



SAN DIEGO
HOUSING
COMMISSION

San Diego Housing Commission Comprehensive Annual Financial Report

For the year ended June 30, 2010

San Diego Housing Commission
Finance Department
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San Diego, CA 92101
www.sdhc.org



SAN DIEGO HOUSING COMMISSION

A Component unit of
City of San Diego, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended
June 30, 2010

Prepared by:
FINANCE DEPARTMENT



TABLE OF CONTENTS

	PAGE
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	6
GFOA Certificate of Achievement for Excellence in Financial Reporting for Fiscal year 2009	10
Organizational Chart	11
Roster of Officials	12
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	14
Management's Discussion and Analysis	16
Basic Financial Statements	
Statement of net assets	27
Statement of activities	29
Statement of cash flows	30
Notes to financial statements	32
Supplementary Information	
Combining schedule of net assets - enterprise funds	67
Combining schedule of revenues, expenses and changes in net assets - enterprise funds	69
Combining schedule of cash flows - enterprise funds	71
Financial data schedule	
Combining balance sheet accounts	75



TABLE OF CONTENTS - CONTINUED

Financial data schedule (continued)

Combining statement of revenues, expenses and changes in net asset accounts	87
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STATISTICAL SECTION (UNAUDITED)

Financial Trends	105
Revenue Capacity	109
Debt Capacity	111
Demographic and Economic Information	113
Operating Information	120



SAN DIEGO
HOUSING
COMMISSION

Introductory Section



“We’re About People”

The San Diego Housing Commission helps nearly 76,000 individuals each year with affordable housing through award-winning programs that benefit the city’s economy and revitalize neighborhoods.





November 30, 2010

Council President Ben Hueso, Members
of the San Diego City Council, Mayor Jerry Sanders,
The Board of Commissioners of the San Diego
Housing Commission, the 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 (the Commission) for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the Commission. 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, management of the Commission 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 the Commission's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Commission'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.

The Commission's financial statements have been audited by The Reznick Group, P.C., a licensed firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Commission for the fiscal year ended June 30, 2010, 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 auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Commission's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Commission 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 auditor 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 the Commission’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). 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 the Commission’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 the Commission for its comprehensive annual financial report for the fiscal years ended June 30, 2008 and June 30, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

The Commission has three blended component units which are Belden SDHC FNMA LLC, Central SDHC FNMA LLC and Northern SDHC FNMA LLC together and collectively referred to as the “LLCs”. The LLCs were created as a requirement of Fannie Mae to obtain financing on the former public housing units and are wholly owned by San Diego Housing Commission. The titles of 33 properties were transferred from the Commission to the newly created LLCs on December 30, 2009.

Through the LLCs the Commission has strengthened its real estate focus over the last two years with specific emphasis on the development of additional affordable housing for the community. A portion of the Commission’s larger properties were leveraged this past fiscal year with three loans from Federal National Mortgage Association (FNMA) under the conventional multifamily loan program that generated \$36 million in loan proceeds. These loans closed on December 30, 2009. Another portion of the Commission’s portfolio was leveraged under Federal Housing Administration’s (FHA) section 223(f) program. Two of the FHA loans closed in August of 2010 and the third in September 2010. Proceeds from the FHA loans total \$53 million. The FNMA and FHA loans were the LLCs not the Commission. Each one of these loans are nonrecourse obligations of the LLCs.

The Commission's long range goals include an assumption that the proceeds from the loans will be used for future acquisitions and these proceeds would be split as between; 40 percent toward property acquired in partnership with local affordable housing development communities and would serve families earning less than 60 percent Area Median Income (AMI); and 60 percent of the proceeds would go toward the acquisition of properties the Commission would own outright or in partnership with government entities and would serve families earning less than 80 percent AMI. The goal is to create a variety of housing opportunities and will also protect the viability of the Commission's long term well-being and fiscal strength.

Additionally, some proceeds from each of the FNMA and FHA loan pools are structured so that they are eligible for the Build America Bonds (BABs) program which provides for a taxable financing structure to benefit municipal issues under the American Recovery and Reinvestment Act of 2009. The BABs interest rebate program offered by the Federal Government provides for 35 percent interest rebate of the interest paid on debt by a municipality to acquire affordable housing projects.

The Commission remains focused and on target to reach its goal of 800 units of affordable housing. As of June 30, 2010, the Commission closed on three projects: Riverwalk Apartments, a public-private partnership with 50 units (49 affordable housing units); Arbor Village, another public-private partnership with 112 units (111 affordable housing units); and acquired Hotel Sandford a public endeavor with 130 units (129- affordable housing units). A total of \$18 million of FNMA proceeds were used to fund these additional 289 affordable housing units.

Since the end of the fiscal year the Commission acquired and closed on three additional projects: September 2010, the Commission acquired a 37-unit Apartments, Courtyard Apartments utilizing \$7.2 million FNMA funds, October 2010, acquired a 172-unit apartment complex, Mariners Village, utilizing \$32 million of FHA funds and the Commission closed on a 48-unit apartment complex, Vista Grande Apartments, utilizing \$3.8 million of FNMA funds. The Commission has also approved the purchase of the land and the developer loan for Mission Apartments a public-private partnership with 84 affordable units and Mercado del Barrio, a public-private partnership with 91 affordable housing units. These ventures are projected to cost a total of \$13 million to add 175 more affordable housing units, and close sometime in fiscal year 2011.

To date, the Commission has committed \$79 million towards 721 additional units of affordable housing in San Diego during the year. In the coming years, the plan for the Commission is to spend almost \$10 million more to acquire additional units of affordable housing.

In July 2010 the Commission utilized the ARRA funds and additional public housing program funds to acquire a 40-unit affordable housing family development, Vista Verde apartments. The acquisition consists of 2.6-acre site for \$1.2 million and 40-unit development for \$2 million. Total cost of the project including building improvements is \$5.2 million.

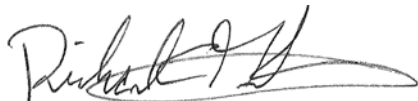
By traditional measures for dating the beginning and end of recessions, the worst down turn since the Great Depression was over by the third quarter of 2009. In 2010, San Diego started to

see month-to-month gains in employment and other indicators of economic growth. However, the reality is that San Diego's economic recovery is expected to be slow. While some measures show improvement (job growth, increases in home prices, construction activity expansion), it is expected that growth will be slow. In addition, the economic restructuring taking place in the state and the nation will likely contribute to a difficult recovery for all of California. San Diego's cost of living was flat in 2009 while prices are rising in 2010, led by increases in gas and household energy costs. Housing costs are still slightly down leading to a projected inflation rate of 2.7 percent by the end of 2010 and 3 percent by late 2011. The good news is that San Diego continues to outpace the rest of California and may well lead the state out of the recession.

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 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. The Commission'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 would not have been possible without the efficient and dedicated services of the entire staff of the financial services department. We would like to express appreciation to all members of the department who assisted and contributed to the preparation of this report. 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 the Commission's finances.

Respectfully submitted,



Richard C. Gentry
President and Chief Executive Officer



Carrol Vaughan
Executive Vice President &
Chief Operating Officer



John Pfeiffer
Chief Financial Officer &
Director of Finance

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, 2009

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.



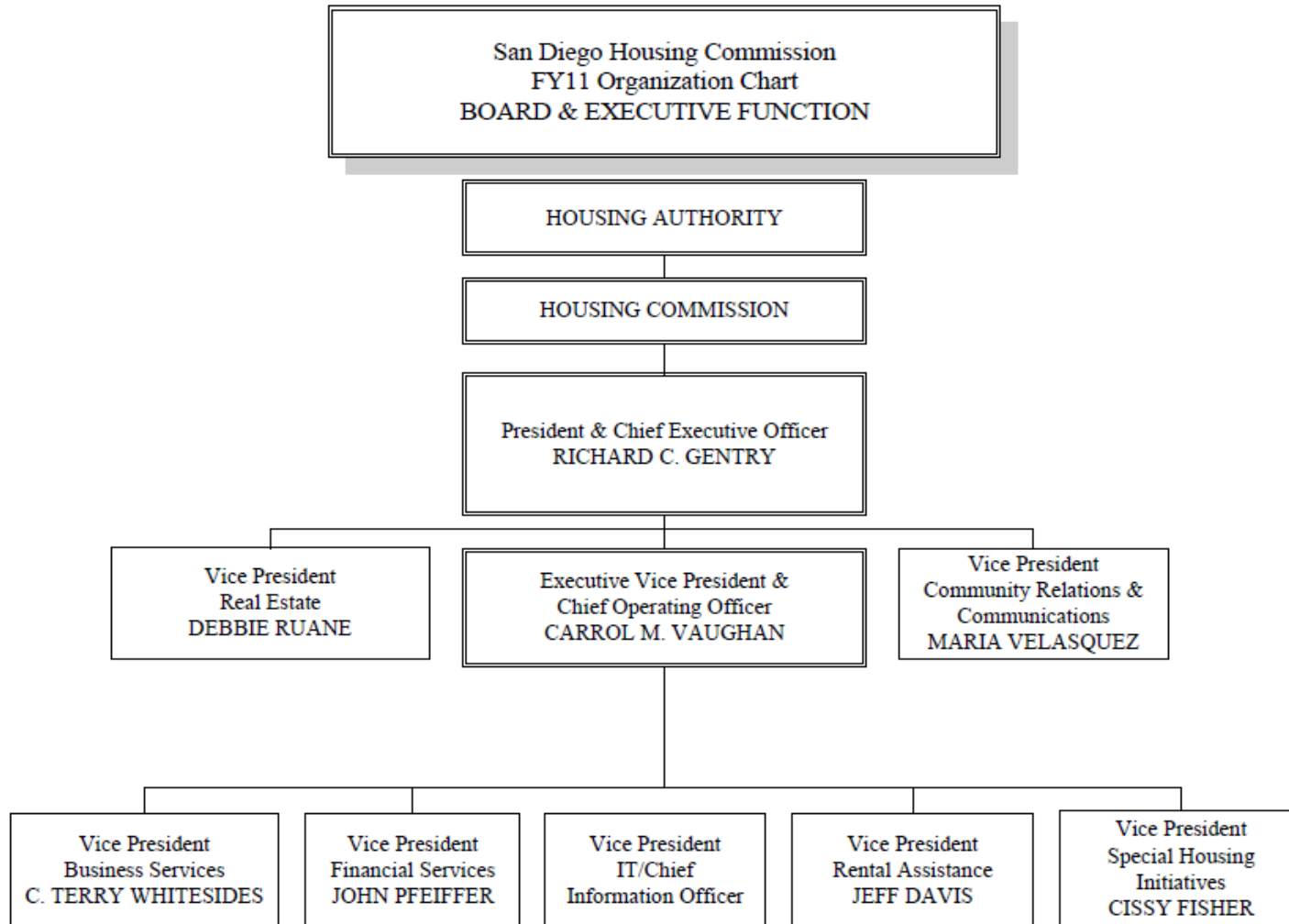
A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

Organizational Chart





SAN DIEGO HOUSING COMMISSION ROSTER OF OFFICIALS

The San Diego Housing Commission 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 the Commission.

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	Donna Frye
Council Member - District 7	Marti Emerald
Council Member - District 8	Ben Hueso

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
Commissioner	Jennifer Adams-Brooks
Commissioner	Khadija Basir
Commissioner	Sam Guillen
Commissioner	Allen Sims
Commissioner	Roberta Spoon
Commissioner	James Waring



SAN DIEGO
HOUSING
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Financial Section



“We’re About People”

After 25 years of renting, Sheila’s dream of becoming a homeowner came true with assistance from the San Diego Housing Commission’s First-Time Homebuyer program.



To the Board of Commissioners
of the San Diego Housing Commission

We have audited the accompanying basic financial statements of the San Diego Housing Commission (the Commission) as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2010, and the results of its operations and 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, 2010 on our consideration of the Commission'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 16 to 25 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 basic financial statements taken as a whole. The accompanying supplemental information on pages 67 through 101, including the financial data schedule required by the US 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 the Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The information included in the statistical section from pages 103 through 125 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.

Reznick Group, P.C.

Sacramento, California
November 30, 2010



San Diego Housing Commission

Management Discussion and Analysis For the fiscal year ended June 30, 2010

This section of the San Diego Housing Commission's (the "Commission") component unit financial statements presents the analysis of the Commission's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- The Commission obtained an AA- rating from Standard & Poor's, the highest rating given in the affordable housing industry.
- The Commission has fully leased up their Smart Corner Building. The first and second floors new tenants are the Housing Opportunity Collaborative, Economic Development Center, and the Family Justice Center.
- The Commission's net assets increased 9% to approximately \$383 million due to a \$32 million surplus generated during fiscal year 2010.
- Operating revenues grew by \$1.7 million in fiscal year 2010 due to an increase in Program income of \$1.8 million from the NSP program which purchased and sold eight properties and assisted over 50 first-time home buyers.
- Net non-operating income increased 12% to \$194 million. The increase is attributed to increases in grant income, \$10 million of HOME funds, \$7 million in NSP funds, \$2 million in ARRA funds and \$1.7 million in Lead Reductions grant funds.
- Operating expenses increased 6% to \$187 million. The increase is due principally to \$4 million increase in housing assistance expenses attributable to an increase in leasing expenses, a \$1.5 million increase in administrative salaries expense and \$1.2 million increase in professional services for real estate acquisitions during fiscal year 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Commission 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 Discussion & Analysis (MD&A), basic financial statements, accompanying notes and required supplemental information.



REQUIRED FINANCIAL STATEMENTS

The financial statements of the Commission 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 the Commission's assets and liabilities for the year ended June 30, 2010 and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Commission's creditors (liabilities). It also provides the basis for computing rates of return, evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission.

The *Statement of Activities* accounts for all of the Commission's revenue and expenses for the year ended June 30, 2010. The statement reflects the results of the Commission's operations over the year and can be used to determine the Commission'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 the Commission's cash receipts and cash payments during the year ended June 30, 2010. 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 THE COMMISSION AS A WHOLE

The following analysis focuses on the Commission's net assets (Table 1) and changes in net assets (Table 2) during the years ended June 30, 2010 and 2009.

TABLE 1
Net Assets
(in thousands of dollars)

	<u>June 30,</u> <u>2010</u>	<u>June 30,</u> <u>2009</u>	<u>Change</u> <u>\$</u>	<u>Change</u> <u>%</u>
ASSETS				
Current and other assets	\$ 73,496	\$ 48,245	\$ 25,251	52%
Capital and non-current assets	<u>389,359</u>	<u>340,627</u>	<u>48,732</u>	<u>14%</u>
Total assets	<u>\$ 462,855</u>	<u>\$ 388,872</u>	<u>\$ 73,983</u>	<u>19%</u>
LIABILITIES				
Current liabilities	\$ 11,509	\$ 8,830	\$ 2,679	30%
Notes Payable and non-current liabilities	<u>68,508</u>	<u>29,679</u>	<u>38,829</u>	<u>131%</u>
Total liabilities	<u>\$ 80,017</u>	<u>\$ 38,509</u>	<u>\$ 41,508</u>	<u>108%</u>
NET ASSETS				
Invested in capital assets, net of debt	\$ 39,788	\$ 69,458	\$ (29,670)	-43%
Restricted	129,063	128,863	200	0%
Unrestricted	<u>213,987</u>	<u>152,042</u>	<u>61,945</u>	<u>41%</u>
Total net assets	<u>\$ 382,838</u>	<u>\$ 350,363</u>	<u>\$ 32,475</u>	<u>9%</u>

The Commission's total net assets increased 9% to \$383 million as a result of an operating surplus. Total assets increased by \$74 million and liabilities increased by \$42 million. Current assets increased by \$25 million and current liabilities increased by \$3 million.

The 131% increase in Notes Payable and non-current liabilities is attributed to the \$37 million loan from FNMA that the LLCs borrowed on December 30, 2009. Likewise, the \$49 million increase in capital and noncurrent assets was due to an increase in short and long term investments of \$23 million mainly attributable to the \$37 million loan proceeds from FNMA financing which will be utilized by the end of the fiscal year 2011. These FNMA loans were the LLCs not the Commission. Each one of these loans are nonrecourse obligations of the LLCs.



Capital assets increased by \$11.4 million due to land acquisitions of \$2.4 million for the Arbor Village Development, \$2.2 million for Riverwalk Apartments and the purchase in the amount of \$6.8 million for the Hotel Sandford which includes \$3.3 million for the land and \$3.5 million for the building.

The Commission's unrestricted net assets increased \$62 million to \$214 million as of June 30, 2010. Unrestricted net assets include funds that have been encumbered for future years' contractual obligations and funds that are invested in notes receivable and unrestricted funds available for operations. Specifically, this increase included \$17 million in Notes Receivable, \$4 million in a reserve for operations. In addition, per HUD's approval of the Commission's Move to Work (MTW) agreement, \$20 million of net assets were reclassified from previously restricted housing assistance program (HAP) funds to unrestricted funds to meet the single fund flexibility clause. The significance of the single fund flexibility is that it allows a MTW agency to combine funding from various sources to implement approved MTW initiatives described in the plan. In the Commission's case, we are including public housing, capital fund assistance and voucher funds to provide flexibility in the design and administration of housing assistance to eligible families, to reduce cost and achieve greater cost effectiveness in Federal expenditures, to give incentives to head of households to seek work, and to increase housing choices for low-income families.

