33RD STREET	8	1965
4632 33RD STREET	5	1986
4751 33RD STREET	8	1968
4254 36TH STREET	5	1988
4164 #1 - 8 37TH STREET	8	1962
4343 38TH STREET	5	1989
4575 - 4579 38TH STREET	8	1985
3755 - 3761 ALABAMA STREET	8	1985
3974 - 3984 BANCROFT STREET	14	1988
3850 CHEROKEE AVENUE	5	1986
4054 - 4060 1/2 CHEROKEE AVENUE	8	1961
4360 CHEROKEE AVENUE	5	1986
4081 - 4087 1/2 FLORIDA STREET	8	1960
4450 - 4456 1/2 GEORGIA STREET	8	1966



**Central SDHC FNMA LLC - Continued**

<b>Address</b>	<b>No. Units</b>	<b>Year Built</b>
7891 - 7899 GOLFCREST DRIVE	9	1997
3350 - 3356 1/2 GRIM AVENUE	8	1959
4637 - 4643 1/2 HAMILTON STREET	8	1956
3125 IVY STREET	5	1988
4381 - 4387 LOUISIANA STREET	8	1968
2727 - 2729 MEADE AVENUE	6	1964
2739 - 2745	6	1954
4352 #1 - 8 OREGON STREET	8	1960
4043 WILSON AVENUE	5	1986
<b>Total Central FNMA Units</b>	<b>185</b>	

**Northern SDHC FHA, LLC**

<b>Address</b>	<b>No. Units</b>	<b>Year Built</b>
12643 - 12687 EL CAMINO REAL	45	1995
2701 - 2711 FIGUEROA BOULEVARD	6	1966
8637 - 8643 GLENHAVEN STREET	4	1971
8649 - 8655 GLENHAVEN STREET	4	1962
8661 - 8667 GLENHAVEN STREET	4	1962
8701 - 8707 GLENHAVEN STREET	4	1962
2045 - 2049 GRAND AVENUE	6	1990
2644 HORNBLEND STREET	5	1989
8714 - 8720 HURLBUT STREET	4	1962
8726 - 8732 HURLBUT STREET	4	1971
8792 MIRA MESA BOULEVARD	5	1978
8816 MIRA MESA BOULEVARD	5	1978
5071 - 5077 1/2 MUIR AVENUE	8	1960
4055 - 4083 PULITZER PLACE	50	1985
<b>Total Northern FHA Units</b>	<b>154</b>	



**Southern SDHC FHA, LLC**

<b>Address</b>	<b>No. Units</b>	<b>Year Built</b>
2005 - 2065 ALAQUINAS DRIVE	66	1983
121-125 AVERIL ROAD	14	1993
178 - 190 CALLE PRIMERA	70	1984
2381 - 2389 GROVE AVENUE	41	1985
1351 - 1359 HOLLISTER STREET	20	1983
402 - 412 SYCAMORE ROAD (EAST)	24	1985
281 - 289 SYCAMORE ROAD (NORTH)	24	1985
391 - 417 SYCAMORE ROAD (WEST)	41	1985
<b>Total Southern FHA Units</b>	<b>300</b>	

**Central SDHC FHA, LLC**

<b>Address</b>	<b>No. Units</b>	<b>Year Built</b>
2628 - 2630 44TH STREET	8	1983
4225 44TH STREET	6	1990
4261 45TH STREET	6	1989
4566 51ST STREET	5	1988
3051 54TH STREET	7	1989
4164 ALTADENA AVENUE	6	1961
4479 - 4481 ALTADENA AVENUE	8	1989
4560 ALTADENA AVENUE	8	1960
2883 BOSTON AVENUE	5	1993
2955 BOSTON AVENUE	5	1993
4147 - 4157 CHAMOUNE AVENUE	6	1983
4416 #1 - 8 HIGHLAND AVENUE	8	1980
4205 - 4215 JUNIPER STREET	20	1983
4273 - 4283 JUNIPER STREET	24	1982
4390 MAPLE STREET	6	1983
4451 - 4459 MARKET STREET	20	1989
5316 MEADE AVENUE	30	1981
4180 - 4182 POPLAR STREET	9	1985
5326 - 5328 REX AVENUE	4	1984
5330 - 5332 1/2 REX AVENUE	4	1967
5359 - 5389 SANTA MARGARITA	32	1983
7281 - 7289 SARANAC STREET	7	1996
<b>Total Central FHA Units</b>	<b>234</b>	





