

EXECUTIVE SUMMARY

MEETING DATE: January 16, 2026

HCR26-001

SUBJECT: Fiscal Year 2025 Annual Comprehensive Financial Report (ACFR) and Single Audit Reports

COUNCIL DISTRICT: Citywide

ORIGINATING DEPARTMENT: Financial Services

CONTACT/PHONE NUMBER: Suket Dayal (619) 578-7665

REQUESTED ACTION:

Accept the Fiscal Year 2025 (July 1, 2024 – June 30, 2025) Annual Comprehensive Financial Report (ACFR) and Single Audit Reports.

EXECUTIVE SUMMARY OF KEY FACTORS:

- The San Diego Housing Commission (Housing Commission) received an “unmodified” (“clean”) opinion for the audit period July 1, 2024 - June 30, 2025.
- Total Revenues were \$562.2 million, of which 75 percent was from federal grants.
- Total Expenses were \$497.4 million, of which \$321.3 million was related to Housing Assistance expenses.
- Total Assets were \$1,227.8 million.
- Total Liabilities were \$172.5 million.
- Total Net Position was \$968.3 million and was composed of:
 - Net Investment in Capital Assets: \$259.1 million – the amount spent on capital assets and is used for operations.
 - Restricted Net Position: \$248.3 million – the amount is restricted by external creditors, grantors contributors, or laws or regulations of other governments.
 - Unrestricted Net Position: \$461 million, which is an accounting definition and not necessarily indicative of funds available for discretionary use.
- On November 7, 2025, the San Diego Housing Commission (SDHC) Board of Commissioners’ (Board) Audit Committee voted to recommend that the SDHC Board accept the Fiscal Year Annual Comprehensive Financial Report and Single Audit Reports prepared by CohnReznick LLP, an independent audit firm.



REPORT

DATE ISSUED: January 8, 2026

REPORT NO: HCR26-001

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of January 16, 2026

SUBJECT: Fiscal Year 2025 Annual Comprehensive Financial Report (ACFR) and Single Audit Reports

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Accept the Fiscal Year 2025 (July 1, 2024 – June 30, 2025) Annual Comprehensive Financial Report (ACFR) and Single Audit Reports.

COMMITTEE RECOMMENDATION

That the San Diego Housing Commission (SDHC) Board of Commissioners (Board) accept the Fiscal Year (FY) 2025 (July 1, 2024 – June 30, 2025) Annual Comprehensive Financial Report (ACFR) and Single Audit Reports prepared by CohnReznick LLP, an independent audit firm, and attached to this staff report.

SUMMARY

SDHC Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, presented in the ACFR (Attachment 1). This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

SDHC Management is also responsible for compliance with each federal program and for internal controls over compliance required by the Office of Management and Budget Compliance Supplement (Attachment 2).

In February 2024, following a formal Request for Proposal process, SDHC awarded a contract to CohnReznick LLP to conduct various SDHC financial audits for Fiscal Year 2024 (July 1, 2023 – June 30, 2024), with four options for annual renewals through Fiscal Year 2028 (July 1, 2027 – June 30, 2028).

CohnReznick, LLP is responsible for expressing an opinion on the financial statements based on their audit. In their opinion, the financial statements present fairly, in all material respects, SDHC's financial position as of June 30, 2025.

CohnReznick, LLP is also responsible for expressing an opinion on compliance for each of SDHC's major federal programs based on their audit of the types of compliance requirements identified. In their opinion, SDHC complied, in all material respects, with the types of compliance requirements identified that could have a direct and material effect on each of its major federal programs for the fiscal year that ended on June 30, 2025.

The Report to the SDHC Board's Audit Committee (Attachment 3) provides required information from CohnReznick relating to the audits.

Certain projects require Financial Statements with Supplementary Information and Independent Auditor's Report. The SDHC projects subject to this requirement are the Otay Villas Housing Development (Attachment 4) and Adaptable Housing Development (Attachment 5). For both projects, the auditors' opinion was that the statement of project operations presents fairly, in all material respects, the operation of the project for the fiscal year that ended on June 30, 2025, in accordance with accounting principles generally accepted in the United States of America.

SDHC has three projects regulated by the U.S. Department of Housing and Urban Development (HUD) that have Federal Housing Administration (FHA) insured loans under Section 233(f) that require individual Financial Statements with Supplementary Information and Independent Auditor's Report. These projects are Northern SDHC FHA LLC (Attachment 6), Southern SDHC FHA LLC (Attachment 7) and Central SDHC FHA LLC (Attachment 8). CohnReznick, LLP completed the reports for Fiscal Year 2025. For each project, the auditors' opinion was that the statements of each project were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. In addition, SDHC complied, in all material respects, with HUD program and internal control requirements that could have a direct and material effect on each of the FHA federal programs.

COMMITTEE CONCLUSION

The audit reports are in compliance with applicable laws and the scope of work contained in the contract between SDHC and CohnReznick, LLP. SDHC staff extended their appreciation to CohnReznick, LLP for the professional manner in which this audit was performed.

FISCAL CONSIDERATIONS

The proposed action has no fiscal impact.

SDHC STRATEGIC PLAN

This item relates to the Core Value "Commit to transparency and being strong financial stewards" in SDHC's Strategic Plan for Fiscal Years 2026-2030.

NONDISCRIMINATION ASSURANCE

At SDHC, we're about people. We are committed to ensuring a compassionate, person-centered approach to SDHC's programs, policies, projects and activities and to serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination.

Staff have requested a workforce report for record-keeping purposes only.

PREVIOUS COUNCIL and/or COMMITTEE ACTION

On November 7, 2025, SDHC staff and the Auditors presented the Fiscal Year 2025 Annual Comprehensive Financial Report and attached financial reports to the Audit Committee, the Executive Vice President of Business Administration and Chief Financial Officer, and SDHC's General Counsel. The Audit Committee voted unanimously to recommend that the SDHC Board accept the Annual Comprehensive Financial Report and Single Audit Reports.

January 8, 2026

Fiscal Year 2025 Annual Comprehensive Financial Report (ACFR) and Single Audit Reports

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ENVIRONMENTAL REVIEW

This activity is not a project as defined by the California Environmental Quality Act (CEQA) Section 21065 and State CEQA Guidelines Section 15378(b)(5), as it is an administrative activity of government that will not result in direct or indirect physical changes in the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. This activity is exempt from the National Environmental Policy Act (NEPA) pursuant to Section 58.34(a)(2) and (3) of Title 24 of the Code of Federal Regulations.

Respectfully submitted,

By: *Johanna Hester*
Audit Committee

By: *Antoine "Tony" Jackson*
Audit Committee

By: *Eugene "Mitch" Mitchell*
Audit Committee

Attachments: 1) FY25 Annual Comprehensive Financial Report (ACFR)
2) FY25 Single Audit Reports
3) FY25 Report to the Audit Committee of the Board of Commissioners
4) FY25 Financial Statements on the Otoy Villas Housing Development
5) FY25 Financial Statements on the Adaptable Housing Development
6) FY25 Northern SDHC FHA LLC Financial Statements
7) FY25 Southern SDHC FHA LLC Financial Statements
8) FY25 Central SDHC FHA LLC Financial Statements
9) FY25 Popular Annual Financial Report (PAFR)

A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at www.sdhc.org.



SAN DIEGO
HOUSING
COMMISSION

San Diego Housing Commission

A Component Unit of the
City of San Diego, California

Annual Comprehensive Financial Report

For the year ended June 30, 2025

San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101
www.sdhc.org



San Diego Housing Commission

**A Component Unit of the
City of San Diego, California**

Annual Comprehensive Financial Report

**For the Year Ended
June 30, 2025**

**Prepared by:
Financial Services Department**

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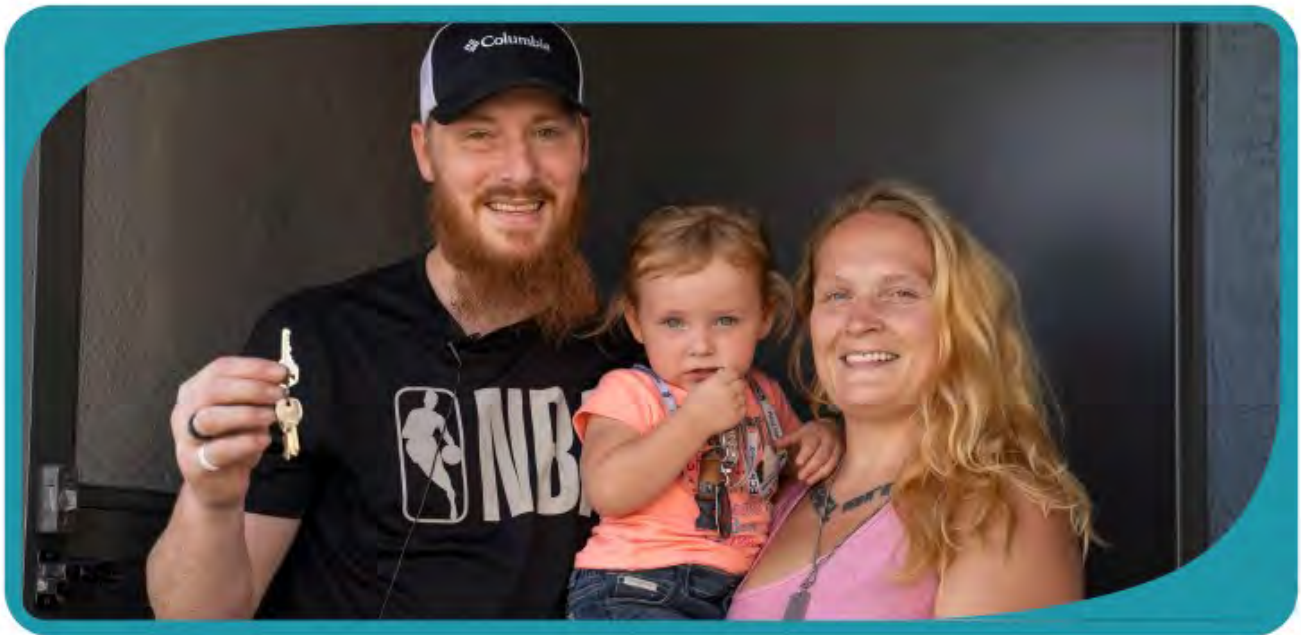
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SAN DIEGO
HOUSING
COMMISSION

Introductory Section



We're About People

Established in 1979, the San Diego Housing Commission (SDHC) is an award-winning public housing agency that serves the City of San Diego. SDHC's major program areas include providing rental assistance to more than 17,000 households with low income; addressing homelessness; and creating and preserving affordable rental housing.





November 19, 2025

Mayor Todd Gloria,

Council President Joe LaCava, Members of the San Diego City Council, San Diego Housing Commission (SDHC) Chair of the Board Eugene “Mitch” Mitchell, Members of the SDHC Board of Commissioners, Citizens of the City of San Diego, California, and additional interested parties.

California state law requires all general purpose local governments to 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 San Diego Housing Commission’s (SDHC) Annual Comprehensive Financial Report (Annual Report) for the fiscal year that ended on June 30, 2025.