Net Assets, invested in capital assets, net of related debt; decrease \$30 million due to \$9 million in new assets and \$39 million in new loans.

Finally, the Commission's restricted net assets increased slightly to \$129.1 million from \$128.9 million. Restricted net assets include HOME Program and NSP program loans and related accrued interest since any payments received by the Commission including interest net of administrative expense allowance are required to be recycled and used for future HOME program and NSP program purposes and therefore must continue to meet the restrictions. In fiscal year 2010, notes receivable funded with HOME and NSP funds increased by \$20 million. The \$20 million increase in HOME and NSP loans was offset by the reclassification of housing assistance payment (HAP) voucher funds from restricted to unrestricted. Other activities in restricted net assets include unspent Veterans Affairs Supportive Housing (VASH) program funds.

**TABLE 2**

Changes in Net Assets
(in thousands of dollars)

	<u>June 30,</u> <u>2010</u>	<u>June 30,</u> <u>2009</u>	<u>Change</u> <u>\$</u>	<u>Change</u> <u>%</u>
Operating revenues				
Dwelling rental income	\$ 21,193	\$ 21,432	\$ (239)	-1%
Land lease and other rental income	1,234	1,369	(135)	-10%
Fee revenue	1,813	1,649	164	10%
Shared equity income	182	206	(24)	-12%
Other revenue	3,365	1,439	1,926	134%
Total Operating revenues	<u>27,787</u>	<u>26,095</u>	<u>1,692</u>	<u>6%</u>
Operating expenses	<u>186,589</u>	<u>175,395</u>	<u>11,194</u>	<u>6%</u>
Deficit before depreciation and other non-operating income and expenses	(158,802)	(149,300)	(9,502)	4%
Depreciation	<u>2,596</u>	<u>2,367</u>	<u>229</u>	<u>10%</u>
Deficit before other non- operating income and expense	(161,398)	(151,667)	(9,731)	4%
Other non-operating income and expenses, net	<u>193,872</u>	<u>173,213</u>	<u>20,659</u>	<u>12%</u>
Change in net assets	<u>\$ 32,474</u>	<u>\$ 21,546</u>	<u>\$ 10,928</u>	<u>51%</u>

This year's overall surplus of \$32 million is an increase from the prior year operating surplus of \$22 million. The increase is largely attributed to grant revenues. The Commission acquired \$10 million in HOME program funds, \$7 million in NSP funds, \$2 million in ARRA funds, \$1.7 million in Lead Reduction, and Public Housing disposition fees of \$2 million. The Commission also saw minor revenue increases in program income of \$1.8 million due to the NSP program purchasing and selling 8 properties, assisting over 50 first-time home buyers and investment income \$2.2 million due to addition funds received for investments from the FNMA loan. Minor increases in operating expenses such as tenant services and administrative expenses, and an increase in grant expenses due to increases in



leasing and housing assistance payments and \$618,000 for VASH expenses all contributed to a higher overall change in net assets from fiscal year 2009.

As Table 2 indicates, the Commission’s operating revenues fall significantly short of operating expenses. The Commission requires ongoing non-operating income in the form of grants and other subsidies in order to provide services for its clients. Operating expenses increased by 6%, primarily due to large increases in housing assistance expenditures and increases in general and administrative expenses and smaller increases in expenses from asset management, grant expense, and tenant services.

The Commission currently administers 108 individual grants or ongoing programs that are segregated into three funds for presentation purposes and to enhance accountability and control. The following graph shows the three major funds and their corresponding expense levels (including depreciation) along with the portion of those funds paid by operating revenue and by non-operating revenue.

TABLE 3





CAPITAL ASSETS

At the end of fiscal year 2010, the Commission had over \$107 million invested in capital assets, including office furniture and equipment, vehicles, land, building and building improvements. This amount is 10% more than the 2009 level. This increase was primarily due to land purchases for Arbor Village, Riverwalk Apartments, and the land and building purchase of the Hotel Sandford.

At the end of the current fiscal year, the Commission’s long term debt increased by \$40 million. This increase was primarily due to the acquisition of FNMA debt by the LLCs to acquire additional units.

The majority of the Commission’s investment in capital assets is comprised of ownership of land, affordable housing properties, and the Smart Corner office building as well as work-in-progress that represents rehabilitation projects underway.

The following table summarizes the Commission’s capital assets, net of accumulated depreciation, and changes therein, for the year ended June 30, 2010. These changes are also presented in the accompanying note 7 in the financial statements.

TABLE 4
 Net Capital Assets
 (in thousands of dollars)

	June 30, 2010	June 30, 2009	Change \$	Change %
Land and buildings	\$ 101,912	\$ 88,965	\$ 12,947	15%
Work in progress	4,319	7,001	(2,682)	-38%
Equipment	1,026	1,261	(235)	-19%
Total	\$ 107,257	\$ 97,227	\$ 10,030	10%

LONG-TERM DEBT

In Fiscal Year 2010, the Housing Commission has increased its real estate holdings with specific emphasis on the development of additional affordable housing for the community. Through the creation of the LLCs, a portion of the Commission’s current real estate assets were leveraged with three loans the LLCs borrowed from FNMA under the conventional multifamily loan program for a total loan amount of \$37 million. These loans closed on December 30, 2009. Another portion of the Commission’s portfolio was leveraged under FHA’s section 223(f) program. Two of the FHA loans closed in August 2010 and the third in September 2010. The FHA loans totaled \$58 million. The FNMA and FHA loans were the



LLCs not the Commission. Each one of these loans are nonrecourse obligations of the LLCs. In the future, the plan for the Commission is to spend almost \$60 million more and acquire additional affordable housing units. These changes are also presented in the accompanying notes in the financial statements.

FEDERAL FUNDS

In January 2010, HUD approved the Commission's "Move to Work" (MTW) plan. This allows the Commission to be more innovative and flexible in creating self-sufficiency strategies for low-income families and in streamlining administrative processes. MTW allows the Commission to be exempt from certain Public Housing and Housing Choice Voucher regulations by permitting the Commission to combine operating, capital, and tenant-based assistance funds into a single agency-wide funding source and creating new and additional housing programs to meet our local needs.

The City of San Diego was awarded \$9.4 million in NSP funding and selected the Commission to handle the foreclosure aspects of the grant. These funds will assist first time homebuyers in the purchase and renovation of foreclosed properties. In fiscal year 2010 the Commission purchased and sold eight foreclosed homes and assisted over 50 first-time homebuyers with the Neighborhood Stabilization Program (NSP) funds.

Finally, on February 17, 2009 the President of the United States of America signed the American Recovery Reinvestment Act (ARRA). This act will provide \$4 billion for the low income public housing capital fund "to carry out capital and management activities for the public housing agencies." The Commission received \$2 million in ARRA funds. In July 2010 the Commission utilized the ARRA and additional public housing program funds to acquire a 40-unit affordable housing family development, Vista Verde apartments located at 351-403 South 33rd Street. The acquisition consists of a 2.6-acre site for \$1.2 million and 40-unit development for \$2 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The local and national housing market saw mild gains in the past year. In 2008, San Diego home prices fell almost 19%. From July 2009 to April 2010, home prices had risen for ten straight months. San Diego County was the only market out of twenty markets surveyed nationwide that saw an increase between January and February 2010. Despite this growth, there are other persistent troubles in the County's economy – job growth and more home



foreclosures. Foreclosures and short sales will continue to be part of the market realities for San Diego in the near future. Local unemployment reached 11 percent in March 2010. ¹

Fortunately, the rental housing market has shown improvement. San Diego County's apartment market ranks second nationally in its outlook for stability and possible growth for 2010. ² Reports have shown that twice as many apartments will be completed in 2010 as compared to last year. Vacancies should rise only slightly, or 0.2 of a percentage point an improvement from the 1.1 percentage point increase last year. Rental prices are expected to rise for the first time in many years. Average monthly rents after concessions and discounts are expected to rise by 0.1 percent.

Despite some encouraging news, the economy continues to be lethargic, with threats of a double dip recession, and job growth continues to be very sluggish. However, the San Diego Housing Commission will always be strongly committed to serving the 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 the Commission provides are constrained only by the amount of resources available for those services. The Commission's initial budget of approximately \$292 million for fiscal year 2011 reflects a steady commitment to continue to provide a high level of services for its clients.

In November 2007, HUD transferred ownership of 1,371 Public Housing units in San Diego to the Commission removing the agency's dependency on federal Public Housing funds. In return, HUD required the Commission to develop or construct an additional 350 locally owned units. This past year, the Housing Commission took equity out of their housing stock with the intention to partner, own and develop additional housing opportunities. As of June 30, 2010, the Commission partnered with area developers to purchase Arbor Village, Riverwalk Apartments, and Hotel Sandford Apartments. These purchases and partnerships accounted for 289 additional units of affordable housing. The Commission is well on its way to reaching and exceeding the required 350 locally owned units. In addition, the occupancy rates in Commission owned property continue at full utilization and the MTW program will continue to be at or just below 100% leased-up.

As stated previously, after three years the SmartCorner Building is finally fully leased. The first and second floor tenants are the Housing Opportunity Collaborative, Economic Development Center, and the Family Justice Center. This will bring additional income into

¹Kelly Bennett, Home Prices Rise, So Does Unemployment: The Local Economic Mixed Bag, <http://www.voiceofsandiego.org>, April 27, 2010

² Roger Showley, Apartment activity is on upswing, <http://www.signonsandiego.com>, February 4, 2010



the agency as well as reduce the Commission's administrative costs as more costs are absorbed with additional tenants.

The trend over the past few fiscal years has been a reduction in fees collected for the Housing Trust Fund. This trend, as expected, had continued in fiscal year 2010 as city wide inclusionary housing fees produced significant reductions in revenues to the Housing Trust Fund.

Meeting the needs of the administrative support of the Commission has been especially challenging with the loss of Public Housing administrative funding. In fiscal year 2010, the Commission worked to address this issue through a complete reevaluation of its indirect cost rate and allocation models. The report showed that the Commission maintains a very low administrative indirect cost burden of 3.1 percent. The ultimate goal for the Commission is to continue to strive towards providing the highest quality services to clients and the community, delivered in a rational and fiscally prudent manner, well into the future.

Although the economic, funding and development challenges previously discussed have yet to be fully determined, the financial outlook for the Commission appears sound and we remain hopeful for a strong and affordable housing market for all of San Diego.

CONTACTING COMMISSON'S FINANCIAL MANAGEMENT

This financial report was designed to provide a general overview of the Commission'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 the 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”

The San Diego Housing Commission partnered with Father Joe’s Villages to help finance a 12-story building at the corner of 15th and Commercial Streets. The project, which broke ground in Spring 2010, will include a child development center and both transitional and affordable housing.





San Diego Housing Commission

STATEMENT OF NET ASSETS

June 30, 2010

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,726,588
Restricted cash and cash equivalents	2,078,360
Short-term investments	55,334,723
Accounts receivable - tenants, net	132,525
Accounts receivable - funding sources	8,237,754
Accounts receivable - other	1,692,081
Notes and mortgages receivable, current portion	562,293
Accrued interest receivable - investments	354,194
Inventories	147,740
Prepaid items and other assets	<u>3,229,816</u>
Total current assets	<u>73,496,074</u>
Noncurrent assets	
Long-term investments	57,857,436
Accrued interest receivable - notes and mortgages receivable	21,041,456
Notes and mortgages receivable, net of allowance for loan losses	202,715,786
Other assets, net of amortization	487,127
Capital assets not being depreciated	43,342,363
Capital assets, net of accumulated depreciation	<u>63,914,691</u>
Total noncurrent assets	<u>389,358,859</u>
Total assets	<u><u>\$ 462,854,933</u></u>

(continued)



San Diego Housing Commission

STATEMENT OF NET ASSETS - CONTINUED

June 30, 2010

LIABILITIES

Current liabilities		
Accounts payable	\$	2,620,805
Accounts payable - funding sources		793,685
Accrued payroll and benefits		551,437
Accrued compensated absences		1,441,869
Accrued interest payable		365,320
Notes payable, current portion		787,772
Deposits payable		935,577
Deferred revenue		3,591,974
Other current liabilities		420,796
Total current liabilities		<u>11,509,235</u>
Noncurrent liabilities		
Notes payable, net of current portion		66,680,998
Fair market value of interest rate swap		1,276,429
Other liabilities		550,295
Total noncurrent liabilities		<u>68,507,722</u>
Total liabilities		<u>80,016,957</u>

NET ASSETS

Invested in capital assets, net of related debt		39,788,284
Restricted		
Reserve for HOME notes receivable	\$	122,074,816
Reserve for NSP notes receivable		5,183,729
Reserve for VASH housing assistance payment operations		1,804,186
Total restricted		<u>129,062,731</u>
Unrestricted		<u>213,986,961</u>
Total net assets		<u><u>\$ 382,837,976</u></u>

See notes to financial statements



San Diego Housing Commission

STATEMENT OF ACTIVITIES

Year ended June 30, 2010

OPERATING REVENUES	
Dwelling rental income	\$ 21,193,199
Land lease and other rental income	1,233,941
Fee revenue	1,813,413
Shared equity income	181,535
Other revenue	3,365,390
	<hr/>
Total operating revenues	27,787,478
	<hr/>
OPERATING EXPENSES	
Administrative expenses	23,208,287
Tenant services	1,862,540
Asset management	7,074,276
General expenses	4,587,653
Grant expense	5,065,696
Housing assistance	144,790,881
Depreciation	2,595,635
	<hr/>
Total operating expenses	189,184,968
	<hr/>
Operating loss	(161,397,490)
	<hr/>
NONOPERATING REVENUES (EXPENSES)	
Grant revenue	189,101,021
Interest income on investments and notes receivable	7,312,333
Gain on fair market value of interest rate swap	459,836
Interest expense	(3,001,349)
	<hr/>
Total nonoperating revenues (expenses)	193,871,841
	<hr/>
Change in net assets	32,474,351
	<hr/>
NET ASSETS	
Beginning of year	350,363,625
	<hr/>
End of year	\$ 382,837,976
	<hr/> <hr/>

See notes to financial statements

Basic Financial Statements



San Diego Housing Commission

STATEMENT OF CASH FLOWS

Year ended June 30, 2010

Cash flows from operating activities	
Cash received from tenants and operations	\$ 28,213,508
Cash payments to suppliers for operations	(157,417,874)
Cash payments for general and administrative expenses	<u>(26,172,011)</u>
Net cash used for operating activities	<u>(155,376,377)</u>
Cash flows from capital and related financing activities	
Principal paid on notes payable	(539,668)
Acquisition and construction of capital assets	(12,624,982)
Proceeds from new debt financings	40,239,034
Financing fees paid	(495,384)
Interest expense paid	<u>(2,760,106)</u>
Net cash provided by capital and related financing activities	<u>23,818,894</u>
Cash flows from noncapital financing activities	
Cash received from grants	<u>186,826,170</u>
Net cash provided by noncapital financing activities	<u>186,826,170</u>
Cash flows from investing activities	
Interest on investments and notes receivable	3,348,249
Collections of notes receivable	886,140
Cash loaned on notes receivable	(34,440,460)
Deposits to escrows	(3,222,371)
Purchases of investments	(108,664,035)
Proceeds from sale of investments	<u>85,656,952</u>
Net cash used for investing activities	<u>(56,435,525)</u>
Net decrease in cash and cash equivalents	(1,166,838)
Cash and cash equivalents	
Beginning of year	<u>4,971,786</u>
End of year	<u>\$ 3,804,948</u>
Financial statement presentation	
Cash and cash equivalents	\$ 1,726,588
Restricted cash and cash equivalents	<u>2,078,360</u>
Total cash and cash equivalents	<u>\$ 3,804,948</u>
Supplemental disclosure of noncash investing and noncapital financing activities	
Accrued interest on notes receivable converted to principal	<u>\$ 856,691</u>

(continued)



San Diego Housing Commission

STATEMENT OF CASH FLOWS - CONTINUED

Year ended June 30, 2010

Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (161,397,490)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	2,595,635
Amortization	8,257
Provision for loan losses	664,111
Changes in operating assets and liabilities:	
(Increase) decrease in tenant receivables	(2,320)
(Increase) decrease in other receivables	(821,539)
(Increase) decrease in inventories	(93,477)
(Increase) decrease in prepaid items and other assets	1,615,672
Increase (decrease) in accounts payable	537,282
Increase (decrease) in accrued payroll and benefits	228,103
Increase (decrease) in deposits payable	(29,277)
Increase (decrease) in deferred revenues	1,249,889
Increase (decrease) in other liabilities	68,777
Net cash used for operating activities	<u><u>\$ (155,376,377)</u></u>

See notes to financial statements



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 1 - ORGANIZATION

The San Diego Housing Commission (Commission), 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. The Commission 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.