**Other Program Housing Units**

Address	No. Units	Year Built	Status
904 33RD STREET	1		City
7021 - 7023 FAY AVENUE	2		City
540 LAUREL STREET (WEST)	1		City
7410 - 7412 CUVIER STREET	8	1980	SDHC Mngt Units
2420 #A - H 44TH STREET	8	1982	Scattered Sites
3222 - 24 CAMULOS STREET	12	1982	Scattered Sites
3919 #1 - 8 MASON STREET	8	1982	Scattered Sites
5385 - 5389 TROJAN AVENUE	3	1982	Scattered Sites
4095 #A - D VALETA STREET	4	1982	Scattered Sites
605 - 695 PICADOR BOULEVARD	78	1984	State Otay
325-415 SOUTH 33rd STREET	40	1999	Public Housing
2055 - 2095 VIA LAS CUMBRES	36	1984	Public Housing
2170 - 2172 FRONT STREET	34	1913	SDHC Mngt Units
10101 - 10191 MAYA LINDA ROAD	132	1978	SDHC Mngt Units
2052 - 2098 VIA LAS CUMBRES	84	1984	SDHC Mngt Units
4262-4268 44th STREET	4	2009	SDHC Mngt Units
4395 EL CAJON BOULEVARD	33	2009	SDHC Mngt Units
6847 POTOMAC STREET	172	1989	SDHC Mngt Units
1301 FIFTH AVENUE	130	1914	SDHC Mngt Units
5330 ORANGE AVENUE (FY 2013 acquisition)	71	1985	SDHC Mngt Units
<b>Total Other Program Housing Units</b>	<b>861</b>		

**Total Commission and LLC owned units 2,232**

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

Address	No. Units	Development/Partner
4914-98 Logan Avenue	112	Arbor Village - LINC Housing
4321 52nd Street**	88	Dawson Avenue/Chelsea/HDP
3783 Florida Street	83	Kalos/Community Housing Works
1194 Hollister St	50	Riverwalk/Affirmed Housing Group
5391 & 5411-25 Santa Margarita St	49	Vista Grande/Wakeland
Barrio Logan Lot 2, 6 & 7	92	Mercardo del Barrio/Chelsea
1815-1874 Hancock Street	85	Mission Apartments/AMCAL Multi Housing Inc.
13481-13483 Silver Ivy Lane	21	Terramar
<b>Total Partnership Units</b>	<b>580</b>	

**Combined total units 2,812**

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

\*\* SDHC is in partnership with HDP on the 88 unit Dawson Avenue property

## Statistical Section (Unaudited)



### Seniority of Employees

Categories	Number	Percent
Less than 3 years	96	36%
3 to 5 years	51	19%
6 to 9 years	26	10%
10 to 19 years	52	19%
20 to 29 years	35	13%
30 years and over	8	3%
Grand Total	268	100%

### Racial Composition

Categories	Number	Percent
American Indian or Alaska Native, White	1	0%
Asian	23	9%
Black or African American	35	13%
Hispanic or Latino	107	40%
American Indian or Alaska Native	3	1%
Native Hawaiian or Other Pacific Islander	2	1%
Two or More Races	6	2%
White	91	34%
Other	0	0%
Grand Total	268	100%

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

## Statistical Section (Unaudited)



<b>Department:</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Board & Executive Functions	4	17	16	8	3
Business Services	26	23	23	23	18
Community Relations & Communications	7	4	4	4	0
Development & Asset Management	0	0	0	0	60
External Affairs	11	0	0	0	0
Financial Services	25	21	20	19	17
Housing Finance	0	0	0	0	40
Housing Development Partners Count	3	0	0	0	0
Policy & Public Affairs	5	0	0	0	7
Real Estate Development	77	92	90	87	0
Rental Assistance Program	110	105	106	109	91
	<b>268</b>	<b>262</b>	<b>259</b>	<b>250</b>	<b>236</b>

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