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

SDHC's financial statements have been audited by CohnReznick LLP, a firm of licensed certified public accountants. The goal of this independent audit was to provide reasonable assurance that SDHC's financial statements for the fiscal year that ended on June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon their audit, that there was a reasonable

basis for rendering an unmodified opinion that SDHC's financial statements for the fiscal year that ended on June 30, 2025, 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 SDHC's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in SDHC's Single Audit Reports, which are issued separately.

The Annual Report includes the Financial Data Schedule (FDS) required by the U.S. Department of Housing and Urban Development (HUD). FDS was created to standardize financial information reported by Public Housing Authorities (PHAs). The HUD Real Estate Assessment Center (REAC) requires that PHA accounting information be reported in accordance with GAAP, using either governmental or enterprise fund accounting. REAC analyzes the 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 local-funded activities reported to HUD. These activities are the basis of SDHC's enterprise fund program schedules, which are combined in the basic financial statements.

Established in 1979, SDHC has earned a national reputation as a model public housing agency, with innovative programs that preserve and create additional affordable housing in the City of San Diego. SDHC's award-winning programs and services stimulate the local economy, revitalize neighborhoods, and positively impact the lives of San Diegans with low income and/or experiencing homelessness. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SDHC for its Annual Report for the fiscal year that ended on June 30, 2023. This was the 16th consecutive year that SDHC has achieved this prestigious award, recognizing "transparency and full disclosure" in the Annual Report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that this Annual Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for a Certificate of Achievement.

The GFOA has also given an award for Outstanding Achievement in Popular Annual Financial Reporting to SDHC for its Popular Annual Financial Report for Fiscal Year 2023. This was the 14th consecutive year that SDHC has received this prestigious award.

The Annual Report and the Popular Annual Financial Report for the fiscal year that ended June 30, 2024, have been submitted to the GFOA for award and are currently under review.

Governing Body and Strategic Guidance

SDHC is governed by the San Diego City Council, sitting as the Housing Authority of the City of San Diego (Housing Authority).

SDHC President & CEO Lisa Jones is the Executive Director of the Housing Authority.

The Housing Authority has final authority over SDHC's budget and major policy decisions. Housing Authority approval is required for amending the annual budget for amounts in excess of \$500,000.

A seven-member Board of Commissioners (Board) oversees SDHC's operations and makes recommendations to the Housing Authority.

Commissioners are appointed through a process detailed in the San Diego Municipal Code.

The SDHC Board reviews proposed changes to housing policy, property acquisitions and other financial commitments. The SDHC Board offers policy guidance to SDHC staff through its communications with the agency's President & CEO.

SDHC Proposed Fiscal Year (FY) 2026-2030 Strategic Plan

During FY2025, SDHC conducted a comprehensive process to develop a new Strategic Plan to serve as a blueprint for the agency to emerge as a resilient, high-performing, focused and forward-thinking organization in a new and ever-changing environment with limited funds.

The proposed Strategic Plan was presented to the SDHC's Board of Commissioners as an informational workshop on September 12, 2025. A presentation to SDHC's Strategic Plan Committee was held on October 6, 2025 and the Strategic Plan was approved by the SDHC Board on October 10, 2025. It includes adjustments to SDHC's vision, mission statement, purpose and core values and identifies five strategic priority areas with measurable goals that support them.

SDHC Vision

Everyone in the City of San Diego has a home they can afford.

SDHC Mission Statement

The San Diego Housing Commission fosters social and economic stability by ensuring the development and preservation of quality, affordable housing solutions for San Diegans.

Purpose

Provide stable, quality housing solutions so the community can thrive.

Core Values

At SDHC, we:

- Treat our clients, staff, community and partners fairly and with dignity and respect.
- Commit to excellence and innovation in all we do.
- Ensure that our programs are informed by the input of those we serve.
- Commit to transparency and being strong financial stewards
- Collaborate with partners for the best outcomes for San Diegans.

Strategic Priority Areas

1. Reimagine the Agency
2. Reassess Annually
3. Create and Preserve Housing
4. Embody Person-Centered Operations
5. Address and Prevent Homelessness

SDHC Business Activities

Providing Rental Assistance

SDHC administers a variety of federally funded affordable housing programs and services, including the Section 8 Housing Choice Voucher Program, which provides rental assistance to approximately 17,000 families with low income in the City of San Diego.

New Voucher Awards

During FY2025, SDHC was awarded 75 additional tenant-based Veterans Affairs Supportive Housing (VASH) vouchers. These vouchers serve veterans experiencing homelessness who are eligible for a VASH voucher.

HUD awarded SDHC 10 Foster Youth to Independence Vouchers (FYI) for young adults, aged 18-24, who are currently in or have recently aged out of the foster care system and are experiencing, or at risk of, homelessness.

HUD awarded SDHC 75 Family Unification Program Vouchers at the end of FY2025, which will be utilized in FY2026. These vouchers provide assistance to families whose children are at risk of out-of-home placement due to inadequate housing, and for youth(s) who are at least 18 years old and not more than 24 years old who left foster care or will leave foster care within 180 days.

'Moving to Work' Agency

SDHC is one of only 39 original "Moving to Work" (MTW) agencies out of approximately 3,200 public housing authorities nationwide. Since 2022, HUD has admitted 99 public housing authorities to the expansion of the MTW Demonstration Program.

MTW status gives SDHC the flexibility to implement a variety of innovative, cost-effective approaches, subject to HUD approval, to provide housing assistance in the City of San Diego by waiving certain provisions, implementing requirements, and regulations of the Housing Act of 1937. As an MTW Agency, SDHC must meet the statutory requirements and statutory objectives of the MTW Demonstration Program.

SDHC's MTW initiatives provide opportunities for federal rental assistance recipients and public housing residents to become more financial self-reliant, funding toward the creation and preservation of affordable housing for homeless San Diegans, and rental housing vouchers to address homelessness.

Committing Federal Rental Housing Vouchers to Address Homelessness

SDHC's MTW status has allowed SDHC to leverage its available resources to address homelessness.

At the close of FY2025, more than 5,800 of SDHC's rental assistance subsidies were dedicated to families and individuals experiencing homelessness. This includes but is not limited to Veterans Affairs Supportive Housing vouchers, Emergency Housing Vouchers, Sponsor-Based Subsidies, Project-Based Vouchers (including developments that are pending completion), and Monarch School Project.

Committing Federal Rental Housing Vouchers for Affordable Housing

In Fiscal Year 2025, SDHC leased 446 Project-Based Vouchers to affordable housing developments that serve residents with low-income or experiencing homelessness.

Project-Based Vouchers are linked to specific housing units to which they are awarded so that when a tenant moves on, the voucher remains with the units to help other households. These vouchers provide rental assistance to households with low income in the City of San Diego, including individuals and families experiencing homelessness. Low-income applicants are selected through SDHC's Project-Based Voucher Wait List. Applicants for the Project-Based Voucher units allocated to permanent supportive housing to address homelessness are selected from the Continuum of Care's Coordinated Entry System (CES). The following Project-Based Voucher properties completed construction and were leased up in FY2025:

- Levant Senior Cottages – 70 units for low-income seniors
- Puesta Del Sol – 53 units for low-income seniors and 6 units for seniors experiencing homelessness

- Tranquility at Post 310 – 20 units for veterans experiencing homelessness
- Ventana Al Sur – 25 units for seniors experiencing chronic homelessness and seniors experiencing homelessness with severe mental illness
- Paul Downey Senior Residence (formerly Messina Senior Apartments) – 8 units for low-income seniors
- Presidio Palms – 81 units for individuals experiencing homelessness, 40 units for individuals experiencing chronic homelessness, and 40 units for transition-age youth (18-24) experiencing homelessness
- Southwest Village – 34 units for low-income individuals and families and 16 units for individuals and families experiencing chronic homelessness
- The Shores at North Beach – 13 units for individuals experiencing chronic homelessness
- PATH Villas El Cerrito – 40 sponsor-based subsidies for individuals and families experiencing homelessness

Additional MTW Programs

Choice Communities

SDHC's Choice Communities initiative, developed under SDHC's federal designation as an MTW public housing agency, provides families that receive rental assistance with more flexibility to choose to live in neighborhoods that offer more opportunities for transportation, schools and employment.

To increase housing opportunities through this initiative and to assist as many low-income families as possible, on July 1, 2024, SDHC updated the payment standards that are used to determine the amount of rental assistance each family receives.

In FY2025, the Landlord Partnership Program, an SDHC MTW initiative, paid \$768,000 to landlords in leasing incentives to secure 1,536 units for Section 8 Housing Choice Voucher households.

In FY2025, 137 families participated in the Security Deposit Loan Program, and SDHC loaned a total of more than \$241,736 through this program.

SDHC Achievement Academy

The SDHC Achievement Academy offers programs that emphasize career development, job skills, job placement and personal financial education. The SDHC Achievement Academy is available at no charge to families with low income in the City of San Diego, predominately those receiving federal Section 8 Housing Choice Voucher

rental assistance, public housing residents and participants in certain homelessness programs.

In FY2025, more than 1,769 SDHC Achievement Academy participants attended 158 workshops addressing various topics, such as financial education, life skills, workforce readiness, computer literacy and job recruitments. In addition to attending workshops, 1,157 participants received core services, including benefits screening and meeting with a certified financial counselor; 199 participants were placed in jobs; and 213 increased their earnings. In FY2025, the average hourly wage earned by SDHC Achievement Academy participants placed in jobs was \$22.24, which reflects a 68 percent increase in the average hourly wage of SDHC Achievement Academy participants placed in jobs in the last five years. From recruitment fairs and employer presentations to small business classes and industry-specific trainings, the SDHC Achievement Academy offers an array of services to meet the varying needs of its participants.

Path to Success

SDHC's Path to Success is SDHC's comprehensive rent reform initiative designed to encourage Section 8 Housing Choice Voucher rental assistance households to become more financially self-sufficient. The initiative allows SDHC to utilize tiered and progressive minimum rents to incentivize Work-Able households to increase their income.

Average annual income among Work-Able families in FY 2025 was 107 percent higher than in FY2013, the last year before Path to Success was implemented.

City of San Diego Flood Recovery Program for Displaced Residents

The Flood Recovery Program assisted City of San Diego families displaced from their homes due to the January 22, 2024, flood. Families from the City of San Diego who were eligible and enrolled in the County of San Diego's Emergency Temporary Lodging Program as of May 23, 2024, were able to receive assistance through at least one of the components of the program, including: (1) Family Financial Assistance (short-term rental assistance or direct, lump-sum financial assistance), (2) Housing Search Assistance, and (3) Housing Restoration Assistance (through a contract with Harvey Family Foundation). The Program had two phases.

SDHC operated the Flood Recovery Program with a total of \$7,200,000 in funding from the County of San Diego and the City of San Diego. The Family Financial Assistance portion of the Program concluded in summer of 2024, when the last rental assistance or direct financial assistance payments for eligible flood-impacted households were issued. In total, \$5,469,965 was expended to assist 428 families with Family Financial Assistance, and 236 families received housing search assistance, with over 2,100 rental unit leads provided before that portion of the program concluded September 30, 2024. As of June 30, 2025, a total of \$790,314 had been expended in Housing Restoration Assistance to rehabilitate 37 homes with an additional 7 homes pending rehabilitation efforts. Additional housing restoration payments occurred after the conclusion of FY2025.