The Commission is an integral part (component unit) of the reporting entity of the City. The accounts of the Commission have been included within the scope of the basic financial statements of the City. The Housing Commission 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 the Commission's budget and major policy changes. The Commission has three blended component units which are Belden SDHC FNMA LLC, Central SDHC FNMA LLC and Northern SDHC FNMA LLC together and collectively referred to as the "LLCs". The LLCs were created as a requirement of Fannie Mae to obtain financing on the former public housing units and are wholly owned by San Diego Housing Commission. The titles of 33 properties were transferred from the Commission to the newly created LLCs on December 30, 2009. The FNMA loans were the LLCs not the Commission. Each one of these loans are nonrecourse obligations of the LLCs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statements

The basic financial statements (i.e. Statement of Net Assets, the Statement of Activities and the Statement of Cash Flows) report information on all of the enterprise activities of the Commission and its wholly owned LLCs. These basic financial statements are presented in accordance with 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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

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.

The Commission 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, the Commission 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, the Commission accounts for its proprietary funds as required by GASB.

Cash and Cash Equivalents

The Commission'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.

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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

Interfund Receivables and Payables

The Commission 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 the Commission 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 the Commission are recorded as notes receivable. Interest on notes receivable is accrued yearly. 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.

Inventories

Inventory, consisting mainly of material and supplies is valued at cost using the first in - first out basis.

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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

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	7
Computers/software	3

Property acquired with HUD funds is considered to be owned by the Commission 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

The Commission reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2010, there has been no impairment of the capital assets.

Accrued Compensated Absences

It is the Commission'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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

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 decreased \$91,187 from June 30, 2009 to June, 30 2010.

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 the Commission to close inactive funds and to lessen the administrative burden, the Commission tracks all compensated absence liabilities in the business activities fund.

Notes Payable and Interest Payable

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

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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

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

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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at June 30, 2010 consisted of the following:

Deposits	\$ 1,215,924
Petty cash	14,254
Cash held in investment account	496,410
Local Agency Investment Fund	19,945,676
San Diego County Investment Pool	20,034,144
Certificates of deposits	2,178,700
Agency bonds	61,952,399
Corporate bonds	<u>9,081,240</u>
 Total cash and investments	 114,918,747
 Restricted cash and cash equivalents	 <u>2,078,360</u>
 Total	 <u><u>\$ 116,997,107</u></u>

Deposits

The carrying amounts of the Commission's cash deposits were \$1,215,924 at June 30, 2010. Bank balances at June 30, 2010 were \$2,127,079. The bank balances were fully insured and/or collateralized with securities held by the pledging financial institutions in the Commission's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the Commission'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 the Commission's name.

The fair value of pledged securities must equal at least 110% of the Commission's cash deposits. California law also allows institutions to secure Commission deposits by pledging first trust deed mortgage notes having a value of 150% of the Commission's total cash deposits. The Commission may waive collateral requirements for cash deposits that are fully



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Commission, however, has not waived the collateralization requirements.

Investment Policy

In accordance with State statutes and HUD regulations, the Commission has authorized the C.F.O. or the C.F.O.'s 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 the Commission Investment Policy.

The Commission utilizes the services of a financial advisor from a highly respected investment firm. Working with the investment committee and staff, the advisor has provided 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.

The investment in the State's Local Agency Investment Fund (LAIF) and San Diego County Investment Pool (SDCIP) represents the Commission's equity in pooled investments. Other investments such as CDs, bonds, repurchasing agreements and checking accounts, are safe kept by a commercial bank which has invested Commission funds in U.S. Treasury obligations.

Local Agency Investment Fund Investments

The Commission participates in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code. LAIF is part of the State of California Pooled Money Investment Account (P.M.I.A.). The balance of the investment portfolio of P.M.I.A. at June 30, 2010 was \$69,386 million of which 5.42% was invested in Structured Notes and Asset-Backed Securities. 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 203 days as of June 30, 2010. The Commission's investments with LAIF at June 30, 2010 include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2010, the Commission had \$19,945,676 invested in LAIF and at which time, the LAIF fair value factor of 1.001643776 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 County Investment Pool Investments

The Commission participates in the San Diego County Investment Pool (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, 2010 was \$5,175 million and had weighted average yield to maturity of 1.14%, a weighted average days to maturity of 425 days and an effective duration of 0.470 years.

In addition to voluntary participants such as the Housing Commission, the pool is largely made up of mandatory participants such as the County of San Diego 39.76%, schools 42.18%, community colleges 8.30% and non County funds of 4.33%. Voluntary depositors make up only 5.43% of the invested funds as of June 30, 2010.

As of June 30, 2010, the Commission had \$20,034,144 invested in SDCIP. More information on SDCIP can be found at http://www.sdtreastax.com/mcf_invresults.html.

Certificates of Deposits

As of June 30, 2010, the Commission had non-negotiable certificates of deposits amounting to \$2,178,700 all of which are 100% collateralized or FDIC insured.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

Agency Bonds

The Commission's investments under U.S. Government Agency bonds are made up of Government-Sponsored Enterprises (GSE), such as Fannie Mae (FNMA) and Freddie Mac (FDMC), Senior Debt and Mortgage-Backed Security (MBS) bonds traded on an active secondary market. At June 30, 2010, the Commission had \$61,952,399 invested in U.S. Government Agency bonds.

GSE Senior Debt bond or other form of debt has a greater seniority in the issuer's capital structure than subordinated debt and takes priority over other debt securities sold by the issuer. These securities currently hold a Standard & Poor's AAA rating, the highest rating given to bonds, and are perceived to have virtually no risk of default. In the event the issuer becomes insolvent, this debt must be repaid over other non-secured debt holders first. At June 30, 2010, the Commission had \$7,014,200 invested in GSE Senior Debt.

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 GSE. While Standard & Poor's and Moody's does not specifically rate MBS, they carry an implied AAA rating based on the high quality collateral that backs the bonds and the AAA rating of the GSE (Fannie/Freddie) that issues/guarantees them. At June 30, 2010, the Commission had \$54,938,199 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, 2010, the Commission had \$9,081,240 invested in FDIC insured corporate floating rate bonds.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

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 the Commission to invest substantially all of its funds in fixed income securities which limits the Commission'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 not considered to have credit risk. The Commission will minimize credit risk by limiting investments to those listed in the Investment Policy. In addition, the Commission will pre-qualify the financial institutions, broker/dealers, intermediaries and advisors with which the Commission will do business in accordance with the Investment Policy and the Commission will diversify 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.

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 the Commission'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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

The exposure of the Commission's debt securities to credit risk and custodial risk as of June 30, 2010 is as follows:

	Total fair value	Standard & Poor's Credit Rating as of June 30, 2010 <u>AAA</u>	Not subject to rating
Cash and cash equivalents			
Cash and cash equivalents	\$ 1,726,588	\$ -	\$ 1,726,588
Restricted cash and cash equivalents	2,078,360	-	2,078,360
Total cash and cash equivalents	<u>\$ 3,804,948</u>	<u>\$ -</u>	<u>\$ 3,804,948</u>
Short-term investments			
Local agency investment fund	\$ 19,945,676	\$ -	\$ 19,945,676
County Investment Pool	20,034,144	20,034,144	-
Bank CDs	2,178,700	-	2,178,700
U.S. Government Agency securities	13,176,203	-	13,176,203
Total short-term investments	<u>\$ 55,334,723</u>	<u>\$ 20,034,144</u>	<u>\$ 35,300,579</u>
Long-term investment securities:			
U.S. Government Agency securities	\$ 48,776,196	\$ 7,014,200	\$ 41,761,996
Corporate Bonds	9,081,240	9,081,240	-
Total long-term investments	<u>\$ 57,857,436</u>	<u>\$ 16,095,440</u>	<u>\$ 41,761,996</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 the Commission 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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

external investment pools such as the California LAIF are not considered subject to concentration of credit risk.

The U.S. Government Agency securities include Fannie Mae, issued by the Federal National Mortgage Association (FNMA) and Freddie Mac, issued by the Federal Home Loan Mortgage Corporation (FHLMC). The AAA rated U.S. Government Agency securities are senior debt FNMA and FHLMC debentures totaling \$7,014,200. The portion of U.S. Government Agency securities not subject to rating are both FNMA and FHLMC Mortgage Backed Securities (MBS) totaling \$54,938,199. 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 (Fannie/Freddie) that issues/guarantees them. Therefore, MBS are not considered subject to concentration of credit risk.

The Commission 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 the Commission'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 the Commission. The security cannot be released, substituted or sold without the approval of the Commission. As of June 30, 2010, the Commission has \$2,178,700 in certificates of deposit which were either covered by FDIC insurance or collateralized in excess of 100% with securities held by pledging financial institutions.

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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

Reinvestment Risk is the risk that the proceeds from a fixed-income security cannot be reinvested at 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, the Commission manages market risk by matching portfolio maturities to projected liabilities and monitoring the weighted average maturity of its portfolio. This is done by maintaining a portion of the portfolio in readily available funds and investing in securities with limited call features and an active secondary market. These measures ensure that appropriate liquidity is maintained in order to meet ongoing operations, maximize return and limit exposure to changing market conditions. The Commission's exposure to market risk as of June 30, 2010 is as follows:

	Total fair value	Debt investment maturities as of June 30, 2010		
		Less than 3 months	4 - 12 months	1 - 3 years
Cash and cash equivalents				
Deposits	\$ 1,215,924	\$ 1,215,924	\$ -	\$ -
Investment other	496,410	496,410	-	-
Petty cash	14,254	14,254	-	-
Total cash and cash equivalents	<u>\$ 1,726,588</u>	<u>\$ 1,726,588</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted cash and cash equivalents	<u>\$ 2,078,360</u>	<u>\$ 2,078,360</u>	<u>\$ -</u>	<u>\$ -</u>
Short-term investments				
Local agency investment fund	\$ 19,945,676	\$ 19,945,676	\$ -	\$ -
San Deigo County Investment Pool	20,034,144	20,034,144	-	-
Certificates of deposits	2,178,700	2,178,700	-	-
U.S. Government Agency	13,176,203	-	13,176,203	-
Total short-term investments	<u>\$ 55,334,723</u>	<u>\$ 42,158,520</u>	<u>\$ 13,176,203</u>	<u>\$ -</u>
Long-term investments:				
U.S. Government Agency	\$ 48,776,196	\$ -	\$ -	\$ 48,776,196
Corporate Bonds	9,081,240	-	-	9,081,240
Total long-term investments	<u>\$ 57,857,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,857,436</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 5 - ACCOUNTS RECEIVABLE - FUNDING SOURCES

At June 30, 2010, due from funding sources consisted of the following:

<u>Source</u>	<u>Program</u>	<u>Amount</u>
Federal	ARRA	\$ 2,208,847
Federal	HOME	1,576,317
Federal	HCV	1,060,688
Federal	NSP	866,999
Federal	HPRP	618,131
Federal	Lead Hazard	569,954
Federal	CDBG	208,332
Federal	Shelter Plus Care	117,698
Federal	Other Federal	391,834
State	Various	135,054
Business activities	Various	483,900
Total		<u>\$ 8,237,754</u>

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

NOTE 6 - NOTES, MORTGAGES AND INTEREST RECEIVABLE

Loans made by the Commission 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, 2010

Notes, mortgages and interest receivable at June 30, 2010 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	2,027,480
Villa Harvey Mandel L.P.	72 17th St	5.60%	02/01/57	2,808,335
Market Square Manor L.P.	525 14th St	5.60%	03/01/57	2,347,470
Nestor Family Housing	1150 Tesoro Grove Way	5.60%	02/01/57	3,270,633
Metro Villa Housing Partners	Metro Villas 3900 Block of 39th St	4.85%	02/01/58	1,389,330
Renaissance Senior Housing	El Cajon Blvd & 30th St	4.65%	04/12/59	2,620,867
Affirmed Family Housing	2170 Coronado Ave	5.20%	06/30/35	2,298,542
Hacienda Townhomes, LTD	350 17th St	4.50%	07/01/48	1,569,916
Mission Terrace Associates, LP	10210 San Diego Mission	3.00%	09/01/49	2,055,000
Metropolitan Area Advisory Com	2001-97 Newton, 2008-2094 Main St	6.00%	12/01/47	1,425,000
Urban Council Development Inc	5202 Orange Avenue	3.00%	07/01/52	741,880
33rd Family Housing Ltd	351-403 S 33rd St	5.67%	05/01/54	2,405,280
Canyon Rim LP	10931 Gerana St	3.00%	06/20/55	1,541,569
Stratton LT	5765 Mount Alifan Drive	3.00%	06/20/55	1,540,120
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	1,113,728
Coronado Terrace Preservation L.P.	1183 25th St	3.00%	03/01/57	1,323,332
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	596,441
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 A veril 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
Winona Gardens Housing Assoc	3810 Winona Avenue	3.00%	07/01/55	2,100,000



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

Borrower	Project address	Interest rate	Maturity date	Principal amount
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	1,104,882
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	708,034
St Stephens Housing	5641 Imperial Avenue	4.79%	05/01/36	1,112,421
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	7,728,929
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	3,800,000
Veterans Village 07-056	4141 Pacific Highway	3.00%	06/01/72	5,480,730
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	852,500
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	590,000
Community Housing Works	3783-3825 Florida Street	3.00%	02/01/67	4,900,000
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	5,990,000
Pathfinders of San Diego Inc	2621-2625 University	3.00%	07/15/65	1,600,212
Wakeland Village Green Apts LP	4140-55 Bonillo Drive	3.00%	04/01/65	2,155,000
Riverwalk Apts LP	1194 Hollister St	3.00%	03/01/65	1,466,812
15th & Commercial LP	1501 Imperial Avenue	3.00%	01/01/66	3,150,000
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	2,909,410



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

Borrower	Project address	Interest rate	Maturity date	Principal amount
Development loans with rehab / acquisition (Under \$500,000)				8,769,429
Rehab loans (Under \$500,000)				3,880,164
Home ownership loans				37,746,787
Housing rehabilitation loans				13,592,695
Allowance for Loan Losses				<u>(5,675,828)</u>
Total notes receivable at June 30, 2010				203,278,079
Deferred cumulative interest receivable at June 30, 2010				<u>21,041,456</u>
Total notes and interest receivable at June 30, 2010				<u><u>\$ 224,319,535</u></u>

Notes and mortgages receivable due in less than one year amounted to \$562,293 at June 30, 2010.

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

Balance, July 1, 2009	Losses/ write-offs	Additions	Balance, June 30, 2010
<u>\$ 5,011,717</u>	<u>\$ (158,967)</u>	<u>\$ 823,078</u>	<u>5,675,828</u>

The Commission has executed a line-of-credit agreement with Wells Fargo Bank. This agreement provides for the Commission 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, 2010, Wells Fargo released no collateral.

The amount of cash on deposit at Wells Fargo Bank at June 30, 2010 was \$77,275 and is reflected within restricted cash and cash equivalents on the Statement of Net Assets.

The Commission 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. The Commission



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

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 the Commission 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, 2010, total \$61,301,497.

NOTE 7 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2010 is as follows:

	Balance, July 1, 2009	Additions	Transfers / Retirements	Balance, June 30, 2010
Capital assets, not being depreciated				
Land	\$ 29,543,943	\$ 8,040,767	\$ 1,438,227	\$ 39,022,937
Construction in progress	7,000,730	921,280	(3,602,584)	4,319,426
Total capital assets, not being depreciated	<u>36,544,673</u>	<u>8,962,047</u>	<u>(2,164,357)</u>	<u>43,342,363</u>
Capital assets, being depreciated				
Buildings	56,403,458	3,608,904	941,907	60,954,269
Building improvements	12,368,642		(141,279)	12,227,363
Office furniture and equipment	2,844,786	54,031	32,037	2,930,854
Total capital assets, being depreciated	<u>71,616,886</u>	<u>3,662,935</u>	<u>832,665</u>	<u>76,112,486</u>
Less accumulated depreciation for:				
Buildings	(7,521,777)	(1,146,009)	607,965	(8,059,821)
Building improvements	(2,048,503)	(908,354)	723,727	(2,233,130)
Office furniture and equipment	(1,363,572)	(541,272)	-	(1,904,844)
Total accumulated depreciation	<u>(10,933,852)</u>	<u>(2,595,635)</u>	<u>1,331,692</u>	<u>(12,197,795)</u>
Total capital assets, being depreciated, net	<u>60,683,034</u>	<u>1,067,300</u>	<u>2,164,357</u>	<u>63,914,691</u>
Total capital assets, net	<u>\$ 97,227,707</u>	<u>\$ 10,029,347</u>	<u>\$ -</u>	<u>\$ 107,257,054</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

On December 30, 2009, the Commission transferred 566 units to the 3 new LLCs. Belden SDHC FNMA, LLC received 243 units, Northern SDHC FNMA, LLC received 138 units and Central SDHC FNMA, LLC received 185 units.

On March 18, 2010, the Commission acquired the Hotel Sandford, a 130-unit single room occupancy hotel which provides affordable housing for low-income seniors. The purchase price of the Hotel was \$6,870,000 which includes \$3.3 million for the purchase of the land and \$3.5 million for the building.

On April 30, 2010, the Commission partnered with Affirmed Housing Group to construct Riverwalk Apartments, a 50 unit (49 affordable housing units) apartment project. As part of the deal terms, the Commission acquired the 2.56 acre parcel of land for \$2.2 million and issued a loan of \$2.28 million to the developing entity, Riverwalk Apartments, LP for the construction of the building. In addition the Commission will lease the land to Riverwalk Apartments, LP for annual ground lease payments.

On April 30, 2010, the Commission partnered with LINC Housing to rehabilitate Arbor Village Apartments, a 112 unit (111 affordable housing units) project. As part of the project, the Commission acquired the 3.85 acre parcel of land for \$2.4 million and issued a loan of \$5.46 million to the developing entity, LINC-Arbor Village Apartments Housing Investors, LP for the rehabilitation of the building. In addition the Commission will lease the land to LINC-Arbor Village Housing Investors, LP for annual ground lease payments.

Construction in progress consists of several development and modernization projects in various stages of completion.

Depreciation expense for the year ended June 30, 2010 was \$2,595,635.

NOTE 8 - PREPAID ITEMS AND OTHER ASSETS

As of June 30, 2010, the prepaid items and other assets include prepaid insurance of \$7,445, deposit to escrow for the purchase of Vista Verde of \$3,222,371, and net intangible assets of \$487,127.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

Intangible assets

The LLCs obtained financing from Fannie Mae on December 30, 2009 in the amount of \$37 million. The fee to process the FNMA loans was \$495,384 and is amortized over 30 years using the effective yield method. Estimated annual amortization expense for each of the next five years is:

June 30, 2011	\$	24,393
2012		24,141
2013		23,870
2014		23,578
2015		23,264



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 9 - NOTES PAYABLE

A summary of notes payable at June 30, 2010 is as follows:

Type of obligations	Interest rates	Maturity date	Balance, 6/30/2009	Additions	Payments	Balance, 6/30/2010
<u>Debts of the Commission</u>						
JPMorgan Chase, dated June 1995	Variable	2011	\$ 3,274,315	\$ -	\$ (158,554)	\$ 3,115,761
State of California (RHCP)	0.00%	2015	3,149,077	-	-	3,149,077
State of California (RHCP)	0.00%	2013	1,404,934	-	-	1,404,934
US Bank, dated November 2006	Variable	2011	19,245,450	-	(236,500)	19,008,950
Redevelopment Agency, dated March 1992	0.0%	2022	695,628	-	-	695,628
Redevelopment Agency, dated March 18, 2010	1% forgivable	2065	-	3,099,034	-	3,099,034
<u>Debts of the LLCs</u>						
Greystone Servicing Corp, Inc. Fannie Mae (Belden)	7.32%	2040	-	12,320,000	(47,971)	12,272,029
Greystone Servicing Corp, Inc. Fannie Mae (Northern)	7.32%	2040	-	10,810,000	(42,092)	10,767,908
Greystone Servicing Corp, Inc. Fannie Mae (Central)	7.32%	2040	-	14,010,000	(54,551)	13,955,449
Total			<u>\$ 27,769,404</u>	<u>\$ 40,239,034</u>	<u>\$ (539,668)</u>	<u>\$ 67,468,770</u>

At June 30, 2010, the current portion of notes payable is \$787,772 and the noncurrent portion of notes payable is \$66,680,998.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

The interest rate for the JP Morgan Chase obligation as of June 30, 2010 was 3.13625%. The variable rate in accordance with the loan agreement is equal to .65 times the sum of the Variable Index Rate plus 3%. The Variable Index Rate is defined as the most recently available monthly weighted average cost of funds for 11th District Savings Institutions published by the Federal Home Loan Bank of San Francisco.

The interest rate for the US Bank obligation as of June 30, 2010 was 7.89%. The variable interest rate in accordance with the loan agreement is 2.6% plus LIBOR.

The Commission entered into an Interest Rate Swap Agreement with US Bank (the Swap Provider) to reduce the impact of changes in interest rates. Under the terms of the Swap Agreement, the Commission has agreed to pay interest to the Swap Provider at a fixed rate of 5.29% plus 2.6% exclusive of any fees, add-ons or other trustee or bank charges, while the Swap Provider has agreed to make the Commission's required monthly mortgage payment. The notional amount of the Swap Agreement is \$19,765,531. The Swap Agreement expires at maturity of the mortgage in 2011.

Pursuant to GASB No. 53, derivative instruments not meeting the criteria for hedge accounting are recorded at fair value on the Statement of Net Assets with any change in fair value reflected in the Statement of Activities in the period of change. The Commission recorded a liability for the fair value of the interest rate swap as of June 30, 2010 in the amount of \$1,276,429. During the year ended June 30, 2010, a gain in fair value of \$459,836 has been realized and is included in the Statement of Activities.

The US Bank loan represents the loan for the Smart Corner Building which houses the administrative offices of the Commission.

The Commission entered into a new 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 Sandford Hotel. The loan from the Redevelopment Agency is a forgivable loan, with a term of 55 years and 1% simple interest. The total approved loan amount is \$6,095,000 with \$3,099,034 disbursed during fiscal year 2010.

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 million. The debt agreement is to obtain financing to acquire over 350 affordable housing units in the City of San Diego. The FNMA loans were the LLCs not



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

the Commission. 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.

The American Recovery and Reinvestment Act of 2009 created the new Build America Bond 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 loan has been approved as a qualified direct subsidy BAB's loan. The Commission has received \$122,945 fiscal year 2010 subsidy payments.

The annual requirements to amortize notes payable are as follows:

	Notes payable		
	Principal	Interest	Total
Year ending June 30, 2011	\$ 787,772	\$ 4,269,740	\$ 5,057,512
2012	22,095,719	3,185,361	25,281,080
2013	422,997	2,669,505	3,092,503
2014	1,859,955	2,637,482	4,497,437
2015	3,638,546	2,603,034	6,241,580
2016 - 2020	3,062,576	12,399,937	15,462,513
2021 - 2025	5,106,819	11,051,322	16,158,142
2026 - 2030	6,353,673	9,108,841	15,462,514
2031 - 2035	9,151,531	6,310,982	15,462,514
2036 - 2040	11,890,147	2,296,736	14,186,884
2065	3,099,034	765,805	3,864,840
Total	<u>\$ 67,468,770</u>	<u>\$ 57,298,745</u>	<u>\$ 124,767,515</u>

NOTE 10 - LEASE COMMITMENTS

The Commission 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, 2010

The Commission 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 \$487,410 for terms of one to 55 years and additional payments based upon surplus cash generated by certain housing projects. For fiscal year 2010, the amount of Land Lease Income is \$561,103 and is comprised of the following leases:

Mariner's Cove	\$ 487,410
Casa Colina	19,214
Villa Merced	33,548
Golden Villa	3,640
252 16th Street	17,190
2513 Union Street	1
Del Mar Apartments	<u>100</u>
	<u><u>\$ 561,103</u></u>

The Commission 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. The space was occupied in October 2010.

In addition, as part of the Sandford Hotel acquisition, the Commission acquired 7,663 square feet of first floor retail. The first floor is fully leased to BB's Delicatessen and Associated Barber College of San Diego.

Lease terms include annual payments ranging from \$12,534 to \$339,905. 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, 2010

For fiscal year 2010, commercial lease income was \$153,664 from the following leases:

Commercial Leases Smart Corner

7-Eleven, Inc.	\$ 87,810
K&A Pacific, Inc.	54,750

Commercial Leases Sandford Hotel

BB Delicatessen	3,158
Associated Barber College	<u>7,946</u>

Total Commercial Leases	<u><u>\$ 153,664</u></u>
-------------------------	--------------------------

Aggregate future collections of minimum lease payments are as follows:

Year ending June 30, 2011	\$ 713,222
2012	827,935
2013	893,980
2014	905,802
2015	928,798
2016 - 2020	4,326,692
2021 - 2025	1,252,171
2026 - 2030	1,068,285
2031 - 2035	917,314
2036 - 2040	483,030
2041 - 2045	40,425
2046 - 2047	<u>9,000</u>
	<u><u>\$ 12,366,653</u></u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

The Commission holds one lease payable at June 30, 2010. The following is a schedule of future minimum rental payments required under operating leases entered into by the Commission that have initial or remaining non-cancelable lease terms in excess of one year:

Year ending June 30, 2011	\$ 90,500
2012	<u>15,083</u>
	<u>\$ 105,583</u>

Total rental expense was approximately \$89,000 for the year ended June 30, 2010.

NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN

The Commission 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. The Commission's contributions for each employee (and interest allocated to the employee's account) are fully vested after four years of continuous service. The Commission's contributions for, and interest forfeited by, employees who leave employment before four years of service are used to reduce the Commission's current-period contribution requirement.

The Commission's covered payroll in fiscal year 2010 was \$13,615,986. The Commission made the required 14% contribution, amounting to approximately \$1,906,238 and plan members contributed \$72,576 for the fiscal year ended June 30, 2010. As of June 30, 2010 the accrued salary and benefits was \$551,437 which consist of the last eight working days from June 19, 2010 to June 30, 2010. The accrued balance was paid on July 9, 2010, the first payroll in fiscal year 2011.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 12 - DEFERRED COMPENSATION PLAN

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

The Commission 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 the Commission's basic financial statements. The assets held by the plan administrator had a market value of \$8,266,335 at June 30, 2010.

NOTE 13 - RISK MANAGEMENT

Worker's Compensation

The Commission is a member of the California Housing Worker's Compensation Authority (CHWCA), which provides worker's compensation insurance. CHWCA provides employer liability coverage to its members, in the amount of \$500,000 each accident. CHWCA has purchased excess insurance coverage from \$1,000,000 to statutory, for all of its members.

CHWCA is a joint powers authority consisting of 31 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.

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

- Each member's incurred losses;
- Each member's share of such losses and other expenses as a proportion of all members' such losses;



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

- Each member’s contribution to reserves, including reserves for incurred but not reported losses; and
- Each member’s share of costs to purchase excess insurance and any additional coverage.

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

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

<u>Type of coverage</u>	<u>Broker</u>	<u>Carrier</u>
Commercial Liability	N/A	Housing Authority Risk Retention Group
Public Officials Errors	N/A	Housing Authority Risk Retention Group
Smart Corner Liability	Alliant Ins. Svcs.	Travelers
Smart Corner Excess	Alliant Ins. Svcs.	Travelers
Employment Practices	N/A	Housing Authority Risk Retention Group
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	CSAC
Commercial Fidelity	Alliant Ins. Svcs	CSAC
Terrorist & Sabotage	Alliant Ins. Svcs	CSAC
Fiduciary Liability	Alliant Ins. Svcs	National Union Fire
Flood Insurance	Barney & Barney	The Hartford
Lead Liability Insurance	N/A	Housing Authority Risk Retention Group

Deductibles under the policies listed above vary, with none exceeding \$25,000. Claims and deductibles payable were \$0 at June 30, 2010. 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.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 14 - RESTRICTED NET ASSETS

Restricted net assets include \$122,074,816 representing 90% of the balance of HOME loans and \$5,183,729 Neighborhood Stabilization Program (NSP) loans 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 the Commission 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 the Commission 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 the Commission can retain to cover its administrative costs. As such, the net assets associated with the HOME loans are treated as 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 the Commission 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 the Commission 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.

The remaining balance of restricted net assets amounting to \$1,804,186 represents restricted funds of the HUD Veteran Affairs Supportive Housing (VASH) Operating Reserve, which has been restricted in accordance with HUD instruction. The HUD-VASH HCV program is administered in accordance with regular HCV program requirements.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 15 - ECONOMIC DEPENDENCY

The Commission 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, 2010, the Commission's budget included \$244,814,860 of estimated HUD funding. A reduction in funding from HUD could significantly change the services provided by the Commission.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Grants

The Commission 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 the Commission's financial statements.

Loan Commitments

The Commission has committed funds for loans and grants to various individuals and entities as of June 30, 2010. The amount of loans and grants the Commission has committed to fund, but has not funded as of June 30, 2010, is \$37,226,405.

Lawsuits and Claims

The Commission 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 the Commission.

NOTE 17 - RELATED PARTY TRANSACTIONS

The Commission formed a not-for-profit organization, Housing Development Partners of San Diego (HDP), formerly the San Diego Housing Development Corporation, in 1991 for the purpose of providing additional housing services to the citizens of San Diego County. The Commission and HDP share certain members of their respective governing boards.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 18 - 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 (rental) or 100 percent AMI (for-sale).

The following table reflects the condensed statement of revenues, expenses and changes in net assets as of the fiscal year ended June 30, 2010 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, 2010

San Diego Housing Commission
Statements of Revenues, Expenses and Changes in Net assets for Affordable Housing Funds
Year ended June 30, 2010

	Inclusionary Housing Fund	Housing Trust Fund
OPERATING REVENUES		
Fee revenue	\$ 1,392	\$ 1,742
Shared equity income	-	-
Other revenue	9,272	17,435
Total operating revenues	10,664	19,177
OPERATING EXPENSES		
Administrative expenses	98,109	44,168
General expenses	86,875	46,404
Grant expense	47,228	1,774,433
Total operating expenses	232,212	1,865,005
Operating loss	(221,548)	(1,845,828)
NON-OPERATING REVENUES		
Grant revenue	2,068,047	335,164
Interest income on notes receivable	337,821	1,318,041
Investment income	220,691	87,296
Total non-operating revenues	2,626,559	1,740,501
Net income (loss) before operating transfers	2,405,011	(105,327)
Operating transfers out	-	-
Change in net assets	\$ 2,405,011	\$ (105,327)



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE 19 - SUBSEQUENT EVENTS

Management evaluated all activity of the Commission through November 30, 2010 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:

Through the creation of three additional LLCs to which the Commission transferred some of its properties, the Commission leveraged the equity of a portion of its real estate portfolio to generate additional capital funds to expand its affordable housing rental unit portfolio by acquiring land, building and rehabilitating existing buildings. On August 31, 2010, two of the new LLCs closed on two FHA Build America Bonds (BAB) eligible tax credit loans of approximately \$42.5 million in loans by leveraging 22 properties. On September 20, 2010, the third LLC closed on an additional \$17.5 million loan from FHA by leveraging additional 22 properties. The FNMA and FHA loans were the LLCs not the Commission. Each one of these loans are nonrecourse obligations of the LLCs. The proceeds from these FHA loans and the FNMA loans will be utilized to acquire additional affordable housing including, Courtyard Apartments, Vista Grande Apartments and Mariner's Village.

On September 10, 2010 the Commission acquired Courtyard Apartments utilizing FNMA funds. The 37-unit complex is located at 4395 El Cajon Blvd. The acquisition of the land and building was \$7.2 million. The due diligence and rehabilitation costs are estimated at \$500,000.

On October 20, 2010, the Commission acquired Vista Grande utilizing FNMA funds. Vista Grande is located at 5391 and 5411-25 Santa Margarita Street. The Commission partnered with Wakeland Housing & Development Corp to rehabilitate Vista Grande, a 49 unit (48 affordable housing units) project. As part of the project, the Commission acquired the 3.1 acre parcel of land for \$845,000 and issued a loan of \$2.9 million to the developing entity for the rehabilitation of the building. In addition, the Commission will lease the land to the development entity for annual ground lease payments.

On October 27, 2010 the Commission acquired Mariner's Village, a 172-units apartment complex located on a 9.46-acre site at the southeast corner of Potomac Street and Paradise Valley Road. The acquisition costs of the land and building is \$32 million and rehabilitation costs of \$2 million.



SAN DIEGO
HOUSING
COMMISSION

Supplementary Information



“We’re About People”

Jennifer and her son can now afford to live in their Canyon Rim home with rental assistance from the San Diego Housing Commission’s Housing Choice Voucher Program (Section 8). Funded by the U.S. Department of Housing & Urban Development, the \$168 million program is the largest administered by the San Diego Housing Commission.