SDHC has concluded the Flood Recovery Program for Displaced Residents, except for a few remaining housing restoration assistance efforts that will wrap up soon.

Administration of City of San Diego's Homelessness Shelters and Services Programs

The City of San Diego's (City) Homelessness Shelters and Services Programs provide shelter and supportive services to some of the City's most vulnerable residents.

SDHC administers the following programs on behalf of the City through a single Memorandum of Understanding (MOU) with the City:

- Day Center for Adults Experiencing Homelessness
- Transitional Storage Center
- Storage Connect Center
- Homelessness Response Center (now known as The Hub)
- Housing Instability Prevention Program (HIPP)
- Emergency shelter and Interim Housing programs:
 - Connections Housing Downtown for single adults
 - Rachel's Promise Center for Women and Children
 - Paul Mirable Center for single adults (closed December 2024)
 - Bishop Interim Shelter Program for single adults
 - Golden Hall Shelter for Single Adults (closed December 2024)
 - Bridget Shelters at 16th Street/Newton Avenue and 17th Street/Imperial Avenue for single adults
 - Rosecrans Shelter for single adults (program closing in FY26)
 - Harm Reduction Shelter for single adults
 - Interim Shelter for Transition-Age Youth
 - Youth Emergency Shelter for Transition-Age Youth
 - SafeSTAY Shelter for Transition-Age Youth
 - Interim Housing for Families with minor children
 - Haven Family Shelter for single women and families with children
- Four rapid rehousing programs
- Multidisciplinary Outreach Team
- Security Deposit Plus Program
- Serial Inebriate Program (SIP) transitional housing program/Alcohol Use Disorder (AUD) Shelter (opened January 2025)
- Lighthouse Shelter for single men (opened January 2025)
- Veteran's Shelter (opened January 2025)
- Single Adult and Senior Shelter at Veterans Village of San Diego (opened January 2025)

SDHC-administered homelessness programs

In FY2025, SDHC also supported several homelessness programs funded through HUD Continuum of Care (CoC), Moving to Work, SDHC Local Funds and City of San Diego Inclusionary Housing Funds, City General Fund and Housing Trust Funds.

These programs include:

- 11 CoC-funded Permanent Supportive Housing programs serving up to 330 households each year
- 5 CoC-funded Rapid Rehousing programs
- Homeshare program that focuses on matching unhoused individuals with seniors who need support in maintaining their housing
- Inclement Weather Shelter program
- 2 Transitional Housing programs, providing up to 106 beds to families
- Program for Engaged Education Resources (PEER) (SDHC collaboration with San Diego City College to support workforce development in homelessness services)

The City of San Diego's Eviction Prevention Program (EPP) launched in December 2021 and continues to provide assistance, education, legal representation and public awareness to certain populations in the City of San Diego, and emergency and limited legal assistance to eligible tenants facing eviction for not paying their rent. EPP functions as a centralized resource for low-income renters facing eviction and is available to all qualified individuals regardless of their immigration status. In FY 2025 EPP provided full legal assistance to 234 eligible tenants and limited legal assistance to 2,069 eligible tenants. The program also conducted 5 public workshops and 11 public awareness events, received and responded to 1,499 hotline calls, and made 1,376 referrals to other community resources.

SDHC's HOUSING FIRST - SAN DIEGO programs continued to serve the various needs of those in the City of San Diego who are at risk of or experiencing homelessness. During FY2025, HOUSING FIRST - SAN DIEGO created 897 housing solutions in the City of San Diego. Direct Client Services Programs include 8 programs that directly assist individuals and families with a wide range of services and financial and rental assistance needs. These housing interventions focus on housing households quickly and then provide case management services and financial assistance to support housing stability. These include various programs that make up each of the following programs: Homelessness Prevention and Diversion, FLEX Subsidy, Moving Home Rapid Rehousing and Landlord Engagement and Assistance Programs (LEAP).

Development Funds and Housing Vouchers have been awarded through SDHC's Notice of Funding Availability to create, rehabilitate or acquire permanent supportive housing for individuals and families with very high service needs and ongoing financial assistance. Special Program Housing Vouchers provide ongoing rental assistance and wraparound supportive services in collaboration with community-based nonprofits and agencies for a variety of special populations. Since HOUSING FIRST – SAN DIEGO

initiatives launched on November 12, 2014, SDHC has created 12,832 housing opportunities for households at risk of or experiencing homelessness.

Homelessness Response Center

The Homelessness Response Center provided a broad range of services to help individuals and families experiencing homelessness on their path to permanent or longer-term housing. SDHC operated and administered the Homelessness Response Center, in collaboration with the City of San Diego and People Assisting the Homeless (PATH). The Homelessness Response Center provided two major programs on-site, including System Navigation Services to coordinate all activities to move someone from homelessness to permanent or longer-term housing and on-site partner providers who worked with people experiencing homelessness to connect them to community-level services to promote housing stability. The Homelessness Response Center also housed the Coordinated Shelter Intake Program, which coordinates intake across all city-funded shelters seven days a week, providing a single point of access to determine bed availability across the system and create a more accessible, person-centered intake process, matching the best available bed to meet a person's needs and preferences. The Homelessness Response Center site closed on June 30, 2025. The program is now known as The Hub. SDHC contracts with the Downtown San Diego Partnership to operate The Hub out of previously underutilized office space at the Downtown San Diego Central Library.

Creating Affordable Housing

As of June 30, 2025, SDHC owns 153 properties with 2,607 affordable rental housing units, of which 187 units are federal public housing units that SDHC operates in the City of San Diego.

In FY2025, SDHC acquired and rehabilitated Presidio Palms to create 161 affordable housing units for individuals who experienced homelessness, including transition-age youth.

In addition, Housing Development Partners, SDHC's nonprofit affiliate, has developed more than 1,700 affordable rental housing units in the City at properties it has acquired and created through partnership developments, which include 759 units on SDHC-owned land that is ground leased to HDP: Casa Colina (74 affordable units), Parker Kier Apartments (33 affordable units), Hotel Churchill (72 affordable units), Village North Senior Garden Apartments (119 affordable units), Quality Inn (91 affordable units), West Park Inn (46 affordable units), San Diego Square (154 affordable units), and Mariner's Village (170 affordable units).

SDHC also is a lender and issuer of Multifamily Housing Revenue Bonds to support new affordable housing. The agency's hallmark has been its ability to foster affordable housing developments by forging partnerships with nonprofit and for-profit developers, and the City of San Diego.

In FY2025, the following affordable housing developments, where SDHC was a financing partner, completed construction in the City of San Diego:

- Paul Downey Senior Residence, 78 affordable rental housing units for senior San Diegans with low income
- Levant Senior Cottages, 126 affordable rental housing units for senior San Diegans with low income
- WEST Apartments, formerly known as Courthouse Commons, 41 affordable rental housing units for San Diegans with low income
- Casa Nueva, formerly known as Hacienda Townhomes, 51 affordable rental housing units for San Diegans with low income
- Ventana Al Sur, 59 affordable rental housing units for San Diegans with low income
- Cerro Pueblo, 45 affordable rental housing units for San Diegans with low income

Management's Discussion & Analysis

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

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



Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission



Suket Dayal
Executive Vice President of Business Administration
and Chief Financial Officer
San Diego Housing Commission



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**San Diego Housing Commission
California**

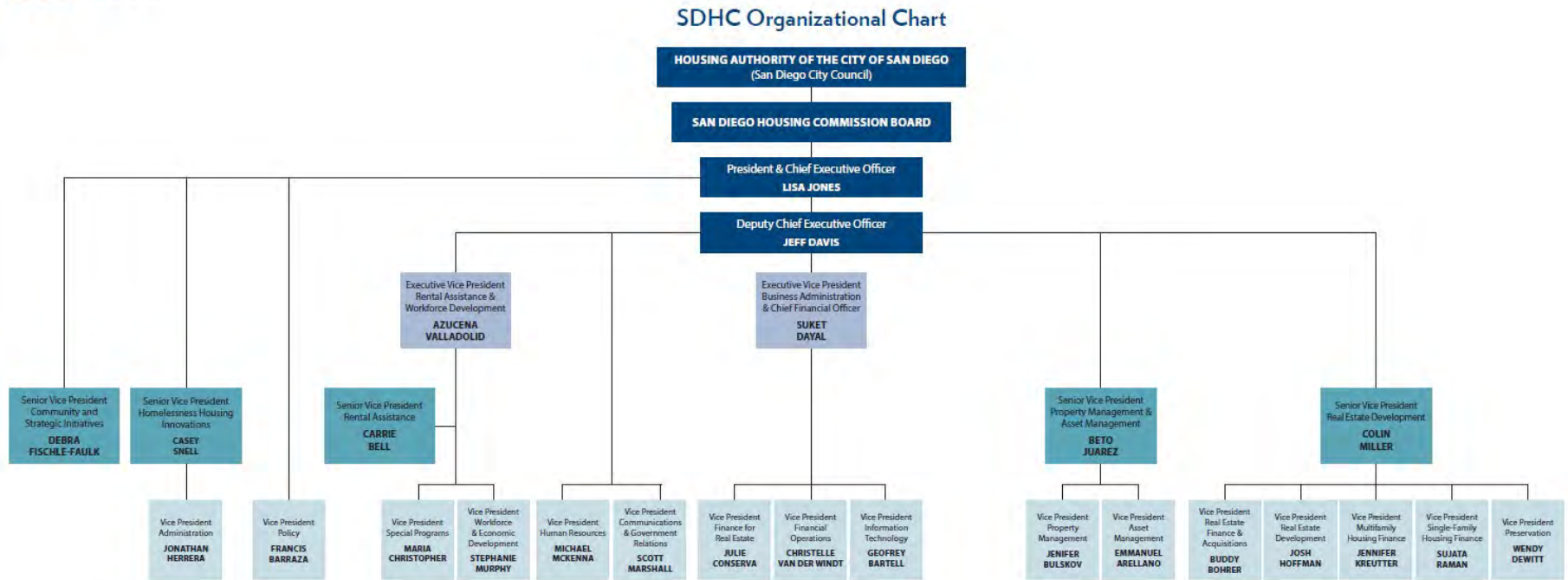
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Organizational Chart



As of October 1, 2025

SAN DIEGO HOUSING COMMISSION
ROSTER OF OFFICIALS
AS OF JUNE 30, 2025

SDHC was formed by the City of San Diego in accordance with the Housing Authority Law of the State of California. The City Council, acting in its capacity as the Housing Authority of the City of San Diego, has final authority over SDHC's budget and major policy decisions.

Housing Authority of the City of San Diego

City Council President	Joe LaCava, District 1
City Council President Pro Tem	Kent Lee, District 6
Councilmember	Jennifer Campbell, District 2
Councilmember	Stephen Whitburn, District 3
Councilmember	Henry Foster III, District 4
Councilmember	Marni von Wilpert, District 5
Councilmember	Raul Campillo, District 7
Councilmember	Vivian Moreno, District 8
Councilmember	Sean Elo-Rivera, District 9

Members of the SDHC 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.

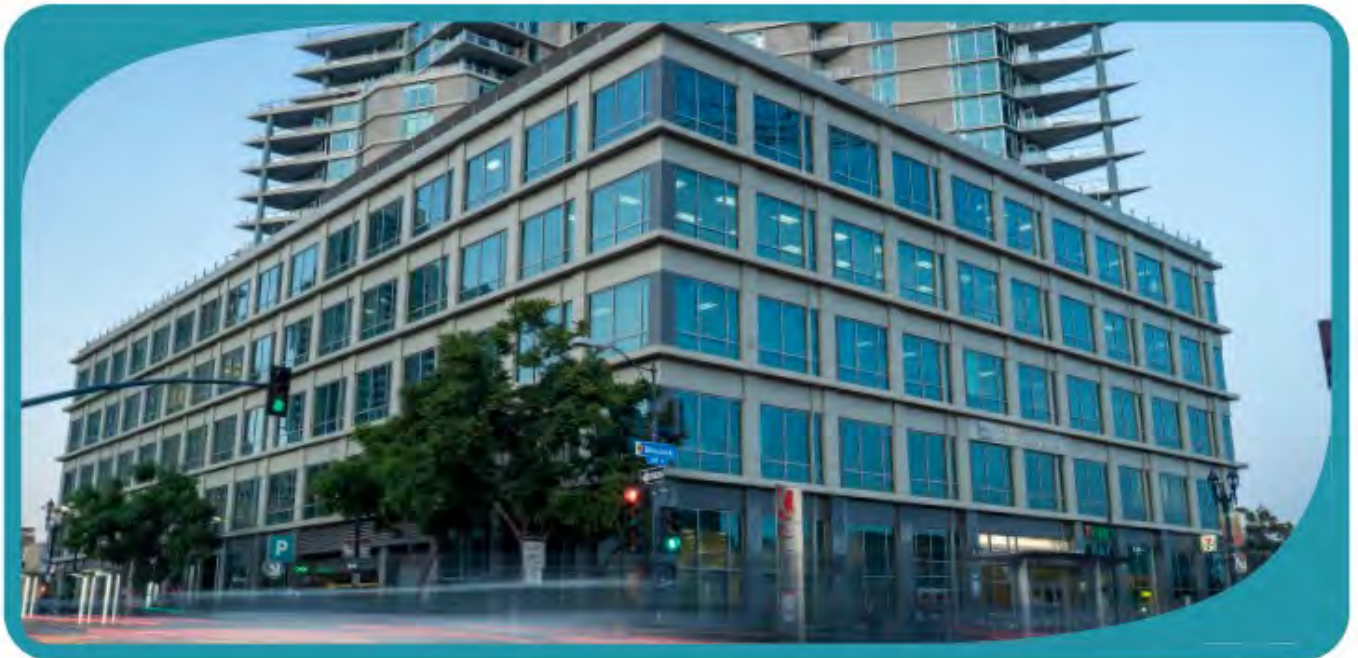
SDHC Board of Commissioners

Chair	Eugene "Mitch" Mitchell
Vice Chair	Ryan Clumpner
Commissioner	Stephen P. Cushman
Commissioner	Johanna Hester
Commissioner	Kellee Hubbard
Commissioner	Antoine "Tony" Jackson
Commissioner	Melinda Vasquez



SAN DIEGO
HOUSING
COMMISSION

Financial Section



We're About People

For the 16th consecutive year, the SDHC Financial Services Department was recognized by the Government Finance Officers Association (GFOA) of the United States and Canada with the "Certificate of Achievement for Excellence in Financial Reporting" for the fiscal year 2023 (July 1, 2022 – June 30, 2023) Annual Comprehensive Financial Report.



Independent Auditor's Report

To the Board of Commissioners
San Diego Housing Commission

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units and the fiduciary fund of the San Diego Housing Commission (SDHC), a component unit of the City of San Diego, California, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise SDHC's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditor, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units and the fiduciary fund of the San Diego Housing Commission, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the fiduciary fund financial statements included in the basic financial statements of SDHC. Those financial statements were audited by another auditor whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the fiduciary fund is based solely on the reports of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the discretely presented component units and the fiduciary fund were not audited in accordance with *Government Auditing Standards*. We are required to be independent of SDHC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SDHC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SDHC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SDHC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SDHC's basic financial statements. The Combining Schedules and the Financial Data Schedule required by the U.S. Department of Housing and Urban Development ("HUD") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Schedules and the Financial Data Schedule required by HUD listed in the table of contents as supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Schedules and the Financial Data Schedule required by HUD listed in the table of contents as supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections included in the annual comprehensive financial report but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2025, on our consideration of SDHC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SDHC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SDHC's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CohnReznick LLP".

Sacramento, California
November 19, 2025



San Diego Housing Commission

Management's Discussion and Analysis (Unaudited) For the Fiscal Year Ended June 30, 2025

Management's Discussion and Analysis is a supplement to the accompanying year-end financial statements and presents an analysis of the San Diego Housing Commission's (SDHC's) financial performance for the fiscal year ended June 30, 2025. This analysis should be read in conjunction with the letter of transmittal preceding this section and the financial statements and related notes following this section.

Financial Highlights

- The assets of SDHC exceeded its liabilities and deferred inflows by \$968.4 million (net position). Of this amount, \$461 million (unrestricted net position) is available to meet ongoing and recurring obligations, \$248.3 million is restricted for specific purposes (restricted net position) and \$259.1 million is the net investment in capital assets.
- Total net position of SDHC increased \$64.8 million. The changes in net position is comprised of \$485.1 million of non-operating revenue and expenses (net), principally of revenue earned through the Housing Choice Voucher (HCV) program and other Federal programs, and operating revenues of \$72.2 million principally related to dwelling (tenant rental) income, offset by operating expenses of \$477.8 million primarily related to housing assistance payments, administrative expenses and grant expense as well as depreciation expense of \$14.7 million.
- Current assets increased \$28.5 million. This increase includes a \$31.6 million increase in cash and cash equivalents, offset by a decrease in short-term investments of \$5.6 million. The increase in cash and cash equivalents is primarily due to investments reaching maturity during the fiscal year.
- Noncurrent assets increased \$50.5 million. This increase includes a \$49.2 million increase in capital assets, net of accumulated depreciation and amortization, and a \$24.5 million increase in capital assets not being depreciated, offset by a \$34.4 million decrease in long-term investments. The increase in capital assets is primarily due to the acquisition and renovation of Presidio Palms. The decrease in long-term investments is due to investments reaching maturity during the fiscal year.
- Noncurrent liabilities increased \$12.2 million. This increase includes a \$12.5 million increase in notes payable noncurrent, net, primarily due to the acquisition and renovation of Presidio Palms.

Overview of the Financial Statements

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



Required Financial Statements

SDHC financial statements 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 SDHC activities. Basic Financial Statements include both Government-Wide and Fiduciary Fund Statements.

SDHC reports all its operations as “business-type” activities and its government-wide financials include:

The ***Statement of Net Position*** includes all of SDHC's assets and deferred outflows of resources and liabilities and deferred inflows of resources as of June 30, 2025, and provides information about the nature and amounts of investments in resources (assets) and obligations to SDHC's creditors (liabilities). It also provides the basis for computing rates of return, evaluating the capital structure of SDHC, and assessing the liquidity and financial flexibility of SDHC.

The ***Statement of Revenues, Expenses and Changes in Net Position*** accounts for all of SDHC's revenues and expenses for the year ended June 30, 2025. The statement reflects the results of SDHC's operations over the year and can be used to determine SDHC's credit worthiness and its ability to successfully recover all its costs through grants, tenant charges and other income.

The ***Statement of Cash Flows*** provides information about SDHC's cash receipts and cash payments during the year ended June 30, 2025. This statement reports on cash receipts, cash payments, and net changes in cash resulting from operations, capital and noncapital related financing activities, and investment activities. The statement provides answers to questions about where the cash came from, what cash was used for and what caused changes in cash for the reporting periods covered.

SDHC's Fiduciary Fund is comprised of a pension trust fund and a deferred compensation plan, both defined contribution plans that are for the benefit of employees and retirees, as applicable and presents financial information about the pension trust and deferred compensation plan activities. SDHC acts solely as an agent for the benefit of its employees and retirees and fiduciary activities do not support SDHC's government-wide activities. The basic financial statements of the Fiduciary Fund include:

The ***Statement of Fiduciary Net Position*** reports the fiduciary net position as of the fiscal year-end, where net position equals assets, plus deferred outflows of resources (if applicable) minus liabilities and minus deferred inflows of resources (if applicable).

The ***Statement of Changes in Fiduciary Net Position*** reports all additions and deductions from plan resources. Additions include contributions and investment earnings. Deductions include benefits payments and administrative costs.

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



In addition to the basic financial statements and accompanying notes, the final section in this report also presents certain supplementary information for SDHC, the Primary Government. This supplementary information section contains the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position, and Combining Schedule of Cash Flows, along with the annual Financial Data Submission Summary (FDS) report electronically submitted to HUD.

Supplementary information is also presented for the fiduciary fund and consists of the combining schedule of fiduciary net position and the combining schedule of changes in fiduciary net position.



Financial Analysis of SDHC (Primary Government) (Condensed)

The following analysis summarizes SDHC's net position (Table 1) as of June 30, 2025, and June 30, 2024, and changes in net position (Table 2) during the fiscal years then ended.

TABLE 1
Net Position
(Dollars in Thousands)

	June 30, 2025	June 30, 2024	Change \$	Change %
<u>Assets</u>				
Current assets	\$ 155,394	\$ 126,834	\$ 28,560	23%
Noncurrent assets	690,163	713,423	(23,260)	-3%
Capital assets net of depreciation	382,296	308,572	73,724	24%
Total assets	\$1,227,853	\$ 1,148,829	\$ 79,024	7%
<u>Liabilities</u>				
Current liabilities	\$ 49,551	\$ 45,050	\$ 4,501	10%
Notes payable and non-current liabilities	122,923	110,740	12,183	11%
Total liabilities	172,474	155,790	16,684	11%
Deferred inflows of resources	87,016	89,482	(2,466)	-3%
<u>Net Position</u>				
Net investment in capital assets	259,055	196,658	62,397	32%
Restricted	248,262	247,613	649	0%
Unrestricted	461,046	459,286	1,760	0%
Total net position	968,363	903,557	64,806	7%
Total liabilities, deferred inflows and net position	\$1,227,853	\$ 1,148,829	\$ 79,024	7%

SDHC's net position increased from \$903.6 million to \$968.4 million due to a \$64.8 million surplus generated during fiscal year 2025. The fiscal year 2025 surplus is \$28.5 million more than the fiscal year 2024 surplus of \$36.3 million.