San Diego Housing Commission

COMBINING SCHEDULE OF NET ASSETS - ENTERPRISE FUNDS

June 30, 2010

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Agency wide</u>
ASSETS				
Cash and cash equivalents	\$ 1,228,086	\$ 488,547	\$ 9,955	\$ 1,726,588
Restricted cash and cash equivalents	2,075,198	3,162	-	2,078,360
Short term investments	39,356,192	15,659,456	319,075	55,334,723
Accounts receivable - tenant (net)	120,055	11,298	1,172	132,525
Accounts receivable - funding source	483,900	7,618,800	135,054	8,237,754
Accounts receivable - other	999,204	692,877	-	1,692,081
Notes receivable - current portion	407,491	154,802	-	562,293
Accrued interest receivable - investments	248,705	103,041	2,448	354,194
Interprogram due from/to	(745,690)	650,152	95,538	-
Inventories	147,740	-	-	147,740
Intangible assets and prepaid items	7,445	-	-	7,445
Escrow deposits	-	3,222,371	-	3,222,371
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	44,328,326	28,604,506	563,242	73,496,074
Noncurrent assets				
Long-term investments	41,152,788	16,371,073	333,575	57,857,436
Accrued interest receivable on notes receivable	7,954,833	12,674,918	411,705	21,041,456
Notes receivable	66,508,040	130,774,126	5,433,620	202,715,786
Intangible assets, net	487,127	-	-	487,127
Capital assets not being depreciated	38,031,775	3,738,489	1,572,099	43,342,363
Capital assets, net of accumulated depreciation	62,443,008	472,308	999,375	63,914,691
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 260,905,897</u>	<u>\$ 192,635,420</u>	<u>\$ 9,313,616</u>	<u>\$ 462,854,933</u>



San Diego Housing Commission

COMBINING SCHEDULE OF NET ASSETS - ENTERPRISE FUNDS - CONTINUED

June 30, 2010

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Agency wide</u>
LIABILITIES				
Current liabilities				
Accounts payable - vendors	\$ 1,837,522	\$ 758,940	\$ 24,343	\$ 2,620,805
Accounts payable - funding source	505,475	84,931	203,279	793,685
Accrued payroll and benefits	551,437	-	-	551,437
Accrued compensated absences	1,441,869	-	-	1,441,869
Accrued interest payable	365,320	-	-	365,320
Notes payable - current portion	787,772	-	-	787,772
Deposits payable	876,343	18,510	40,724	935,577
Deferred revenues	3,590,642	343	989	3,591,974
Other current liabilities	20,010	400,786	-	420,796
	<u>9,976,390</u>	<u>1,263,510</u>	<u>269,335</u>	<u>11,509,235</u>
Total current liabilities				
Non-current liabilities				
Notes payable - net of current portion	62,126,987	-	4,554,011	66,680,998
Fair market value of interest rate swap	1,276,429	-	-	1,276,429
Other liabilities	98,248	452,047	-	550,295
	<u>63,501,664</u>	<u>452,047</u>	<u>4,554,011</u>	<u>68,507,722</u>
TOTAL LIABILITIES				
	<u>\$ 73,478,054</u>	<u>\$ 1,715,557</u>	<u>\$ 4,823,346</u>	<u>\$ 80,016,957</u>
NET ASSETS				
Invested in capital assets, net of related debt				
Restricted	\$ 37,560,024	\$ 4,210,797	\$ (1,982,537)	\$ 39,788,284
Reserve for HOME notes receivable	-	122,074,816	-	122,074,816
Reserve for NSP notes receivable	-	5,183,729	-	5,183,729
Reserve for VASH housing assistance payment operations	-	1,804,186	-	1,804,186
Unrestricted	149,867,819	57,646,335	6,472,807	213,986,961
	<u>149,867,819</u>	<u>57,646,335</u>	<u>6,472,807</u>	<u>213,986,961</u>
TOTAL NET ASSETS				
	<u>\$ 187,427,843</u>	<u>\$ 190,919,863</u>	<u>\$ 4,490,270</u>	<u>\$ 382,837,976</u>

Supplementary Information



San Diego Housing Commission

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

Year ended June 30, 2010

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Agency wide</u>
Operating revenues				
Dwelling rental income	\$ 20,435,233	\$ 168,171	\$ 589,795	\$ 21,193,199
Land lease and other rental income	1,233,941	-	-	1,233,941
Fee revenue	1,782,561	30,852	-	1,813,413
Shared equity income	-	181,535	-	181,535
Other revenue	542,372	2,809,331	13,687	3,365,390
Total operating revenues	<u>23,994,107</u>	<u>3,189,889</u>	<u>603,482</u>	<u>27,787,478</u>
Administrative expenses	7,903,379	15,019,220	285,688	23,208,287
Tenant services	170,600	1,691,922	18	1,862,540
Asset management	6,931,669	(220,123)	362,730	7,074,276
General expenses	1,679,935	2,890,929	16,789	4,587,653
Grant expense	2,196,335	2,869,361	-	5,065,696
Housing assistance	-	144,790,881	-	144,790,881
Depreciation	2,478,697	43,948	72,990	2,595,635
Total operating expenses	<u>21,360,615</u>	<u>167,086,138</u>	<u>738,215</u>	<u>189,184,968</u>
Net operating income (loss)	<u>2,633,492</u>	<u>(163,896,249)</u>	<u>(134,733)</u>	<u>(161,397,490)</u>

Supplementary Information



San Diego Housing Commission

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

Year ended June 30, 2010

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Agency wide</u>
Nonoperating revenues (expenses)				
Grant revenue	3,527,256	185,535,177	38,588	189,101,021
Interest income on investments and notes receivable	3,119,859	4,089,079	103,395	7,312,333
Gain on fair market value of interest rate swap	459,836	-	-	459,836
Interest expense	(2,999,601)	(100)	(1,648)	(3,001,349)
Total nonoperating revenues	<u>4,107,350</u>	<u>189,624,156</u>	<u>140,335</u>	<u>193,871,841</u>
Net income before operating transfers	6,740,842	25,727,907	5,602	32,474,351
Operating transfers in	24,884,686	414,080	2,042,409	27,341,175
Operating transfers out	<u>(23,382,992)</u>	<u>(3,958,183)</u>	<u>-</u>	<u>(27,341,175)</u>
Change in net assets	8,242,536	22,183,804	2,048,011	32,474,351
Net assets - beginning of year	<u>179,185,307</u>	<u>168,736,059</u>	<u>2,442,259</u>	<u>350,363,625</u>
Net assets - end of year	<u>\$ 187,427,843</u>	<u>\$ 190,919,863</u>	<u>\$ 4,490,270</u>	<u>\$ 382,837,976</u>



San Diego Housing Commission

COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS

Year ended June 30, 2010

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Agency wide</u>
Cash flows from operating activities				
Cash received from tenants	\$ 25,008,572	\$ 2,607,095	\$ 597,841	\$ 28,213,508
Cash payments to suppliers for operations	(7,220,425)	(149,793,104)	(404,345)	(157,417,874)
Cash payments for general and administrative expenses	<u>(7,959,385)</u>	<u>(17,910,149)</u>	<u>(302,477)</u>	<u>(26,172,011)</u>
Net cash provided by (used for) operating activities	<u>9,828,762</u>	<u>(165,096,158)</u>	<u>(108,981)</u>	<u>(155,376,377)</u>
Cash flows from capital and related financing activities				
Principal paid on notes payable	(539,668)	-	-	(539,668)
Acquisition and construction of capital assets	(12,624,982)	-	-	(12,624,982)
Proceeds from additional borrowings	40,239,034	-	-	40,239,034
Financing fees paid	(495,384)	-	-	(495,384)
Interest payments	<u>(2,758,358)</u>	<u>(100)</u>	<u>(1,648)</u>	<u>(2,760,106)</u>
Net cash provided by (used for) capital and related financing activities	<u>23,820,642</u>	<u>(100)</u>	<u>(1,648)</u>	<u>23,818,894</u>
Cash flows from noncapital financing activities				
Cash received from grants	5,493,327	181,332,843	-	186,826,170
Transfers in (out)	<u>(1,721,953)</u>	<u>(320,456)</u>	<u>2,042,409</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>3,771,374</u>	<u>181,012,387</u>	<u>2,042,409</u>	<u>186,826,170</u>



San Diego Housing Commission

COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2010

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Agency wide</u>
Cash flows from investing activities				
Interest on investments and notes receivable	1,763,614	1,644,191	(59,556)	3,348,249
Collection of notes receivable	322,506	563,634	-	886,140
Cash loaned on notes receivable	(11,347,166)	(21,155,294)	(1,938,000)	(34,440,460)
Deposits to escrow	-	(3,222,371)	-	(3,222,371)
Purchases of investments	(77,288,310)	(30,749,184)	(626,541)	(108,664,035)
Proceeds from sale of investments	49,248,032	35,739,595	669,325	85,656,952
Net cash used for investing activities	<u>(37,301,324)</u>	<u>(17,179,429)</u>	<u>(1,954,772)</u>	<u>(56,435,525)</u>
Net increase (decrease) in cash and cash equivalents	119,454	(1,263,300)	(22,992)	(1,166,838)
Cash and cash equivalents				
Beginning of year	<u>3,183,830</u>	<u>1,755,009</u>	<u>32,947</u>	<u>4,971,786</u>
End of year	<u>\$ 3,303,284</u>	<u>\$ 491,709</u>	<u>\$ 9,955</u>	<u>\$ 3,804,948</u>
Noncash investing and noncapital financing activities				
Interest on notes receivable converted to principal	<u>\$ 295,499</u>	<u>\$ 561,192</u>	<u>\$ -</u>	<u>\$ 856,691</u>



San Diego Housing Commission

COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2010

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Agency wide</u>
Reconciliation of operating loss to net cash used in operating activities				
Operating income (loss)	\$ 2,633,492	\$ (163,896,249)	\$ (134,733)	\$ (161,397,490)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,478,696	43,948	72,991	2,595,635
Amortization	8,257	-	-	8,257
Provision for loan losses	168,649	458,922	36,540	664,111
Changes in operating assets and liabilities:				
(Increase) decrease in tenant receivables	(2,026)	(322)	28	(2,320)
(Increase) decrease in other receivables	(256,075)	(565,464)	-	(821,539)
(Increase) decrease in prepaid items and other assets	1,615,672	-	-	1,615,672
Increase (decrease) in accounts payable	277,140	271,437	(11,295)	537,282
Increase (decrease) in accrued payroll and benefits	228,103	-	-	228,103
Increase (decrease) in deposits payable	(20,655)	(9,739)	1,117	(29,277)
Increase (decrease) in deferred revenues	1,272,566	(17,008)	(5,669)	1,249,889
Increase (decrease) in other liabilities	67,307	1,470	-	68,777
Increase (decrease) in other interprogram from/to	1,451,113	(1,383,153)	(67,960)	-
Net cash provided by (used for) operating activities	<u>\$ 9,828,762</u>	<u>\$ (165,096,158)</u>	<u>\$ (108,981)</u>	<u>\$ (155,376,377)</u>

FINANCIAL DATA SCHEDULE

San Diego Housing Commission

FINANCIAL DATA SCHEDULE

COMBINING BALANCE SHEET ACCOUNTS

June 30, 2010

4 3 1 14.218 14.901 93.602 14.257 14.884

	Project Total	Other Federal Program 2	State/Local	Business Activities	Community Development Block Grants/ Entitlement Grants	Healthy Homes Initiative Grants	New Assets for Independence Demonstration Program	Homelessness Prevention and Rapid Re- Housing Program (RAF)	Competitive Capital Fund Stimulus Grant
111 Cash - Unrestricted	\$ -	\$ -	\$ -	\$ 1,726,588	\$ -	\$ -	\$ -	\$ -	\$ -
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-
113 Cash - Other Restricted	-	-	-	751,219	-	-	2,162	-	-
114 Cash - Tenant Security Deposits	-	-	-	-	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-
100 Total Cash	-	-	-	2,477,807	-	-	2,162	-	-
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	272,646	-	-	-	1,001,759	-	-	618,131	2,208,847
124 Accounts Receivable - Other Government	2,117,681	-	402,487	17,819,247	195,659	5,968	33,100	-	-
125 Accounts Receivable - Miscellaneous	-	-	-	1,607,745	570,536	-	-	32,791	-
126 Accounts Receivable - Tenants	8,372	-	3,360	117,500	-	-	-	-	-
126.1 Allowance for Doubtful Accounts -Tenants	(4,733)	-	(2,188)	(88,871)	-	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	407,491	39,762	-	-	-	-
128 Fraud Recovery	-	-	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-	-
129 Accrued Interest Receivable	28,657	800	414,153	8,203,538	146,623	32	450	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	2,422,623	800	817,812	28,066,650	1,954,339	6,000	33,550	650,922	2,208,847
131 Investments - Unrestricted	11,470,864	19,999	662,605	80,003,398	1,102,062	1,707	164,069	-	-
132 Investments - Restricted	-	-	-	7,080	-	-	10,000	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	581,831	431,693	-	7,444	-	-	-	-	2,208,847
143 Inventories	-	-	-	147,740	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	-	-	-	-
145 Assets Held for Sale	-	-	-	-	-	-	-	-	-
150 Total Current Assets	14,475,318	452,492	1,480,417	110,710,119	3,056,401	7,707	209,781	650,922	4,417,694

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING BALANCE SHEET ACCOUNTS - CONTINUED

June 30, 2010

	14.900	14.870	14.238	14.239	14.VSH	14.DVP	14.OPS MTW	14.CFP MTW
	Lead-Based Paint Hazard Control in Privately-Owned Housing	Resident Opportunity and Supportive Services	Shelter Plus Care	HOME Investment Partnerships Program	HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH) PROGRAM	Disaster Voucher Program	Demonstration Program for Low Rent	Demonstration Program for Capital Fund
111 Cash - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-
113 Cash - Other Restricted	-	-	-	-	-	-	-	-
114 Cash - Tenant Security Deposits	-	-	-	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-
100 Total Cash	-	-	-	-	-	-	-	-
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	569,954	36,370	117,698	1,576,317	-	-	-	-
124 Accounts Receivable - Other Government	-	79	5,019	-	36,743	4,351	-	-
125 Accounts Receivable - Miscellaneous	-	-	-	6,387	-	-	-	-
126 Accounts Receivable - Tenants	-	-	-	-	-	-	-	-
126.1 Allowance for Doubtful Accounts -Tenants	-	-	-	-	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	115,039	-	-	-	-
128 Fraud Recovery	-	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	12,531,568	5,458	98	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	569,954	36,449	122,717	14,229,311	42,201	4,449	-	-
131 Investments - Unrestricted	-	-	-	-	1,149,517	17,537	-	-
132 Investments - Restricted	-	-	-	-	654,669	10,000	-	-
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	569,954	36,449	122,717	14,229,311	1,846,387	31,986	-	-

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING BALANCE SHEET ACCOUNTS - CONTINUED

June 30, 2010

	14.HCV MTW	14.881	14.871	14.253	6	14.856			
	Demonstration Program for HCV program	Moving to Work Demonstration Program	Housing Choice Vouchers	Community Development Block Grants/Entitlement Grants	Blended Component Units	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,726,588	\$ -	\$ 1,726,588
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-
113 Cash - Other Restricted	-	-	-	-	1,125,226	-	1,878,607	-	1,878,607
114 Cash - Tenant Security Deposits	-	-	-	-	199,753	-	199,753	-	199,753
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-
100 Total Cash	-	-	-	-	1,324,979	-	3,804,948	-	3,804,948
121 Accounts Receivable - PHA Projects	-	8,905	-	-	-	-	8,905	-	8,905
122 Accounts Receivable - HUD Other Projects	-	1,060,688	-	73,573	-	76,848	7,612,831	-	7,612,831
124 Accounts Receivable - Other Government	-	3,074,185	-	-	4,736,616	6,607	28,437,742	(27,812,818)	624,924
125 Accounts Receivable - Miscellaneous	-	87,283	-	-	40,329	-	2,345,071	(648,870)	1,696,201
126 Accounts Receivable - Tenants	-	7,659	-	-	115,733	-	252,624	-	252,624
126.1 Allowance for Doubtful Accounts -Tenants	-	-	-	-	(24,307)	-	(120,099)	-	(120,099)
126.2 Allowance for Doubtful Accounts - Other	-	(13,025)	-	-	-	-	(13,025)	-	(13,025)
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	562,292	-	562,292
128 Fraud Recovery	-	-	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-	-
129 Accrued Interest Receivable	-	64,196	-	-	-	77	21,395,650	-	21,395,650
120 Total Receivables, Net of Allowances for Doubtful Accounts	-	4,289,891	-	73,573	4,868,371	83,532	60,481,991	(28,461,688)	32,020,303
131 Investments - Unrestricted	-	17,885,405	-	-	-	33,248	112,510,411	-	112,510,411
132 Investments - Restricted	-	-	-	-	-	-	681,749	-	681,749
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	-	-	-	-	3,229,815	-	3,229,815
143 Inventories	-	-	-	-	-	-	147,740	-	147,740
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	-	-	-	-
145 Assets Held for Sale	-	-	-	-	-	-	-	-	-
150 Total Current Assets	-	22,175,296	-	73,573	6,193,350	116,780	180,856,654	(28,461,688)	152,394,966

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING BALANCE SHEET ACCOUNTS - CONTINUED

June 30, 2010

	4	3	1	14.218	14.901	93.602	14.257	14.884	
	Other Federal	State/Local	Business	Community	Healthy Homes	New Assets for	Homelessness	Competitive	
Project Total	Program 2		Activities	Development	Initiative Grants	Independence	Prevention and	Capital Fund	
				Block Grants/ Entitlement Grants		Demonstration Program	Rapid Re- Housing Program (RAF)	Stimulus Grant	
161 Land	-	1,572,099	29,015,421	-	-	-	-	-	
162 Buildings	415,938	2,919,612	58,038,228	-	-	-	-	-	
163 Furniture, Equipment & Machinery - Dwellings	-	-	66,386	-	-	-	-	-	
164 Furniture, Equipment & Machinery - Administration	166,111	-	2,646,020	-	-	-	-	-	
165 Leasehold Improvements	-	-	-	-	-	-	-	-	
166 Accumulated Depreciation	(131,600)	(1,920,237)	(9,909,710)	-	-	-	-	-	
167 Construction in Progress	3,382,177	-	763,789	79,088	-	-	-	-	
168 Infrastructure	-	-	-	-	-	-	-	-	
160 Total Capital Assets, Net of Accumulated Depreciation	3,832,626	2,571,474	80,620,134	79,088	-	-	-	-	
171 Notes, Loans and Mortgages Receivable - Non-Current	-	5,433,620	66,508,039	7,781,432	-	-	-	-	
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	3,832,626	8,005,094	147,128,173	7,860,520	-	-	-	-	
190 Total Assets	\$ 18,307,944	\$ 452,492	\$ 9,485,511	\$ 257,838,292	\$ 10,916,921	\$ 7,707	\$ 209,781	\$ 650,922	\$ 4,417,694