Total assets increased \$79 million from \$1,148.8 million in fiscal year 2024 to \$1,227.8 million in fiscal year 2025. The increase in total assets is due to an increase of \$28.5 million in current assets and a \$73.7 million increase in capital assets net of depreciation, offset by a decrease in noncurrent assets of \$23.2 million. Current assets increased by \$28.5 million, primarily related to a \$31.6 million increase in cash and cash equivalents, offset by a decrease in short-term investments of \$5.6 million. Capital assets net of depreciation increased by \$73.7 million primarily due to the acquisition and renovation of Presidio Palms and renovations of multiple



SDHC-owned properties. Noncurrent assets decreased by \$23.2 million, primarily related to a \$34.4 million decrease in long-term investments, offset by a \$7.8 million increase in accrued interest receivable – notes and mortgages receivable, as well as a \$5 million increase in notes and mortgages receivable, net of allowance for loan losses.

Total liabilities increased by \$16.7 million from \$155.8 million in fiscal year 2024 to \$172.5 million in fiscal year 2025. The increase in total liabilities is primarily due to a \$12.5 million increase in notes payable noncurrent, net, for the acquisition and renovation of Presidio Palms.

Deferred inflows of resources decreased \$2.5 million as a result of the annual income recognized on the long-term operating leases.

Net investment in capital assets increased by \$62.4 million from \$196.7 million in fiscal year 2024 to \$259.1 million in fiscal year 2025. This is principally due to the acquisition and renovation of Presidio Palms, and renovations of multiple SDHC-owned properties.

TABLE 2
Changes in Net Position
(Dollars in Thousands)

	June 30, 2025	June 30, 2024	Change \$	Change %
Operating revenues				
Dwelling rental income	\$ 43,151	\$ 40,516	\$ 2,635	7%
Land lease and other rental income	4,337	4,325	12	0%
Fee revenue	5,965	5,845	120	2%
Other revenue	18,796	15,867	2,929	18%
Total operating revenues	72,249	66,553	5,696	9%
Operating expenses	477,816	450,745	27,071	6%
Deficit before depreciation and other nonoperating income and expenses	(405,567)	(384,192)	(21,375)	6%
Depreciation and amortization	14,765	11,947	2,818	24%
Deficit before other non- operating income and expenses	(420,332)	(396,139)	(24,193)	6%
Other nonoperating income and expenses, net	485,138	432,436	52,702	12%
Change in net position	64,806	36,297	28,510	79%
Net position beginning of year	903,557	867,260	36,297	4%
Net position end of year	<u>\$ 968,363</u>	<u>\$ 903,557</u>	<u>\$ 64,806</u>	<u>7%</u>



Total operating revenues increased by \$5.7 million from \$66.6 million in 2024 to \$72.3 million in fiscal year 2025. The increase was primarily related to an increase of \$2.9 million in other revenue, primarily HAP revenue from portability voucher administered. Additionally, there was an increase in dwelling rental income of \$2.6 million as a result of rent increases and decreases in subsidized portion of rent.

Operating expenses increased \$27.1 million from \$450.8 million in fiscal year 2024 to \$477.9 million in fiscal year 2025. This increase is primarily due to an increase of \$27.3 million in housing assistance payments (HAP) due to higher average HAP cost per voucher, new vouchers awarded during the fiscal year, and increase in utilization rate for the Housing Choice Voucher Program.

Other nonoperating income and expenses (net) increased \$52.7 million from \$432.5 million in fiscal year 2024 to \$485.2 million in fiscal year 2025. This increase is mainly due to an increase in grant revenue of \$51.6 million. The increase in grant revenue consists of \$53.8 million of Homekey and HOME-ARP to fund the acquisition and renovation of Presidio Palms, \$12.8 million of inclusionary housing funds, \$8 million of Housing Choice Voucher to fund the higher average cost of vouchers, \$7.1 million of City of San Diego and County of San Diego funds to administer the Emergency Temporary Lodging (ETL) program; offset by a \$20.3 million decrease in grant revenue related to the acquisition and renovation of Pacific Village, Abbott Street Apartments, and Villas El Cerrito in prior fiscal year and a \$10.6 million decrease in HHAP funds due to reduction in funding from City of San Diego.

The following summarizes SDHC's capital assets, net of accumulated depreciation, and changes therein (Table 3) as of June 30, 2025, and June 30, 2024:

TABLE 3
Net Capital Assets
(Dollars in Thousands)

	June 30, 2025	June 30, 2024	Change \$	Change %
Land and buildings	\$ 355,207	\$ 296,886	\$ 58,321	20%
Construction-in-progress	16,635	5,683	10,952	193%
Equipment	6,927	2,005	4,922	245%
Subscription based IT agreements	3,527	3,998	(471)	-12%
Total	\$ 382,296	\$ 308,572	\$ 73,724	24%

Capital Assets

Capital assets, net, increased \$73.7 million. The change is mainly due to an increase of \$57.5 million in land and buildings for the acquisition and renovation of Presidio Palms, a \$23.7 million increase in building improvements (including construction-in-progress) related to the renovations on Presidio Palms and multiple SDHC-owned properties as well as a \$5 million increase in office furniture and equipment, offset by a depreciation and amortization of \$14.8 million.



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

Current and Long-Term Debt

Notes payable, (including current and noncurrent) totaled \$122 million, net of \$0.9 million of unamortized debt issuance cost at June 30, 2025. Of this balance, \$59.4 million are FHA and Fannie Mae loans, which are non-recourse obligations of the LLCs only and not of SDHC.

SDHC entered into two loan agreements with JP Morgan Chase for the acquisition of Valley Vista and Kearny Vista hotels. The first loan has a balance of \$27 million on June 30, 2025, and is collateralized by Valley Vista property. This loan bears an interest rate of 3.29% with a maturity date of November 24, 2030. The second loan has a balance of \$6.3 million on June 30, 2025, and is collateralized by Kearny Vista property. This loan bears an interest rate of 3.39% with a maturity date of November 24, 2030. Both loans require monthly payments. SDHC held one loan payable to the City of San Diego. This loan, with a balance on June 30, 2025, of \$5.8 million, is forgivable in 2065 and carries 1% simple interest.

Two loans from the State of California, originally made to finance the acquisition of the Otay Villas Apartments and Adaptable Housing properties, constitute \$4.6 million of the notes payable balance. These loans were renegotiated through the Housing Loan Conversion Program in May 2013, and their terms were extended for 55 years to 2068. These two loans now bear an interest rate of 3% with required annual interest payments and potential residual receipt payments.

On May 1, 2024, SDHC entered into a \$5.9 million loan agreement with the County of San Diego Health and Human Services Agency for the acquisition and renovation of Pacific Village. The total drawn as of June 30, 2025, was \$0.8 million, and bears simple interest rate of 3% with a maturity date of April 30, 2079.

On July 15, 2024, SDHC entered into a \$17.8 million loan agreement with the County of San Diego Health and Human Services Agency, funded with federal American Rescue Plan Act (ARPA) funds, for the acquisition and renovation of Presidio Palms. The total drawn as of June 30, 2025, was \$14.7 million and bears a simple interest rate of 3% with a maturity date of July 30, 2079.

Further details related to debt obligations and payments can be found in Note 9 to the Basic Financial Statements.

Financial Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statement 61 and Statement 80, SDHC's LLCs (blended component unit), the financial reporting entity of consolidated Housing Development Partners (discrete component unit) and SDHC Building Opportunities, Inc. (blended component unit) are incorporated into the accompanying Government-wide basic financial statements. The LLCs and SDHC Building Opportunities, Inc. are separate legal entities that are blended component units with the primary government, SDHC, due to their fiscal dependency and financial benefit/burden relationship. Further



information on the LLCs and SDHC Building Opportunities, Inc., can be found in Note 18 to the Basic Financial Statements.

The financial reporting entity of consolidated Housing Development Partners consists of 23 separate legal entities, which have substantively the same governing body as SDHC; however, the entities are not financially dependent on SDHC and these entities have their own operational policies, and, therefore, are presented as discrete component units. The financial reporting entity of consolidated Housing Development Partners has been independently audited by CohnReznick LLP. Note 19 to the Basic Financial Statements includes a reconciliation of the December 31, 2024, consolidated Housing Development Partners financial statements conformed to the presentation of the Primary Government.

Economic Factors and Next Year's Budget

The majority of SDHC's programs depend on federal financial assistance from HUD to continue operations. In fiscal year 2025, SDHC received 75% of its revenue from HUD and the U.S. Treasury, most of which was awarded to SDHC for Moving to Work (MTW) initiatives. SDHC's budget and financial condition are greatly affected by the financial condition of the federal government and Congress' annual appropriation to HUD.

HUD grants for housing programs and program administration funding may decrease due to the national economic and political climate. As good stewards of the taxpayer's money, it is SDHC's responsibility to strive to do more with less. Through a combination of expense reduction and the prudent utilization of available programmatic reserves, SDHC was able to maintain a balanced budget in fiscal year 2025 and will have a balanced budget in fiscal year 2026.

Annually, SDHC submits an MTW Plan to HUD that describes initiatives to be implemented over the next fiscal year. Following each year, SDHC issues an MTW Report that gives an accounting of activities put into action during the fiscal year. HUD approved SDHC's 2026 MTW Plan on June 30, 2025. HUD's fiscal year runs from October to September. The plans can be viewed at <https://sdhc.org/about-us/plans-policies/mtw-annual-plans/>

Local employment is an indicator of the economy. According to a report issued on August 15, 2025, by the State of California Employment Development Department, the unemployment rate in San Diego County was 5.2 percent in July 2025, up from a revised 4.9 percent in June 2025, and above the year-ago estimate of 4.8 percent. This compares with an unadjusted unemployment rate of 6.1 percent for California and 4.6 percent for the nation during the same period. The report can be viewed here:

[https://labormarketinfo.edd.ca.gov/file/lfmonth/sand\\$pds.pdf](https://labormarketinfo.edd.ca.gov/file/lfmonth/sand$pds.pdf)

The high cost of living and affordability of homes continues to be a challenge in San Diego and contributes to the homelessness crisis. The San Diego Point-in-Time Count, known as #We All Count was conducted on January 30, 2025. HUD requires that cities receiving federal funding to combat homelessness complete the Point-In-Time Count each year and it was coordinated by the Regional Task Force on Homelessness. The count typically identifies both sheltered and unsheltered individuals. This year's count of homeless persons identified 9,905 individuals



in the San Diego Region. This number is down 7 percent from the count in 2024 of 10,605. Their 2025 report is located here:

https://www.rtfhsd.org/wp-content/uploads/2025/07/2025-San-Diego-Region-Breakdown_SH-Update-HDX-Final.docx.pdf

SDHC's vision is that "Everyone in the City of San Diego has a home they can afford."

Through the execution of SDHC's fiscal year 2026 budget of \$716 million, SDHC plans to:

▪ **Provide Rental Assistance to Households with Low-Income:**

- Assists approximately 17,000 households with low-income by providing rental assistance through the federal Section 8 HCV program.
 - Administer more than 2,000 special purpose vouchers dedicated to vulnerable populations including but not limited to veterans, families unifying with their children, and people with disability.
- Lease 373 new project-based housing voucher units for households with low income or experiencing homelessness.
- Provide opportunities to help families become more financially self-reliant through the SDHC Achievement Academy, with programs that emphasize career planning, job skills, job placement and personal financial education, such as budgeting.

▪ **Create and Preserve Affordable Housing:**

- Award up to \$22.8 million through a competitive Notice of Funding Availability to create approximately 228 new permanent affordable housing units.
- Direct \$45.4 million toward the acquisition and rehabilitation of affordable housing properties through the State of California's Homekey+ program, with City and County support.
- Continue to own and/or manage 4,307 affordable rental housing units in the City of San Diego.
- Expend \$13.9 million for required repairs and maintenance at SDHC-owned affordable housing units.
- Dedicate \$3.9 million to help approximately 30 households become first-time homebuyers.

▪ **Address Homelessness:**

- Proposed FY 2026 City funding supports ongoing operations of 1,602 shelter beds and homelessness services programs, such Housing Instability Prevention Program (HIPP), Eviction Prevention Program (EPP), and Homelessness Navigation Services.



- Other funding sources also provide support for Permanent Supportive Housing, Rapid Rehousing, Prevention and Diversion, and other programs.
- Administer \$44.4 million for homelessness shelters and services programs
- Administer \$5.8 million for the Housing Instability Prevention Program
- Administer \$3 million for the Eviction Prevention Program

Contacting SDHC's Financial Management

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



SAN DIEGO
HOUSING
COMMISSION

Basic Financial Statements



We're About People

HOUSING FIRST – SAN DIEGO, the San Diego Housing Commission's (SDHC) homelessness action plan, which launched November 12, 2014, has created more than 10,600 housing solutions for families and individuals experiencing homelessness or at risk of homelessness in the City of San Diego.

This action plan is an effective, diverse funding and housing strategy that is rooted in the national "Housing First" model of addressing homelessness, which focuses on providing appropriate housing options as quickly as possible, with as few requirements or conditions as possible, and access to supportive services, as needed.





San Diego Housing Commission
STATEMENT OF NET POSITION
June 30, 2025
(Dollars in Thousands)

	Primary Government	Component Units
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 58,862	\$ 30,058
Restricted cash and cash equivalents	3,828	963
Short-term investments	46,468	-
Accounts receivable - tenants, net	1,666	19
Accounts receivable - funding sources	28,466	782
Accounts receivable - other, net	9,561	271
Lease receivable - current	1,684	-
Notes and mortgages receivable, current portion	955	-
Accrued interest receivable - investments	419	-
Prepaid items and other assets	3,485	529
	<u>155,394</u>	<u>32,622</u>
Total current assets		
Noncurrent assets		
Restricted cash and cash equivalents	81	9,237
Lease receivable - noncurrent	88,321	-
Long-term investments	43,079	-
Accrued interest receivable - notes and mortgages receivable	91,976	-
Notes and mortgages receivable, net of allowance for loan losses	466,706	-
Investment in partnerships	-	85
Other assets	-	3,198
Capital assets not being depreciated	143,732	4,477
Capital assets, net of accumulated depreciation and amortization	238,564	119,814
	<u>1,072,459</u>	<u>136,811</u>
Total noncurrent assets		
Total assets	<u>\$ 1,227,853</u>	<u>\$ 169,433</u>
Deferred outflows of resources	\$ -	\$ -
Total assets and deferred outflows	<u>\$ 1,227,853</u>	<u>\$ 169,433</u>



San Diego Housing Commission
STATEMENT OF NET POSITION
June 30, 2025
(Dollars in Thousands)

	Primary Government	Component Units
	<u>Liabilities</u>	
Current liabilities		
Accounts payable	\$ 26,899	\$ 2,312
Accounts payable - funding sources	21	34
Accrued payroll and benefits	3,531	66
Accrued compensated absences	4,996	-
Accrued interest payable	364	263
Notes payable, current portion	3,085	1,405
Subscriptions payable, current portion	1,504	-
Deposits payable	2,442	816
Unearned revenue	5,449	65
Other current liabilities	1,260	-
Total current liabilities	49,551	4,961
Noncurrent liabilities		
Accrued interest payable - noncurrent	2,143	17,425
Notes payable noncurrent, net	118,961	150,069
Subscriptions payable, noncurrent	1,298	-
Other liabilities	521	11,007
Total noncurrent liabilities	122,923	178,501
Total liabilities	\$ 172,474	\$ 183,462
Deferred inflows of resources	\$ 87,016	\$ -
Total liabilities and deferred inflows	\$ 259,490	\$ 183,462
	<u>Net Position</u>	
Net investment in capital assets	\$ 259,055	\$ -
Restricted		
HOME notes receivable reserve	214,186	-
CDBG notes receivable reserve	24,321	-
NSP notes receivable reserve	6,065	-
Replacement reserves	2,966	-
Housing assistance reserves	724	-
Non-controlling interest - tax credit partnerships	-	46,741
Total restricted	248,262	46,741
Unrestricted	461,046	(60,770)
Total net position	\$ 968,363	\$ (14,029)
Total liabilities, deferred inflows and net position	\$ 1,227,853	\$ 169,433

See notes to financial statements



San Diego Housing Commission
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2025
(Dollars in Thousands)

	Primary Government	Component Units
Operating revenues		
Dwelling rental income	\$ 43,151	\$ 22,045
Land lease and other rental income	4,337	140
Fee revenue	5,965	-
Other revenue	18,796	609
Total operating revenues	<u>72,249</u>	<u>22,794</u>
Operating expenses		
Administrative expenses	68,003	5,075
Tenant services	2,589	278
Asset management	22,206	6,680
General expenses	6,390	1,642
Grant expense	57,321	-
Housing assistance	321,307	-
Depreciation and amortization	14,765	4,808
Total operating expenses	<u>492,581</u>	<u>18,483</u>
Operating (loss) income	<u>(420,332)</u>	<u>4,311</u>
Nonoperating revenues (expenses)		
Grant revenue	467,062	67
Interest income on investments and notes receivable	22,903	967
Interest expense and other expenses	(4,823)	(6,784)
Loss on sale of capital asset	(4)	-
Total nonoperating revenues (expenses)	<u>485,138</u>	<u>(5,750)</u>
Income (loss) before capital transactions	64,806	(1,439)
Contributions, net of distributions	-	1,040
Change in net position	<u>64,806</u>	<u>(399)</u>
Net position		
Beginning of year	<u>903,557</u>	<u>(13,630)</u>
End of year	<u>\$ 968,363</u>	<u>\$ (14,029)</u>

See notes to financial statements



San Diego Housing Commission
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
(Dollars in Thousands)

	Primary Government
Cash flows from operating activities	
Cash received from tenants and other revenue	\$ 72,863
Cash payments to suppliers for goods and services	(405,007)
Cash payments to employees for services	(74,643)
	<u>(406,787)</u>
Net cash used for operating activities	<u>(406,787)</u>
Cash flows from capital and related financing activities	
Principal paid on notes payable	(3,014)
Proceeds from notes payable	15,535
Acquisition and construction of capital assets	(83,335)
Interest payments	(4,536)
	<u>(75,350)</u>
Net cash used for capital and related financing activities	<u>(75,350)</u>
Cash flows from noncapital financing activities	
Cash received from grants	461,569
	<u>461,569</u>
Net cash provided by noncapital financing activities	<u>461,569</u>
Cash flows from investing activities	
Interest on investments and notes receivable	15,283
Collection of notes receivable	6,527
Cash loaned on notes receivable	(9,529)
Purchases of investments	(9,882)
Proceeds from sale of investments	49,859
	<u>52,258</u>
Net cash provided by investing activities	<u>52,258</u>
Net increase in cash and cash equivalents	31,690
Cash and cash equivalents	
Beginning of year	31,081
	<u>31,081</u>
End of year	<u>\$ 62,771</u>
Financial statement presentation	
Cash and cash equivalents	\$ 58,862
Restricted cash and cash equivalents	3,909
	<u>3,909</u>
Total cash and cash equivalents	<u>\$ 62,771</u>



San Diego Housing Commission
STATEMENT OF CASH FLOWS - CONTINUED
For the Year Ended June 30, 2025
(Dollars in Thousands)

	<u>Primary Government</u>
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	\$ (420,332)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	14,765
Amortization of debt issuance costs	68
Allowance for accounts receivable	(1,579)
Provision for loan losses	1,529
Allowance for forgivable loans	(442)
Changes in operating assets and liabilities:	
Decrease (increase) in tenant receivables	1,646
Decrease (increase) in other receivables	(5,766)
Decrease (increase) in prepaid items and other assets	(87)
Increase (decrease) in accounts payable	7,206
Increase (decrease) in accrued payroll and benefits	881
Increase (decrease) in deposits payable	736
Increase (decrease) in unearned revenues	(5,474)
Increase (decrease) in other liabilities	62
Net cash used for operating activities	<u>\$ (406,787)</u>
Supplemental Disclosure of Cash Flow Information:	
Noncash provided by capital and related financing activities :	
Increase in accounts payable for capital assets	4,679
Increase in right to use software arrangements	1,492
Total noncash capital and related financing activities	<u>\$ 6,171</u>

See notes to financial statements



San Diego Housing Commission
FIDUCIARY FUND
PENSION AND OTHER EMPLOYEE BENEFIT TRUSTS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2025
(Dollars in Thousands)

Assets

Cash and investments:

Mutual funds	\$ 63,071
Common collective trust funds	18,373
Participant-directed brokerage accounts	3,560
Pooled separate accounts, at fair value	33,797
Guaranteed interest accounts, at contract value	4,665
Guaranteed interest accounts, at fair value	398
Cash	14

Total cash and investments	123,878
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Receivables:

Notes receivable from participants	1,065
Total receivables	1,065

Total assets	\$ 124,943
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Liabilities	\$ -
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Fiduciary net position	\$ 124,943
------------------------	------------

Restricted for

Pension	\$ 83,820
Other employee benefit other than pension	41,123
	\$ 124,943

See notes to financial statements



San Diego Housing Commission
FIDUCIARY FUND
PENSION AND OTHER EMPLOYEE BENEFIT TRUSTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2025
(Dollars in Thousands)

Additions to net position	
Investment income:	
Net appreciation in fair value of investments	\$ 10,195
Interest and dividends	2,298
Total investment income	<u>12,493</u>
Interest on notes receivable from participants	84
Contributions:	
Employer contributions	6,343
Participant contributions	2,739
Rollover contributions	44
Total contributions	<u>9,126</u>
Total additions	21,703
Deductions from net position	
Benefits paid directly to participants or beneficiaries, including direct rollovers	4,485
Administrative fees and expenses	137
	<u>4,622</u>
Change in net position	17,081
Fiduciary net position	
Beginning of year	107,862
End of year	<u><u>\$ 124,943</u></u>

See notes to financial statements



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 1 - The Financial Reporting Entity

The financial reporting for the San Diego Housing Commission includes its Government-Wide and Fiduciary Fund financial statements.

Government-Wide Financial Statements

Under the government-wide financial statements, the primary government and its component units are presented, wherein the San Diego Housing Commission and its blended component units are combined and reported together under the primary government column and certain legally separate discrete component units of the primary government are reported under the component units column. Intercompany transactions are eliminated, accordingly.