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING BALANCE SHEET ACCOUNTS - CONTINUED

June 30, 2010

	14.900	14.870	14.238	14.239	14.VSH	14.DVP	14.OPS MTW	14.CFP MTW
	Lead-Based Paint Hazard Control in Privately-Owned Housing	Resident Opportunity and Supportive Services	Shelter Plus Care	HOME Investment Partnerships Program	HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH) PROGRAM	Disaster Voucher Program	Demonstration Program for Low Rent	Demonstration Program for Capital Fund
161 Land	-	-	-	-	-	-	-	-
162 Buildings	-	-	-	-	-	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	22,626	-	-	-	-	-	-	-
165 Leasehold Improvements	-	-	-	-	-	-	-	-
166 Accumulated Depreciation	(767)	-	-	-	-	-	-	-
167 Construction in Progress	-	-	-	-	-	-	-	-
168 Infrastructure	-	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	21,859	-	-	-	-	-	-	-
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	122,992,693	-	-	-	-
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	21,859	-	-	122,992,693	-	-	-	-
190 Total Assets	\$ 591,813	\$ 36,449	\$ 122,717	\$ 137,222,004	\$ 1,846,387	\$ 31,986	\$ -	\$ -

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING BALANCE SHEET ACCOUNTS - CONTINUED

June 30, 2010

14.HCV MTW 14.881 14.871 14.253 6 14.856

	Demonstration Program for HCV program	Moving to Work Demonstration Program	Housing Choice Vouchers	Community Development Block Grants/Entitlemen t Grants	Blended Component Units	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	Subtotal	ELIM	Total
161 Land	-	-	-	-	8,435,417	-	39,022,937	-	39,022,937
162 Buildings	-	-	-	-	11,807,854	-	73,181,632	-	73,181,632
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	66,386	-	66,386
164 Furniture, Equipment & Machinery - Administration	-	29,710	-	-	-	-	2,864,467	-	2,864,467
165 Leasehold Improvements	-	-	-	-	-	-	-	-	-
166 Accumulated Depreciation	-	(29,710)	-	-	(205,770)	-	(12,197,794)	-	(12,197,794)
167 Construction in Progress	-	277,224	-	-	-	-	4,502,278	(182,850)	4,319,428
168 Infrastructure	-	-	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	-	277,224	-	-	20,037,501	-	107,439,906	(182,850)	107,257,056
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	202,715,784	-	202,715,784
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	487,127	-	487,127	-	487,127
176 Investments in Joint Ventures	-	-	-	-	-	-	-	-	-
180 Total Non-Current Assets	-	277,224	-	-	20,524,628	-	310,642,817	(182,850)	310,459,967
190 Total Assets	\$ -	\$ 22,452,520	\$ -	\$ 73,573	\$ 26,717,978	\$ 116,780	\$ 491,499,471	\$ (28,644,538)	\$ 462,854,933

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING BALANCE SHEET ACCOUNTS - CONTINUED

June 30, 2010

	4	3	1	14.218	14.901	93.602	14.257	14.884	
	Project Total	Other Federal Program 2	State/Local	Business Activities	Community Development Block Grants/ Entitlement Grants	Healthy Homes Initiative Grants	New Assets for Independence Demonstration Program	Homelessness Prevention and Rapid Re- Housing Program (RAF)	Competitive Capital Fund Stimulus Grant
311 Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312 Accounts Payable <= 90 Days	20,672	-	24,344	2,392,557	74,075	-	160	71,715	1,500
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	551,437	-	-	-	-	-
322 Accrued Compensated Absences - Current Portion	-	-	-	1,441,869	-	-	-	-	-
324 Accrued Contingency Liability	-	-	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	139,648	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	54,477	-	-	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	226,654	-	375,172	18,406,456	981,413	-	-	579,207	2,207,347
341 Tenant Security Deposits	12,542	-	40,724	657,666	-	-	-	-	-
342 Deferred Revenues	343	-	989	3,524,577	-	-	-	-	-
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Reven	-	-	-	422,219	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-
345 Other Current Liabilities	13,537	-	-	293,984	7,909	-	67,081	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-
347 Inter Program - Due To	-	-	-	-	-	-	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-	-
310 Total Current Liabilities	328,225	-	441,229	27,830,413	1,063,397	-	67,241	650,922	2,208,847

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING BALANCE SHEET ACCOUNTS - CONTINUED

June 30, 2010

	14.900	14.870	14.238	14.239	14.VSH	14.DVP	14.OPS MTW	14.CFP MTW
	Lead-Based Paint Hazard Control in Privately-Owned Housing	Resident Opportunity and Supportive Services	Shelter Plus Care	HOME Investment Partnerships Program	HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH) PROGRAM	Disaster Voucher Program	Demonstration Program for Low Rent	Demonstration Program for Capital Fund
311 Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312 Accounts Payable <= 90 Days	27,816	1,279	118,808	810	6,977	-	-	-
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	-	-	-	-	-	25,273	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	542,138	35,170	3,909	45,000	-	-	-	-
341 Tenant Security Deposits	-	-	-	-	-	-	-	-
342 Deferred Revenues	-	-	-	-	-	-	-	-
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Reven	-	-	-	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	5,969	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-	-
347 Inter Program - Due To	-	-	-	-	-	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-
310 Total Current Liabilities	569,954	36,449	122,717	51,779	6,977	25,273	-	-

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING BALANCE SHEET ACCOUNTS - CONTINUED

June 30, 2010

14.HCV MTW 14.881 14.871 14.253 6 14.856

	Demonstration Program for HCV program	Moving to Work Demonstration Program	Housing Choice Vouchers	Community Development Block Grants/Entitlemen t Grants	Blended Component Units	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	Subtotal	ELIM	Total
311 Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312 Accounts Payable <= 90 Days	-	398,748	-	-	129,467	748	3,269,676	(648,870)	2,620,806
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	551,437	-	551,437
322 Accrued Compensated Absences - Current Portion	-	-	-	-	-	-	1,441,869	-	1,441,869
324 Accrued Contingency Liability	-	-	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	225,672	-	365,320	-	365,320
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	5,181	84,931	-	84,931
332 Account Payable - PHA Projects	-	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	90,137	-	73,573	4,917,672	37,724	28,521,572	(27,812,818)	708,754
341 Tenant Security Deposits	-	-	-	-	7,319	-	718,251	-	718,251
342 Deferred Revenues	-	-	-	-	66,065	-	3,591,974	-	3,591,974
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Reven	-	-	-	-	365,553	-	787,772	-	787,772
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-
345 Other Current Liabilities	-	799,934	-	-	-	-	1,188,414	-	1,188,414
346 Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-
347 Inter Program - Due To	-	-	-	-	-	-	-	-	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-	-
310 Total Current Liabilities	-	1,288,819	-	73,573	5,711,748	43,653	40,521,216	(28,461,688)	12,059,528

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING BALANCE SHEET ACCOUNTS - CONTINUED

June 30, 2010

	4	3	1	14.218	14.901	93.602	14.257	14.884	
	Project Total	Other Federal Program 2	State/Local	Business Activities	Community Development Block Grants/ Entitlement Grants	Healthy Homes Initiative Grants	New Assets for Independence Demonstration Program	Homelessness Prevention and Rapid Re- Housing Program (RAF)	Competitive Capital Fund Stimulus Grant
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	4,554,011	26,773,583	-	-	-	-	-
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	26,773,583	-	-	-	-	-
300 Total Liabilities	328,225	-	4,995,240	54,603,996	1,063,397	-	67,241	650,922	2,208,847
508.1 Invested In Capital Assets, Net of Related Debt	3,832,625	-	(1,982,536)	54,439,306	79,088	-	-	-	-
509.2 Fund Balance Reserved	-	-	-	-	-	-	-	-	-
511.2 Unreserved, Designated Fund Balance	-	-	-	-	-	-	-	-	-
511.1 Restricted Net Assets	-	-	-	-	5,183,729	-	-	-	-
512.1 Unrestricted Net Assets	14,147,094	452,492	6,472,807	148,794,990	4,590,707	7,707	142,540	-	2,208,847
512.2 Unreserved, Undesignated Fund Balance	-	-	-	-	-	-	-	-	-
513 Total Equity/Net Assets	17,979,719	452,492	4,490,271	203,234,296	9,853,524	7,707	142,540	-	2,208,847
600 Total Liabilities and Equity/Net Assets	<u>\$ 18,307,944</u>	<u>\$ 452,492</u>	<u>\$ 9,485,511</u>	<u>\$ 257,838,292</u>	<u>\$ 10,916,921</u>	<u>\$ 7,707</u>	<u>\$ 209,781</u>	<u>\$ 650,922</u>	<u>\$ 4,417,694</u>

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING BALANCE SHEET ACCOUNTS - CONTINUED

June 30, 2010

	14.900	14.870	14.238	14.239	14.VSH	14.DVP	14.OPS MTW	14.CFP MTW
	Lead-Based Paint Hazard Control in Privately-Owned Housing	Resident Opportunity and Supportive Services	Shelter Plus Care	HOME Investment Partnerships Program	HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH) PROGRAM	Disaster Voucher Program	Demonstration Program for Low Rent	Demonstration Program for Capital Fund
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	569,954	36,449	122,717	51,779	6,977	25,273	-	-
508.1 Invested In Capital Assets, Net of Related Debt	21,859	-	-	-	-	-	-	-
509.2 Fund Balance Reserved	-	-	-	-	-	-	-	-
511.2 Unreserved, Designated Fund Balance	-	-	-	-	-	-	-	-
511.1 Restricted Net Assets	-	-	-	122,074,816	1,804,186	-	-	-
512.1 Unrestricted Net Assets	-	-	-	15,095,409	35,224	6,713	-	-
512.2 Unreserved, Undesignated Fund Balance	-	-	-	-	-	-	-	-
513 Total Equity/Net Assets	21,859	-	-	137,170,225	1,839,410	6,713	-	-
600 Total Liabilities and Equity/Net Assets	\$ 591,813	\$ 36,449	\$ 122,717	\$ 137,222,004	\$ 1,846,387	\$ 31,986	\$ -	\$ -

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING BALANCE SHEET ACCOUNTS - CONTINUED

June 30, 2010

14.HCV MTW 14.881 14.871 14.253 6 14.856

	Demonstration Program for HCV program	Moving to Work Demonstration Program	Housing Choice Vouchers	Community Development Block Grants/Entitlemen t Grants	Blended Component Units	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	36,629,833	-	67,957,427	-	67,957,427
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	-	-	-	-	36,629,833	-	67,957,427	-	67,957,427
300 Total Liabilities	-	1,288,819	-	73,573	42,341,581	43,653	108,478,643	(28,461,688)	80,016,955
508.1 Invested In Capital Assets, Net of Related Debt	-	277,224	-	-	(16,696,430)	-	39,971,136	(182,850)	39,788,286
509.2 Fund Balance Reserved	-	-	-	-	-	-	-	-	-
511.2 Unreserved, Designated Fund Balance	-	-	-	-	-	-	-	-	-
511.1 Restricted Net Assets	-	-	-	-	-	-	129,062,731	-	129,062,731
512.1 Unrestricted Net Assets	-	20,886,477	-	-	1,072,827	73,127	213,986,961	-	213,986,961
512.2 Unreserved, Undesignated Fund Balance	-	-	-	-	-	-	-	-	-
513 Total Equity/Net Assets	-	21,163,701	-	-	(15,623,603)	73,127	383,020,828	(182,850)	382,837,978
600 Total Liabilities and Equity/Net Assets	\$ -	\$ 22,452,520	\$ -	\$ 73,573	\$ 26,717,978	\$ 116,780	\$ 491,499,471	\$ (28,644,538)	\$ 462,854,933

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS

June 30, 2010

	4	3	1	14,218	14,901	93,602	14,257	14,884	
	Project Total	Other Federal Program 2	State/Local	Business Activities	Community Development Block Grants/Entitlement Grants	Healthy Homes Initiative Grants	New Assets for Independence Demonstration Program	Homelessness Prevention and Rapid Re-Housing Program (RAF)	Competitive Capital Fund Stimulus Grant
70300 Net Tenant Rental Revenue	\$ 167,216	\$ -	\$ 585,820	\$ 17,167,700	\$ -	\$ -	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other	955	-	3,975	86,106	-	-	-	-	-
70500 Total Tenant Revenue	168,171	-	589,795	17,253,806	-	-	-	-	-
70600 HUD PHA Operating Grants	-	-	-	-	7,424,107	17,904	-	893,023	-
70610 Capital Grants	-	-	-	-	-	-	-	-	2,208,847
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	-	-	38,588	3,408,396	-	-	45,000	-	-
71100 Investment Income - Unrestricted	182,161	6,598	13,664	1,622,501	17,429	437	3,221	-	-
71200 Mortgage Interest Income	-	-	88,490	1,796,536	115,913	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-	-	-	-	-
71500 Other Revenue	33,915	-	13,687	6,807,497	1,577,839	-	-	-	-
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	1,241	738	-	-	-	-	-
70000 Total Revenue	384,247	6,598	745,465	30,889,474	9,135,288	18,341	48,221	893,023	2,208,847

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2010

	14.9	14.87	14.238	14.239	14.VSH	14.DVP	14.OPS	14.CFP	14.HCV
	Lead-Based Paint Hazard Control in Privately-Owned Housing	Resident Opportunity and Supportive Services	Shelter Plus Care	HOME Investment Partnerships Program	HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH) PROGRAM	Disaster Voucher Program	MTW Demonstration Program for Low Rent	MTW Demonstration Program for Capital Fund	MTW Demonstration Program for HCV program
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other	-	-	-	-	-	-	-	-	-
70500 Total Tenant Revenue	-	-	-	-	-	-	-	-	-
70600 HUD PHA Operating Grants	2,015,146	236,666	1,736,174	17,173,392	1,369,644	3,902	2,429,414	-	148,561,025
70610 Capital Grants	-	-	-	-	-	-	-	272,646	-
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	-	-	-	-	329	80	-	-	-
71200 Mortgage Interest Income	-	-	-	3,335,150	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-	-	-	-	-
71500 Other Revenue	-	-	-	225,094	-	-	-	-	-
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	26,009	292	-	-	-
70000 Total Revenue	2,015,146	236,666	1,736,174	20,733,636	1,395,982	4,274	2,429,414	272,646	148,561,025

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2010

	14.881	14.871	14.253	6	14.856				
	Moving to Work Demonstration Program	Housing Choice Vouchers	Community Development Block Grants/Entitlement Grants	Blended Component Units	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	Subtotal	ELIM	Total	
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ 3,240,606	\$ -	\$ 21,161,342	\$ (76,336)	\$ 21,085,006	
70400 Tenant Revenue - Other	-	-	-	17,157	-	108,193	-	108,193	
70500 Total Tenant Revenue	-	-	-	3,257,763	-	21,269,535	(76,336)	21,193,199	
70600 HUD PHA Operating Grants	-	-	684,000	-	464,288	183,008,685	-	183,008,685	
70610 Capital Grants	-	-	-	-	-	2,481,493	-	2,481,493	
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	-	-	-	-	-	3,491,984	-	3,491,984	
71100 Investment Income - Unrestricted	400,649	-	-	36,630	694	2,284,393	-	2,284,393	
71200 Mortgage Interest Income	-	-	-	-	-	5,336,089	-	5,336,089	
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-	
71400 Fraud Recovery	55,649	-	-	-	-	55,649	-	55,649	
71500 Other Revenue	1,129,224	-	-	25,642	-	9,812,898	(3,155,405)	6,657,493	
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	
72000 Investment Income - Restricted	-	-	-	123,290	117	151,687	-	151,687	
70000 Total Revenue	1,585,522	-	684,000	3,443,325	465,099	227,892,413	(3,231,741)	224,660,672	

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2010

	4	3	1	14.218	14.901	93.602	14.257	14.884	
	Project Total	Other Federal Program 2	State/Local	Business Activities	Community Development Block Grants/Entitlement Grants	Healthy Homes Initiative Grants	New Assets for Independence Demonstration Program	Homelessness Prevention and Rapid Re-Housing Program (RAH)	Competitive Capital Fund Stimulus Grant
91100 Administrative Salaries	35,560	-	149,799	4,747,497	245,070	2,669	-	75,745	-
91200 Auditing Fees	23,437	-	7,850	49,300	15	-	-	-	-
91300 Management Fee	-	-	-	1,755	-	-	-	-	-
91310 Book-keeping Fee	-	-	-	-	-	-	-	-	-
91400 Advertising and Marketing	220	-	2,248	65,359	479	-	-	360	-
91500 Employee Benefit contributions - Administrative	11,120	-	53,796	1,403,555	68,178	-	-	23,104	-
91600 Office Expenses	4,090	-	13,828	272,989	169	-	1,814	330	-
91700 Legal Expense	1,494	-	8,364	665,048	8,123	-	-	-	-
91800 Travel	529	-	2,425	47,590	44	-	-	-	-
91810 Allocated Overhead	-	-	-	-	-	-	-	-	-
91900 Other	17,810	-	51,119	3,444,632	5,147	538	327	25,835	-
91000 Total Operating - Administrative	94,260	-	289,429	10,697,725	327,225	3,207	2,141	125,374	-
92000 Asset Management Fee	-	-	-	17,028	-	-	-	-	-
92100 Tenant Services - Salaries	-	-	-	15,398	-	35,292	3,721	-	-
92200 Relocation Costs	-	-	-	23,549	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	4,364	(85)	11,501	1,600	-	-
92400 Tenant Services - Other	104	-	18	126,110	-	-	42,672	-	-
92500 Total Tenant Services	104	-	18	186,449	(85)	46,793	47,993	-	-
93100 Water	7,266	-	37,780	476,866	910	-	-	-	-
93200 Electricity	847	-	7,932	369,512	440	-	-	-	-
93300 Gas	(22)	-	26,330	151,183	406	-	-	-	-
93400 Fuel	-	-	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-	-	-
93600 Sewer	3,964	-	53,847	557,020	1,862	-	-	-	-
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-	-	-	-
93000 Total Utilities	12,055	-	125,889	1,554,581	3,618	-	-	-	-