Primary Government

The San Diego Housing Commission (SDHC and Agency), a governmental agency, was formed by the City of San Diego (City) in accordance with the Housing Authority Law of the State of California, through the adoption of Ordinance No. 2515 on December 5, 1978. SDHC is governed by the Housing Authority of the City of San Diego (Housing Authority), which is composed of the nine members of the San Diego City Council. The Housing Authority has final authority over SDHC's budget and major policy changes. SDHC is considered an integral part (component unit) of the City and the accounts of SDHC have been included within the scope of the basic financial statements of the City.

SDHC's priority is to serve low and moderate income persons by providing rental assistance payments, rental housing, loans and grants to families, individuals and not-for-profit organizations to create and preserve affordable housing. SDHC is also committed to special programs aimed at breaking the cycle of poverty by providing opportunities for individuals to become more financially self-reliant through various programs such as Choice Communities to move closer to work, Achievement Academy to emphasize job skills, personal financial education and career planning and Veterans supportive housing to assist veterans in rebuilding their lives.

Component Units

The governmental reporting entity for which these financial statements have been prepared consists of SDHC (the primary government) and its component units. Component units are legally separate organizations for which the primary government is financially accountable, or other organizations whose nature and significant relationships with SDHC are such that exclusion would cause SDHC's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either SDHC's ability to impose its will on the organization or (ii) there is



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

potential for the organization to provide a financial benefit to or impose a financial burden on SDHC. The basic financial statements include both blended and discretely presented component units. Although the component units follow accounting principles of the Financial Accounting Standards Boards (FASB), certain transactions may be reflected differently in these statements than in the separately issued information in order to conform to the presentation of the primary government.

Blended Component Units

SDHC's blended component units reflect LLCs and a 501(c)(3) California Nonprofit Public Benefit Corporation.

SDHC has six active LLC blended component units: Belden SDHC FNMA LLC, Northern SDHC FNMA LLC, Northern SDHC FHA LLC, Southern SDHC FHA LLC, Central SDHC FHA LLC and Mercado SDHC LLC and one inactive LLC Central SDHC FNMA LLC (together collectively referred to as the LLCs). With the exception of Mercado SDHC LLC the active LLC's hold the title to 50 properties formerly held by SDHC. Central SDHC FNMA, LLC became inactive in FY24 transferring back 27 properties from the LLC to SDHC. SDHC includes its blended component units within its business-type activities in the financial statements. See Note 18 for additional information about the blended component units.

While these blended component units are legally separate entities, they are, in substance, part of SDHC's operations as the LLCs and SDHC share the same management team, which has operational responsibility over the LLCs. The LLCs and SDHC have the same Board of Commissioners and SDHC is financially responsible for the LLCs. Because of the LLCs' direct financial benefit/burden relationship with SDHC and in accordance with Governmental Accounting Standards Board (GASB) Statement 61, the LLCs are component units whose financial information are blended (combined) within the financial information of the primary government.

SDHC has one 501(c)(3) California Nonprofit Public Benefit Corporation blended unit, SDHC Building Opportunities, Inc. (Building Opportunities).

The specific purpose of Building Opportunities is to improve the quality of life of low- and moderate- income residents of the City of San Diego and County of San Diego. Building Opportunities has received Internal Revenue Code Section 501(c)(3) status from the Internal Revenue Service, which has classified it as a public charity. Building Opportunities has no members and any action would only require approval of its Board of Directors (Board). Its Board is comprised of persons appointed by the President and Chief Executive Officer of SDHC. The appointed Board members are employees of SDHC, as are its officers. Building Opportunities did not have significant activities during the year ended June 30, 2025 and pursuant to GASB Statement 80, it has been included in the financial



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

statements as a blended component unit of SDHC. See Note 18 for further information on Building Opportunities.

Discretely Presented Component Units

SDHC's discretely presented component units reflect the financial reporting entity of consolidated Housing Development Partners, which includes the following legal entities: Housing Development Partners of San Diego (HDP), HDP Mason Housing Corporation (HDP Mason), Casa Colina, LP (Casa Colina), Logan Development II, LP (Logan), HDP Broadway, LP (Broadway), HDP Churchill, LP, HDP Parkier Kier, LLC, HDP New Palace, LP (New Palace), Logan Development Management, LLC, HDP Broadway Management, LLC, HDP Churchill, LLC, HDP Island Village, LLC, HDP New Palace Management, LLC, HDP Village North, LLC (Village North), HDP West Park, LP, HDP West Park Management, LLC, HDP Quality Inn, LLC, HDP Town & Country, LP (Town & Country), HDP Town & Country, LLC, HDP Mariner's Village, LP, HDP Mariner's Village Management, LLC, HDP Casa Colina Management, LLC and HDP ADU, LLC, collectively referred to as the "Corporation".

The Corporation is comprised of nonprofit organizations, limited partnerships and limited liability companies, each of which is a separate legal entity from SDHC. The Corporation also shares staff and Board of Directors with SDHC and the Corporation's by-laws state that two of the Corporation's board members are also SDHC board members and a third Corporation board member is the Chief Executive Officer of SDHC. Due to the shared governance between the Corporation and SDHC, SDHC can exercise considerable influence over the Corporation.

While the Corporation has substantially the same governing body as SDHC, the Corporation is managed differently than SDHC and operationally the Corporation has its own procurement practices, its own legal counsel and its own separate accounting system in place. In addition, SDHC is not legally entitled to the Corporation's resources, nor is SDHC legally obligated to financially support the Corporation. As there is no financial benefit or burden relationship between the Corporation and SDHC, nor is SDHC expected to repay any of the Corporation's outstanding debts or leases, in accordance with GASB Statement 61, the Corporation is discretely presented, wherein these entities are reported as a separate column in the basic financial statements. In addition, the Corporation has been audited by CohnReznick LLP and reports on a calendar year basis. See Note 19 for additional information about the discretely presented component units. The financial statements for the Corporation can be obtained upon request at <https://hdppartners.org>.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Fiduciary Fund Financial Statements

SDHC's Fiduciary Fund is comprised of a pension trust fund and a deferred compensation plan, both defined contribution plans, that are for the benefit of employees and retirees, as applicable. The pension plan and deferred compensation plan are each independently audited by an outside firm, and a copy of the audit reports can be obtained by contacting the San Diego Housing Commission at 1122 Broadway, Suite 300, San Diego, CA 92101.

Note 2 - Summary of Significant Accounting Policies (Dollars in Thousands)

Government-Wide and Fiduciary Funds Financial Statements

The government-wide financial statements report information of the primary government and its component units. The primary government is reported separately from certain legally separate discrete component units for which the primary government is not financially accountable. For financial reporting purposes, SDHC reports all of its operations as a single business activity in a single enterprise fund.

Pursuant to the adoption of GASB No. 84, "Fiduciary Activities", SDHC is required to present Fiduciary Funds financial statements. These fiduciary activities do not support SDHC's business activities.

Basic Financial Statements

The government-wide basic financial statements (i.e. the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows) report information on all of the business-type activities of SDHC, its wholly owned LLCs and 501c(3) public charity, as well as its discretely presented component units. These basic financial statements are presented in accordance with the GASB standards, with the exception of the LLC's and the discretely presented component units which follow FASB standards and present their unamortized debt issuance costs, in accordance with Accounting Standards Update (ASU) No. 2015 - 03, Interest-Imputation of Interest (Subtopic 835 - 30): Simplifying the Presentation of Debt Issuance Costs, wherein the unamortized debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability. See Note 9 for additional information on Notes Payable.

The Fiduciary Funds basic financial statements (i.e. the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position) report information about the pension plan and deferred compensation plan activities for which SDHC acts solely for the benefit of its employees and retirees.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The Fiduciary Funds basic financial statements are prepared using the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources and liabilities and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

Fair Value

Authoritative guidance establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values, requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets.

Level 2: Unadjusted quoted market prices for similar assets or liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Significant unobservable inputs for the asset or liability.

New Accounting Pronouncements

During the fiscal year ending June 30, 2025, SDHC has adopted the following new accounting standards issued by the GASB:

Statement No. 101, "Compensated Absences". Statement No. 101 establishes standards to unify the recognition and measurement model of liabilities for



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

compensated absences. The adoption of this Statement did not have a significant effect on the financial statements of SDHC.

Statement No. 102, "Certain Risk Disclosures". The adoption of this Statement did not have a significant effect on the financial statements of SDHC.

SDHC is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

Statement No. 103 "Financial Reporting Model Improvements". Statement No. 103 establishes standards to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of the statement are effective for the SDHC's fiscal year ending June 30, 2026.

Statement No. 104, "Disclosure of Certain Capital Assets". Statement No. 104 requires certain types of capital assets to be disclosed separately by major class of underlying asset in the capital assets note disclosures. The requirements of this Statement are effective for SDHC's fiscal year ending June 30, 2026.

Cash and Cash Equivalents

SDHC's cash and cash equivalents are considered to be cash on hand, demand deposits, reserves for replacements, certificates of deposits and securities 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 represent deposits to lender required reserves for replacements, HUD's family self-sufficiency program, insurance reserve and security deposit accounts.

Transaction Flow Assumption

For expenses that are eligible for payment from either restricted or unrestricted resources, SDHC uses a combination of resources depending on certain criteria at the time of each disbursement. The criteria include amount of disbursement, expiry of available resources and the liquidity of each source.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Investments

Government-wide investments are stated at fair value, except for some certificates of deposit and pooled investments. These investments are instead stated at amortized cost and net asset value, respectively.

Interfund Transactions

Interprogram due from/to have been eliminated as prescribed by GASB standards in regard to interfund activities, payables and receivables.

Notes and Interest Receivable

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

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. Donated capital assets, donated works of art and similar items are reported at acquisition value rather than fair value. Capital assets received in a service concession agreement (if applicable) are also reported at acquisition value. The capitalization threshold for all capital assets is five thousand dollars.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

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

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

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

The costs of normal maintenance and repair that do not materially extend asset lives, enhance its efficiency or increase or amend asset usefulness are not capitalized.

Impairment of Capital Assets

SDHC reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2025, there has been no impairment of the capital assets.

Accrued Compensated Absences

It is SDHC's policy to permit employees hired prior to July 1, 1994, to accumulate up to 700 hours of annual leave. Employees hired after July 1, 1994, are permitted to accumulate a maximum of 420 hours. All employees whose service is terminated shall be entitled to receive the equivalent amount of pay for the balance in their annual leave account at the time of termination.

In accordance with GASB standards, vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees, if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means such as cash payments at termination or retirement. The liability for compensated absences reported on the statement of net position consists of leave that has not been



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash. The liability for compensated absences was approximately \$4,996 at June 30, 2025.

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

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

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.

Unearned Revenue

Unearned revenue includes rents received in advance from tenants, unearned interest income, and grant funds received from other governmental agencies, which are conditioned upon incurring certain qualifying costs or meeting other conditions. The rents from tenants will be recognized as revenue when earned and the grant funds will be recognized as revenue when qualifying costs are incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. SDHC does not have any items that currently meet this criterion as of June 30, 2025.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

so will not be recognized as revenue until then. SDHC has one item that qualifies for reporting in this category: Deferred Inflows – Leases.

Net Position

In the Statement of Net Position, net position is classified in the following categories:

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

Unrestricted - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

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.