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2010

	14.881	14.871	14.253	6	14.856			
	Moving to Work Demonstration Program	Housing Choice Vouchers	Community Development Block Grants/Entitlement Grants	Blended Component Units	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	Subtotal	ELIM	Total
91100 Administrative Salaries	6,245,825	-	-	44,523	24,520	12,683,810	-	12,683,810
91200 Auditing Fees	37,607	-	-	-	118	123,100	-	123,100
91300 Management Fee	-	-	-	162,108	-	163,863	(163,863)	-
91310 Book-keeping Fee	-	-	-	-	-	-	-	-
91400 Advertising and Marketing	16,729	-	-	9,955	60	99,966	-	99,966
91500 Employee Benefit contributions - Administrative	2,071,541	-	-	-	8,201	3,976,269	-	3,976,269
91600 Office Expenses	432,509	-	-	4,811	1,549	778,198	-	778,198
91700 Legal Expense	148,445	-	-	2,520	550	945,258	-	945,258
91800 Travel	75,683	-	-	-	271	139,259	-	139,259
91810 Allocated Overhead	-	-	-	-	-	-	-	-
91900 Other	3,040,000	-	-	51,038	9,507	7,346,086	(2,885,028)	4,461,058
91000 Total Operating - Administrative	12,068,339	-	-	274,955	44,776	26,255,809	(3,048,891)	23,206,918
92000 Asset Management Fee	-	-	-	-	-	17,028	-	17,028
92100 Tenant Services - Salaries	825,375	-	-	-	-	941,030	-	941,030
92200 Relocation Costs	-	-	-	2,178	-	155,915	-	155,915
92300 Employee Benefit Contributions - Tenant Services	271,807	-	-	-	-	307,551	-	307,551
92400 Tenant Services - Other	225,094	-	-	400	-	471,146	-	471,146
92500 Total Tenant Services	1,322,276	-	-	2,578	-	1,892,670	-	1,892,670
93100 Water	-	-	-	93,849	-	616,671	-	616,671
93200 Electricity	-	-	-	27,732	-	406,463	-	406,463
93300 Gas	-	-	-	35,426	-	213,323	-	213,323
93400 Fuel	-	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-	-
93600 Sewer	-	-	-	97,505	-	714,198	-	714,198
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-	-	-
93000 Total Utilities	-	-	-	254,512	-	1,950,655	-	1,950,655

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2010

	4	3	1	14,218	14,901	93,602	14,257	14,884	
	Project Total	Other Federal Program 2	State/Local	Business Activities	Community Development Block Grants/Entitlement Grants	Healthy Homes Initiative Grants	New Assets for Independence Demonstration Program	Homelessness Prevention and Rapid Re-Housing Program (RAF)	Competitive Capital Fund Stimulus Grant
94100 Ordinary Maintenance and Operations - Labor	12,446	-	51,810	398,827	-	-	-	-	-
94200 Ordinary Maintenance and Operations - Materials and Other	15,798	-	24,386	238,647	-	-	-	-	-
94300 Ordinary Maintenance and Operations Contracts	21,964	-	122,682	1,979,941	248	-	-	-	-
94500 Employee Benefit Contributions - Ordinary Maintenance	6,431	-	28,234	177,488	-	-	-	-	-
94000 Total Maintenance	56,639	-	227,112	2,794,903	248	-	-	-	-
95100 Protective Services - Labor	-	-	-	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	42	-	948	343,640	-	-	-	-	-
95300 Protective Services - Other	-	-	(2)	7,980	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-	-
95000 Total Protective Services	42	-	946	351,620	-	-	-	-	-
96110 Property Insurance	1,959	-	4,257	105,211	-	-	-	-	-
96120 Liability Insurance	977	-	1,975	96,671	-	-	-	-	-
96130 Workmen's Compensation	-	-	-	-	-	-	-	-	-
96140 All Other Insurance	514	-	3,762	77,042	14	-	-	-	-
96100 Total insurance Premiums	3,450	-	9,994	278,924	14	-	-	-	-
96200 Other General Expenses	24,847	-	8,921	3,603,962	2,076,654	-	-	187,451	-
96210 Compensated Absences	562	-	2,165	24,138	6,467	(804)	(28)	3,639	-
96300 Payments in Lieu of Taxes	-	-	31	25,028	-	-	-	-	-
96400 Bad debt - Tenant Rents	-	-	-	-	-	-	-	-	-
96500 Bad debt - Mortgages	-	-	-	-	-	-	-	-	-
96600 Bad debt - Other	(100)	-	(509)	(44,643)	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-	-	-	-	-
96000 Total Other General Expenses	25,309	-	10,608	3,608,485	2,083,121	(804)	(28)	191,090	-

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2010

	14.881	14.871	14.253	6	14.856			
	Moving to Work Demonstration Program	Housing Choice Vouchers	Community Development Block Grants/Entitlement Grants	Blended Component Units	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	-	-	-	58,435	-	521,518	-	521,518
94200 Ordinary Maintenance and Operations - Materials and Other	-	-	-	50,199	-	329,030	-	329,030
94300 Ordinary Maintenance and Operations Contracts	14,781	-	-	368,094	-	2,509,710	-	2,509,710
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	-	42,842	-	254,995	-	254,995
94000 Total Maintenance	14,781	-	-	519,570	-	3,615,253	-	3,615,253
95100 Protective Services - Labor	-	-	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	723	-	-	10,219	-	358,168	-	358,168
95300 Protective Services - Other	-	-	-	5,360	-	13,338	-	13,338
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-
95000 Total Protective Services	723	-	-	15,579	-	371,506	-	371,506
96110 Property Insurance	-	-	-	6,935	-	118,326	-	118,326
96120 Liability Insurance	26,235	-	-	958	112	130,281	-	130,281
96130 Workmen's Compensation	-	-	-	-	-	-	-	-
96140 All Other Insurance	39,736	-	-	796	141	126,338	-	126,338
96100 Total insurance Premiums	65,971	-	-	8,689	253	374,945	-	374,945
96200 Other General Expenses	461,267	-	684,000	19,694	-	9,315,734	-	9,315,734
96210 Compensated Absences	54,642	-	-	-	266	91,184	-	91,184
96300 Payments in Lieu of Taxes	-	-	-	22,638	-	47,697	-	47,697
96400 Bad debt - Tenant Rents	-	-	-	-	-	-	-	-
96500 Bad debt - Mortgages	-	-	-	-	-	-	-	-
96600 Bad debt - Other	-	-	-	(6,010)	-	(51,262)	-	(51,262)
96800 Severance Expense	-	-	-	-	-	-	-	-
96000 Total Other General Expenses	515,909	-	684,000	36,322	266	9,403,353	-	9,403,353

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2010

	4	3	1	14,218	14,901	93,602	14,257	14,884	
	Project Total	Other Federal Program 2	State/Local	Business Activities	Community Development Block Grants/Entitlement Grants	Healthy Homes Initiative Grants	New Assets for Independence Demonstration Program	Homelessness Prevention and Rapid Re-Housing Program (RAF)	Competitive Capital Fund Stimulus Grant
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	1,595,799	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	1,595,799	-	-	-	-	-
96900 Total Operating Expenses	191,859	-	663,996	21,068,486	2,414,141	49,196	50,106	316,464	-
97000 Excess of Operating Revenue over Operating Expenses	192,388	6,598	81,469	9,820,988	14,010,495	(30,855)	(1,885)	576,559	2,208,847
97100 Extraordinary Maintenance	41,220	-	2,876	1,281,152	(79,087)	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	-	-
97300 Housing Assistance Payments	-	-	-	-	-	-	-	576,559	-
97350 HAP Portability-In	-	-	-	-	-	-	-	-	-
97400 Depreciation Expense	43,181	-	72,990	2,272,927	-	-	-	-	-
97500 Fraud Losses	-	-	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-
90000 Total Expenses	276,260	-	739,862	24,622,565	2,335,054	49,196	50,106	893,023	-

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2010

	14.881	14.871	14.253	6	14.856			
	Moving to Work Demonstration Program	Housing Choice Vouchers	Community Development Block Grants/Entitlement Grants	Blended Component Units	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	Subtotal	ELIM	Total
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	1,371,792	-	2,967,591	-	2,967,591
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	1,371,792	-	2,967,591	-	2,967,591
96900 Total Operating Expenses	13,987,999	-	684,000	2,483,997	45,295	46,831,782	(3,048,891)	43,782,891
97000 Excess of Operating Revenue over Operating Expenses	(12,402,477)	-	-	959,328	419,804	181,060,631	(182,850)	180,877,781
97100 Extraordinary Maintenance	(277,224)	-	-	96,776	-	1,065,713	-	1,065,713
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	-
97300 Housing Assistance Payments	141,317,319	-	-	-	401,243	144,742,082	-	144,742,082
97350 HAP Portability-In	-	-	-	-	-	-	-	-
97400 Depreciation Expense	-	-	-	205,770	-	2,595,635	-	2,595,635
97500 Fraud Losses	-	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-	-
90000 Total Expenses	155,028,094	-	684,000	2,786,543	446,538	195,235,212	(3,048,891)	192,186,321

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2010

	4	3	1	14.218	14.901	93.602	14.257	14.884	
	Project Total	Other Federal Program 2	State/Local	Business Activities	Community Development Block Grants/Entitlement Grants	Healthy Homes Initiative Grants	New Assets for Independence Demonstration Program	Homelessness Prevention and Rapid Re-Housing Program (RAF)	Competitive Capital Fund Stimulus Grant
10010 Operating Transfer In	3,013,850	-	-	3,732,943	-	-	-	-	-
10020 Operating transfer Out	(311,790)	(3,602,585)	-	(20,432,110)	-	-	-	-	-
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	39,415	-	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	(39,415)	-	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	2,702,060	(3,602,585)	-	(16,699,167)	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 2,810,047	\$ (3,595,987)	\$ 5,603	\$ (10,432,258)	\$ 6,800,234	\$ (30,855)	\$ (1,885)	\$ -	\$ 2,208,847
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030 Beginning Equity	\$ 15,169,673	\$ 4,048,479	\$ 2,442,259	\$ 179,185,307	\$ 3,053,288	\$ 38,562	\$ 144,425	\$ -	\$ -
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$ -	\$ -	\$ 2,042,409	\$ 34,481,247	\$ -	\$ -	\$ -	\$ -	\$ -

San Diego Housing Commission

FINANCIAL DATA SCHEDULE - CONTINUED

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS - CONTINUED

June 30, 2010

14.881 14.871 14.253 6 14.856

	Moving to Work Demonstration Program	Housing Choice Vouchers	Community Development Block Grants/Entitlement Grants	Blended Component Units	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	Subtotal	ELIM	Total
10010 Operating Transfer In	151,263,086	-	-	21,151,744	-	179,220,103	-	179,220,103
10020 Operating transfer Out	(2,702,060)	-	-	(908,473)	-	(179,220,103)	-	(179,220,103)
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	-	-	-	-	-	39,415	-	39,415
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	(39,415)	-	(39,415)
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	148,561,026	-	-	20,243,271	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (4,881,546)	\$ -	\$ -	\$ 20,900,053	\$ 18,561	\$ 32,657,201	\$ (182,850)	\$ 32,474,351
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030 Beginning Equity	\$ -	\$ 26,045,247	\$ -	\$ -	\$ 54,566	\$ 350,363,625	\$ -	\$ 350,363,625
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$ 26,045,247	\$ (26,045,247)	\$ -	\$ (36,523,656)	\$ -	\$ -	\$ -	\$ -



SAN DIEGO
HOUSING
COMMISSION

Statistical Section (Unaudited)



“We’re About People”

The Clark family was able to repair their 37-year-old City Heights home with a rehabilitation loan provided by the San Diego Housing Commission. The loan allowed them to fix termite damage, paint, and install a new kitchen. “The Housing Commission was a blessing,” they said.





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 the Commission'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 the Commission's financial performance and well-being have changed over time.

Revenue Capacity

This schedule contains information to help the reader assess the Commission's most significant revenue source.

Debt Capacity

This schedule presents information to help the reader assess the affordability of the Commission's current level of outstanding debt.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.

FINANCIAL TRENDS

Statistical Section (Unaudited)



San Diego Housing Commission

Net Assets by Component (Unaudited)

Nine Years Ending June 30, 2010

Fiscal Year (1)	Invested in Capital Assets, Net of Related Debt	Restricted	Unrestricted	Total Net Assets
2002	\$ 77,545,188	\$ -	\$ 110,594,088	\$ 188,139,276
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

(1) This schedule includes information beginning in the earliest year that the Commission adopted (7/1/01) presenting it's financial statements in accordance with GASB Statement 34

San Diego Housing Commission

Revenues, Expenses and Changes in Net Assets (Unaudited)

Ten Years Ending June 30, 2010

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
OPERATING REVENUES:										
Dwelling rental income	21,193,199	\$ 21,431,650	\$ 15,001,921	\$ 9,214,737	\$ 9,246,138	\$ 8,784,442	\$ 8,435,150	\$ 7,725,697	\$ 6,707,519	\$ 6,710,737
Land lease and other rental income	1,233,941	1,368,541	1,292,869	893,008	1,420,994	686,927	660,753	2,046,494	2,472,474	1,241,402
Fee revenue	1,813,413	1,648,597	2,085,358	2,423,510	3,445,605	1,863,034	1,736,638	653,809	577,696	1,853,996
Shared equity income	181,535	206,068	694,263	1,335,361	3,332,144	-	-	-	-	-
Total capital assets	3,365,390	1,439,749	845,374	786,219	783,850	7,037,417	6,501,631	5,064,688	2,136,455	1,232,660
	27,787,478	26,094,605	19,919,785	14,652,835	18,228,731	18,371,820	17,334,172	15,490,688	11,894,144	11,038,795
OPERATING EXPENSES:										
Administrative expenses	23,208,287	19,959,913	18,974,670	18,869,659	17,440,943	16,977,386	17,790,327	18,104,219	19,239,424	15,867,761
Tenant services	1,862,540	1,687,646	1,809,223	1,701,047	1,699,413	1,748,554	1,965,756	1,850,144	1,500,971	2,154,377
Total accumulated depreciation	7,074,276	6,664,735	7,779,665	7,950,607	6,564,833	6,023,949	6,152,656	5,579,665	5,091,193	4,633,188
General expenses	4,587,653	3,286,471	2,428,251	2,627,940	1,116,232	1,049,149	1,001,111	581,156	1,701,176	538,069
Net capital assets	5,065,696	4,561,061	5,618,803	6,461,210	4,541,016	5,081,507	6,370,189	4,132,524	4,851,852	5,548,364
Housing assistance	144,790,881	139,234,699	126,587,352	113,252,745	114,717,876	106,562,142	105,458,951	97,780,741	74,652,890	55,003,140
Related debt	2,595,635	2,367,288	2,980,926	3,628,646	2,954,643	3,219,855	3,124,891	2,987,399	2,933,832	2,218,587
	189,184,968	177,761,813	166,178,890	154,491,854	149,034,956	140,662,542	141,863,881	131,015,848	109,971,338	85,963,486
Invested in capital assets, net of related debt										
Operating loss	(161,397,490)	(151,667,208)	(146,259,106)	(139,839,019)	(130,806,225)	(122,290,722)	(124,529,709)	(115,525,160)	(98,077,194)	(74,924,691)
Non-operating revenues (expenses):										
Grant revenue	189,101,021	169,455,958	172,108,621	156,165,071	150,529,900	152,817,247	129,175,119	127,195,741	108,726,269	78,696,645
Investment income	7,312,333	6,374,263	6,858,050	7,339,612	5,739,847	3,636,566	3,643,183	2,350,992	2,921,306	3,011,510
Gain/loss on sale of capital assets	459,836	(831,228)	(132,480)	3,560,143	11,504	3,527,602	117,900	-	-	(1,101)
Other non-operating revenue	-	-	-	-	-	-	-	-	-	207,155
Interest expense	(3,001,349)	(1,785,551)	(1,772,989)	(1,278,512)	(383,624)	(355,007)	(475,942)	(500,532)	(538,424)	(614,581)
Total nonoperating revenues (expenses)	193,871,841	173,213,442	177,061,202	165,786,314	155,897,627	159,626,408	132,460,260	129,046,201	111,109,151	81,299,628
	32,474,351	21,546,234	30,802,096	25,947,295	25,091,402	37,335,686	-	-	-	-
Capital grants	-	-	1,219,877	651,733	1,306,247	1,328,236	-	-	-	-
Change in net assets	\$ 32,474,351	\$ 21,546,234	\$ 32,021,973	\$ 26,599,028	\$ 26,397,649	\$ 38,663,922	\$ 7,930,551	\$ 13,521,041	\$13,031,957	\$ 6,374,937

Source: Annual Financial Statements

San Diego Housing Commission

Capital Assets by Category (Unaudited)

Ten Years Ending June 30, 2010

CATEGORY	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Land	\$ 39,022,938	\$ 29,543,943	\$ 29,651,723	\$ 29,436,163	\$ 30,543,943	\$ 30,543,943	\$ 27,798,657	\$ 27,096,962	\$ 27,096,962	\$ 38,383,805
Construction in progress	4,319,426	7,000,730	11,611,732	10,607,415	9,942,951	8,636,704	7,308,470	6,471,518	7,894,800	6,157,282
Buildings	60,954,269	56,403,458	56,372,153	79,665,542	58,874,458	58,874,458	59,881,038	59,881,039	59,881,039	51,579,306
Building improvements	12,227,363	12,368,642	7,901,115	24,396,791	24,270,847	24,270,847	25,121,440	25,121,440	22,338,196	20,473,909
Furniture and equipment	2,930,854	2,844,786	2,463,141	3,282,749	986,424	914,750	915,231	973,405	832,286	2,502,598
Total capital assets	119,454,850	108,161,559	107,999,864	147,388,660	124,618,623	123,240,702	121,024,836	119,544,364	118,043,283	119,096,900
Less accumulated depreciation										
Buildings	8,059,821	7,521,776	6,105,932	28,012,583	26,885,994	25,414,132	24,418,902	22,921,876	21,424,850	15,688,366
Building improvements	2,233,130	2,048,503	1,521,762	17,140,068	15,682,539	14,225,824	13,031,720	11,448,085	10,049,999	8,099,483
Furniture and equipment	1,904,844	1,363,573	938,870	1,128,894	870,169	861,347	860,875	874,820	782,532	2,372,410
Total accumulated depreciation	12,197,795	10,933,852	8,566,564	46,281,545	43,438,702	40,501,303	38,311,497	35,244,781	32,257,381	26,160,259
Net capital assets	107,257,055	97,227,707	99,433,300	101,107,115	81,179,921	82,739,399	82,713,339	84,299,583	85,785,902	92,936,641
Related debt	67,468,770	27,769,404	30,450,915	33,213,976	13,891,094	14,720,979	7,878,843	8,074,569	8,240,713	8,410,794
Invested in capital assets, net of related debt	\$ 39,788,285	\$ 69,458,303	\$ 68,982,385	\$ 67,893,139	\$ 67,288,827	\$ 68,018,420	\$ 74,834,496	\$ 76,225,014	\$ 77,545,189	\$ 84,525,847

Source: Annual Financial Statements

REVENUE CAPACITY

San Diego Housing Commission

Revenue on a Gross Basis (Unaudited)

Ten Years Ending June 30, 2010

DESCRIPTION	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues (gross):										
Operating revenues	\$ 27,787,478	\$ 26,094,605	\$ 19,919,784	\$ 14,652,835	\$ 18,228,731	\$ 18,371,820	\$ 17,334,172	\$ 15,490,688	\$ 11,894,144	\$ 11,038,795
Subsidies and grants	189,101,021	169,455,958	173,328,498	156,816,804	151,836,147	154,145,483	129,175,119	127,195,741	108,726,269	78,696,645
Investment income	7,312,333	6,374,263	6,858,080	7,339,612	5,739,847	3,636,566	3,643,183	2,350,992	2,921,306	3,011,510
Gain/loss on sale of capital assets	-	-	(132,480)	3,560,143	11,504	3,527,602	117,900	-	-	(1,101)
Other	-	-	-	-	-	-	-	-	-	207,155
Total revenues	\$ 224,200,832	\$ 201,924,826	\$ 199,973,882	\$ 182,369,394	\$ 175,816,229	\$ 179,681,471	\$ 150,270,374	\$ 145,037,421	\$ 123,541,719	\$ 92,953,004

Source: Annual Financial Statements

DEBT CAPACITY



San Diego Housing Commission

Outstanding Debt Related to Capital Assets (Unaudited)

Last Ten Years Ending June 30, 2010

<u>Fiscal year</u>	<u>Notes Payable</u>	<u>Capital Assets less Accum Deprec</u>	<u>Ratio of total debt to capital assets*</u>
2001	\$ 8,410,794	\$ 92,936,641	9.05%
2002	8,240,713	85,785,902	9.61%
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%

Source: Annual Financial Statements

* percentage of personal income is not available

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>
2001	285,112,030	1.03 %	1,250,700	-2.07%
2002	287,888,021	0.97 %	1,255,742	0.40%
2003	290,447,644	0.89 %	1,275,112	1.54%
2004	293,191,511	0.94 %	1,294,000	1.48%
2005	296,895,897	1.26 %	1,306,000	0.93%
2006	298,754,819	0.63 %	1,311,162	0.40%
2007	301,621,157	0.96 %	1,316,837	0.43%
2008	304,059,724	0.80 %	1,336,865	1.52%
2009	307,006,550	0.97 %	1,333,617	-0.24%
2010		0.00 %	1,376,173	3.19%

Source: U.S. Department of Commerce, Bureau of Economic Analysis
2008-09 MuniServices, LLC, and Comprehensive Annual Financial Reports

2010 United States population not available



San Diego Housing Commission
Demographic and Economic Statistics for the City of San Diego
Ten Years Ended June 30, 2010

Population and Personal Income - City of San Diego

Ended June 30	Population¹	Personal Income² (1,000s)	Per Capita Personal Income	Unemployment Rate³(%)
2001	1,250,700	-	-	2.3
2002	1,255,742	31,859,430	25,371	3.7
2003	1,275,112	32,794,606	25,719	4.4
2004	1,294,000	35,896,854	27,741	5.0
2005	1,306,000	38,523,082	29,497	4.5
2006	1,305,625	37,749,536	28,791	4.3
2007	1,316,837	39,302,317	29,846	4.0
2008	1,336,865	42,678,078	31,924	4.6
2009	1,333,617	42,857,116	32,136	6.0
2010	1,376,173	43,522,125	31,625	9.7

Footnotes:

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

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

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

Sources: 2008-2009 MuniServices, LLC, and City of San Diego Comprehensive Annual Financial Reports

The San Diego Housing Commission will accumulate 10 years of data starting fiscal year 2002

Statistical Section (Unaudited)

**San Diego Housing Commission
Demographic Statistics -
Principal Employers - City of San Diego
Current Year and 2 years ago**

Business Name	2009-10			2008-09		
	Number of Employees	Rank	Total Employment (%)	Number of Employees	Rank	Total Employment (%)
Unites States Navy (1)	54,415	1	7.83%	45,500	1	6.61%
University of California San Diego	20,408	2	2.94%	26,011	2	3.78%
San Diego Unified School District (2)	17,024	3	2.45%	24,000	3	3.49%
San Diego County (3)	15,164	4	2.18%	17,000	4	2.47%
Sharp Memorial Hospital	14,700	5	2.11%	13,872	5	2.01%
City of San Diego	10,444	6	1.50%	10,789	7	1.57%
Kaiser Permanente	7,028	7	1.01%	6,970	8	1.01%
Qualcomm Inc *	6,000	8	0.86%	6,000	9	0.87%
UC San Diego Medical Center	5,549	9	0.80%	-		0.00%
Sempra Energy	5,075	10	0.73%	5,000	10	0.73%
Scipps Health				12,000	6	1.74%
Total Top Employers	155,807		20.88%	167,142		24.28%
Total City Employment (4)	695,200			688,500		

Source: MuniServices, LLC

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

(1) Count includes Navy personnel only (civilian/military)

(2) Count is district wide.

(3) Count is countrywide and represented in staff years.

*Qualcomm's employee count is off of last year's report. The current employee count this year was not available

(4) Total City Employment provided by EDD labor Force Data.

* only have 2 years of historical



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

Resident Members Per Household

Categories	Households	Percent
1 Member	5,059	36.7%
2 Members	2,861	20.7%
3 Members	2,069	15.0%
4 Members	1,642	11.9%
5 Members	1,109	8.0%
6 Member	554	4.0%
7 Members	261	1.9%
8 Members	115	0.8%
9 Member	72	0.5%
10 + Members	<u>51</u>	<u>0.4%</u>
Total	<u><u>13,793</u></u>	<u><u>100.0%</u></u>

Number Bedrooms Per Household

Categories	Households	Percent
Studio	323	2.3%
1 Bedroom	3,216	23.3%
2 Bedrooms	5,208	37.8%
3 Bedrooms	3,538	25.7%
4 Bedrooms	1,293	9.4%
5 Bedrooms	194	1.4%
6 Bedrooms	<u>21</u>	<u>0.2%</u>
Total	<u><u>13,793</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)

<u>Annual Income Ranges</u>	<u>No. of Households</u>	<u>Percentage</u>
\$ 0-.99	313	2.3%
\$ 1-9,999	2,166	15.7%
\$ 10,000-19,999	7,625	55.3%
\$ 20,000-29,999	2,287	16.6%
\$ 30,000-39,999	949	6.9%
\$ 40,000-49,999	340	2.5%
\$ 50,000 +	113	0.8%
Total	13,793	100.0%

Source: San Diego Housing Commission Statistics



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

Length of Residency - Current

Years in Housing	Households	Quantity
<1	246	1.8%
1	828	6.0%
2	682	4.9%
3	2,482	18.0%
4	563	4.1%
5	1,254	9.1%
6	744	5.4%
7	441	3.2%
8	1,174	8.5%
9	1,765	12.8%
10	481	3.5%
11	584	4.2%
12	436	3.2%
13	376	2.7%
14	117	0.8%
15	299	2.2%
16	89	0.6%
17	100	0.7%
18	166	1.2%
19	173	1.3%
20+	793	5.7%
Total	13,793	100.0%

Source: San Diego Housing Commission Statistics

OPERATING INFORMATION

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

San Diego Housing Commission Local Units

Address	No. Units	Year Built	Status
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	
2628 - 2630 44TH STREET	8	1983	
4225 44TH STREET	6	1990	
4261 45TH STREET	6	1989	
4078 #A - D 47TH STREET	4	1964	
4286 - 4292 48TH STREET	4	1960	
4566 51ST STREET	5	1988	
3051 54TH STREET	7	1989	
3280 A STREET	2	1982	
2005 - 2065 ALAQUINAS DRIVE	66	1983	
4207 - 4209 ALTADENA AVENUE	2	1984	
4164 ALTADENA AVENUE	6	1961	
4479 - 4481 ALTADENA AVENUE	8	1989	
4560 ALTADENA AVENUE	8	1960	
4123 AREY DRIVE	1	1970	
4080 ARIZONA STREET	4	1987	
121-125 AVERIL ROAD	14	1993	
2883 BOSTON AVENUE	5	1993	
2955 BOSTON AVENUE	5	1993	
178 - 190 CALLE PRIMERA	70	1984	
2766 CARDINAL ROAD	2	1982	
4147 - 4157 CHAMOUNE AVENUE	6	1983	
4314 DARWIN WAY	1	1970	
2326 - 2332 E. JEWETT STREET	4	1944	
4334 EBERSOLE DRIVE	1	1970	
12643 - 12687 EL CAMINO REAL	45	1995	
4181 ENERO STREET	1	1970	
2477 - 2477 1/2 FAIRMOUNT AVENUE	4	1967	
2479 - 2481			
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	
2381 - 2389 GROVE AVENUE	41	1985	
3081 - 3083 HAWTHORN STREET	4	1983	
4416 #1 - 8 HIGHLAND AVENUE	8	1980	
1351 - 1359 HOLLISTER STREET	20	1983	
2644 HORNBLEND STREET	5	1989	
8714 - 8720 HURLBUT STREET	4	1962	
8726 - 8732 HURLBUT STREET	4	1971	
1170 ILEXKEY AVENUE	1	1970	
1366 ILEXKEY AVENUE	1	1970	
4205 - 4215 JUNIPER STREET	20	1983	
4273 - 4283 JUNIPER STREET	24	1982	
4230 KIMSUE WAY	1	1970	
1255 KOSTNER DRIVE	1	1970	

San Diego Housing Commission Local Units

Address	No. Units	Year Built	Status
4720 - 4722 34TH STREET	3	1982	
4756 - 4758 35TH STREET	4	1982	
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	
4390 MAPLE STREET	6	1983	
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	
4451 - 4459 MARKET STREET	20	1989	
5316 MEADE AVENUE	30	1981	
8792 MIRA MESA BOULEVARD	5	1978	
8816 MIRA MESA BOULEVARD	5	1978	
5071 - 5077 1/2 MUIR AVENUE	8	1960	
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	
4180 - 4182 POPLAR STREET	9	1985	
4055 - 4083 PULITZER PLACE	50	1985	
2325 RACHEL AVENUE	3	1982	
1128 RANSOM STREET	1	1970	
1145 RANSOM STREET	1	1970	
1169 RANSOM STREET	1	1970	
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	
5955 #1 - 4 STREAMVIEW DRIVE	4	1963	
4233 STU COURT	1	1970	
3755 - 3757 SWIFT AVENUE	4	1997	
402 - 412 SYCAMORE ROAD (EAST)	24	1985	
281 - 289 SYCAMORE ROAD (NORTH)	24	1985	
391 - 417 SYCAMORE ROAD (WEST)	41	1985	
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	
Total Local Units	805		

San Diego Housing Commission Local Units

Address	No. Units	Year Built	Status
4720 - 4722 34TH STREET	3	1982	
4756 - 4758 35TH STREET	4	1982	

Belden SDHC FNMA LLC

Address	No. Units	Year Built
7705 - 7795 BELDEN STREET	243	1983

Total Belden FNMA Units**243****Northern SDHC FNMA LLC**

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

Total Northern FNMA Units**138****Central SDHC FNMA LLC**

Address	No. Units	Year Built
2932 30TH STREET	5	1986
3012 30TH STREET	5	1986
3030 30TH STREET	5	1988
3217 30TH STREET	5	1986
4729 32ND STREET	5	1985
4541 #1 - 8 33RD STREET	8	1965
4632 33RD STREET	5	1986
4751 33RD STREET	8	1968
4254 36TH STREET	5	1988
4164 #1 - 8 37TH STREET	8	1962
4343 38TH STREET	5	1989
4575 - 4579 38TH STREET	8	1985
3755 - 3761 ALABAMA STREET	8	1985
3974 - 3984 BANCROFT STREET	14	1988
3850 CHEROKEE AVENUE	5	1986
4054 - 4060 1/2 CHEROKEE AVENUE	8	1961
4360 CHEROKEE AVENUE	5	1986
4081 - 4087 1/2 FLORIDA STREET	8	1960
4450 - 4456 1/2 GEORGIA STREET	8	1966
7891 - 7899 GOLFCREST DRIVE	9	1997
3350 - 3356 1/2 GRIM AVENUE	8	1959
4637 - 4643 1/2 HAMILTON STREET	8	1956
3125 IVY STREET	5	1988
4381 - 4387 LOUISIANA STREET	8	1968
2727 - 2729 MEADE AVENUE	6	1964
2739 - 2745		1954
4352 #1 - 8 OREGON STREET	8	1960
4043 WILSON AVENUE	5	1986

Total Central FNMA Units**185**

San Diego Housing Commission Local Units

Address	No. Units	Year Built	Status
4720 - 4722 34TH STREET	3	1982	
4756 - 4758 35TH STREET	4	1982	

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 45th STREET	4	2009	SDHC Mngt Units
4395 EL CAJON BOULEVARD	33	2009	SDHC Mngt Units
1301 FIFTH AVENUE	130	1914	SDHC Mngt Units
Total Other Program Housing Units	618		



**San Diego Housing Commission
Employee Demographics - Unaudited
June 30, 2010**

Seniority of Employees

Categories	Number	Percent
Less than 3 years	67	26%
3 to 5 years	46	18%
6 to 9 years	34	13%
10 to 19 years	60	23%
20 to 29 years	41	16%
30 years and over	11	4%
Grand Total	259	100%

Racial Composition

Categories	Number	Percent
American Indian or Alaska Native	2	1%
Asian	19	7%
Black or African American	35	14%
Hispanic or Latino	98	38%
Native Hawaiian or Other Pacific Islander	1	0%
Two or More Races	9	3%
White	95	37%
Grand Total	259	100%

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



**San Diego Housing Commission
Number of Employees by Department**

Department:	2010	2009	2008
Board & Executive Functions	16	8	3
Business Services	23	23	18
Community Relations & Communications	4	4	0
Development & Asset Management	0	0	60
Financial Services	20	19	17
Housing Finance	0	0	40
Policy & Public Affairs	0	0	7
Real Estate Development	90	87	0
Rental Assistance Program	106	109	91
	259	250	236

Source: Information provided by San Diego Housing Commission HR Department ADP Employees HRMS
Beginning with fiscal year 2008, the San Diego Housing Commission will accumulate ten year of data
In Fiscal year 2009, there was a reorganization which created new departments and changed the number of employees for certain departments.