Deferred Compensation Plan

SDHC offers a deferred compensation plan which is a defined contribution plan as permitted under the Internal Revenue Code Section 457 Deferred Compensation Plan. The deferred compensation plan is available to all permanent and temporary non-benefited employees who have completed one hour of service and it permits qualified employees to defer a portion of their salary until separation, retirement, death or unforeseeable emergency. All assets and income of the deferred compensation plan are held in trust by a third party for the exclusive benefit of the participants and their beneficiaries, and are not available to SDHC or its creditors. In accordance with the deferred compensation plan provisions, SDHC has the ability to select and terminate the third party trustee. In addition, while SDHC has not expressed any intent to do so, SDHC has the right under the deferred compensation plan to discontinue its contributions at any time, and to terminate the deferred compensation plan.

Employee and Employer contributions are recognized in the period that contributions are due. Investments held in pooled separate accounts, and participant directed brokerage accounts and certain guaranteed interest accounts, are reported at fair value. Fair value is



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments held in fully benefit-responsive guaranteed interest accounts are reported at contract value.

Pension Plan

SDHC offers a pension plan which is a defined contribution plan effective July 1, 1979 and restated on July 1, 2006. The pension plan is intended to be a “governmental plan” as defined in Sections 411(e)(1)(a) and 414(d) of the Internal Revenue Code and Section 3(32) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The pension plan covers all employees of SDHC classified as permanent full-time and permanent part-time hired to work a minimum of 20 hours per week. Eligible employees become participants in the pension plan on their date of hire. The pension plan is an alternative retirement plan to Social Security, and participants do not contribute to Social Security under the Omnibus Budget Reconciliation Act of 1991. In accordance with the pension plan provisions, SDHC has the ability to select and terminate the third party trustee. In addition, while SDHC has not expressed any intent to do so, SDHC has the right under the pension plan to discontinue its contributions at any time, and to terminate the pension plan.

Employee and Employer contributions are recognized in the period that contributions are due. Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the pension plan’s gains and losses on investments bought and sold as well as held during each year.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 3 - Cash, Cash Equivalents and Investments (Dollars in Thousands)*GOVERNMENT-WIDE FUND*

Cash, cash equivalents and investments at June 30, 2025 consist of the following:

Deposits and petty cash	\$	58,862
Local Agency Investment Fund		9,211
San Diego County Investment Pool		8,609
Agency Bonds		<u>71,727</u>
Total investments		89,547
Restricted cash and cash equivalents		<u>3,909</u>
Total	\$	<u><u>152,318</u></u>

Cash, Cash Equivalents and Investments are not indicative of funds available for discretionary use as they have been earmarked for loans and grants that SDHC has already committed to fund through Board approval or have federal/state/local programmatic requirements that are designated for HAP payments, property maintenance, etc., or operating reserves as required by the City of San Diego for future contingencies. (See Note 14 Net Position for further information.)

Deposits

The fair value of SDHC's cash deposits and petty cash are \$62,771 at June 30, 2025. Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250 and for amounts over \$250 collateralized with securities held by the pledging financial institutions in SDHC's name in accordance with California Government Code as discussed below. \$62,764 is collateralized as of June 30, 2025, and the remaining \$7 is uncollateralized cash deposits and cash equivalents.

The California Government Code requires California financial institutions to secure cash deposits of public institutions not covered by federal deposit insurance by pledging government 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. As a result, for the purpose of custodial credit risk the collateral for cash deposits is considered to be held in SDHC's name.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

The fair market value of pledged securities must equal at least 110% of SDHC's cash deposits. California law also allows financial institutions to secure Commission deposits by pledging first trust deed mortgage notes having a value of 150% of SDHC's total cash deposits.

Investment Policy

In accordance with California state statute and HUD regulations, SDHC has authorized the Chief Financial Officer or designee to invest in obligations of the U.S. Treasury, U.S. Government agencies or other investments as outlined in SDHC's Investment Policy.

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

Investments in the State's Local Agency Investment Fund (LAIF) and the San Diego County Investment Pool (SDCIP) represent SDHC's equity in pooled investments. Other investments such as CDs, bonds, government agency securities and demand deposit accounts are safe kept with commercial banking institutions.

Local Agency Investment Fund Investments

SDHC participates in the State's LAIF, which is regulated by California Government Code. LAIF is part of the State of California Pooled Money Investment Account (PMIA) and is protected by statute ensuring invested funds remain Commission assets. The LAIF investments are backed with the full faith and credit of the State of California as the State of California cannot declare bankruptcy under Federal law and monies placed for deposit in LAIF are not subject to a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency. The fair value of the investment portfolio of PMIA at June 30, 2025, was approximately \$179,918,092. PMIA 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 PMIA investments was 248 days as of June 30, 2025.

As of June 30, 2025, SDHC had \$9,211 invested in LAIF. At that date, LAIF fair value factor of 1.001198310 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/laif.asp>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

San Diego County Investment Pool Investments

SDHC voluntarily participates in the SDCIP. SDCIP is a Standard & Poor's AAA - rated fund managed by the San Diego County Treasurer - Tax Collector. The fair value of the investment portfolio of SDCIP on June 30, 2025 was \$16,929,852 and had a weighted average yield to maturity of 3.81%, a weighted average days to maturity of 562 days and an effective duration of 1.20 years. In addition to voluntary participants such as SDHC, the pool is largely made up of mandatory participants such as the County of San Diego (28.56%), public schools (52.35%), community colleges (13.18%) and non-County funds (0.62%). Voluntary depositors make up only 5.29% of the invested funds as of June 30, 2025.

California Government Code Section 63652 et. seq. and SDCIP's Investment Policy prescribe the amount of collateral required to secure the deposit of public funds in state or national banks, state or federal savings and loan associations, federal credit unions, or FDIC-insured industrial loan companies in California. The aforementioned Government Code and Investment Policy require that depositories collateralize public funds with securities having a market value of a least 10% in excess of the total amount of the deposits. These securities shall be placed in the institutions pooled collateral account and monitored by the State Treasurer of California or a mutually agreed upon third party custodian bank.

As of June 30, 2025, SDHC had \$8,609 invested in SDCIP. More information on SDCIP can be found at: <https://www.sdttc.com/content/ttc/en/treasury/financial-reports.html>

Agency Bonds

SDHC's investments under U.S. Government Agency bonds are mortgage-backed securities (MBS) bonds and debentures and Asset Backed Securities (ABS) traded on an active secondary market. MBS bonds are a security or debt obligation that represents a claim on the monthly cash flows from mortgage loans. They represent investments in securities that are backed by pools of high quality multi-family mortgages guaranteed by a government agency or Government Sponsored Enterprises (GSE). Government Agency Debentures are also bonds traded on an active secondary market and represent a security or debt obligation of the issuer. ABS are pooled financial instruments which are typically loans or receivables. While Standard & Poor's and Moody's does not specifically rate MBS, they carry an implied rating based on the credit worthiness of FNMA (Federal National Mortgage Association), FHLMC (Federal Home Loans Money Corporation) and FRESB (Freddie Mac Small Balance Loans). Moody's rate FNMA, FHLMC and FRESB as Aa1 while Standard & Poor's rate FNMA, FHLMC and FRESB as AA+. ABS BMW Vehicle Lease Trust (BMWLT) and Capital One Multi-Asset Execution Trust (COMET) are both



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

rated AAA. At June 30, 2025, SDHC had \$61,805 invested in Agency MBS bonds and \$9,922 invested in ABS.

Fair Value Classification

Management has determined that investments in LAIF and SDCIP are reported at net asset value and are not included in the fair value hierarchy categories. In addition, certificates of deposit reported at amortized costs are not included under fair value hierarchy categories.

SDHC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three levels of the fair value hierarchy under the guidance are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets.
- Level 2 inputs are inputs—other than quoted prices included within Level 1 - that are observable for the asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs. The Authority doesn't hold any level 3 investments.

Management has determined that MBS, Government Agency Bond, and ABS investments are classified as Level 2 as there are no quoted market prices published. MBS, Government Agency Bond, and ABS investments are fair valued on a recurring basis. The valuation technique used to determine the fair value on the actively traded secondary market is the pricing provided on the secondary market.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

The following table summarized the valuation of SDHC's fair value measurements in accordance with authoritative guidance at June 30, 2025.

	Level 1	Level 2	Level 3	Total
MBS	\$ -	\$ 61,805	\$ -	\$ 61,805
Government Agency Bond	-	-	-	-
ABS	-	9,922	-	9,922
Total	<u>\$ -</u>	<u>\$ 71,727</u>	<u>\$ -</u>	<u>\$ 71,727</u>

FIDUCIARY FUND

SDHC's Fiduciary Fund is comprised of a pension plan and a deferred compensation plan, both defined contribution plans that are for the benefit of employees and retirees, as applicable.

Cash, cash equivalents and investments at June 30, 2025 consist of the following:

Assets

Cash and investments:

Mutual funds	\$ 63,071
Common collective trust funds	18,373
Participant-directed brokerage accounts	3,560
Pooled separate accounts, at fair value	33,797
Guaranteed interest accounts, at contract value	4,665
Guaranteed interest accounts, at fair value	398
Cash	<u>14</u>

Total cash and investments	<u>\$ 123,878</u>
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San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Fair Value Classification

Under the pension plan, investments are reported at fair value and the following financial instruments are required to be measured at fair value on a recurring basis:

- Investments in mutual funds are considered Level 1 assets and are reported at fair value based on quoted net asset values of the shares held by the pension plan at year-end.
- The investment in common collective trust funds are reported at fair value using Net Asset Value (NAV). The collective trust fund offered by the pension plan, which is the Diversified Investment Advisors Stable Pooled Fund (the "Stable Pooled Fund"), invests in fully benefit-responsive investments through its indirect investment in the Wells Fargo Stable Return Fund G, a collective trust fund sponsored by Wells Fargo Bank, N.A. that invests in stable value investment vehicles such as guaranteed investment contracts, bank investment contracts and synthetic guaranteed investment contracts issued by highly-rated financial institutions and corporations, as well as obligations of the U.S. Government or its agencies. Participant assets may be deposited to or withdrawn from the Stable Pooled Fund at the stated unit value as of the close of business on any business day, and there are no unfunded commitments. The Stable Pooled Fund calculates fair value using net asset value per share, and the relevant measurement attribute is contract value because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As such, the fair value of the Stable Pooled Fund is equal to the contract value of the Stable Pooled Fund as of June 30, 2025.
- Investments held in the participant directed brokerage accounts consist of equities and fixed income securities, mutual funds, index and trust funds, certificates of deposit and cash and cash equivalents, which are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets and liabilities at the measurement date.

Under the deferred compensation plan, investments held in pooled separate accounts and participant directed interest accounts are reported at fair value. Investments held in fully benefit-responsive Guaranteed Interest Accounts are reported at contract value. The following financial instruments are required to be measured at fair value on a recurring basis:

- Pooled separate accounts ("PSA") represent units held in pooled separate accounts that are valued using the Net Asset Value ("NAV") of the fund. The NAV of a PSA is based on the fair value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of units outstanding. The NAV of a PSA is calculated based



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

on a compilation of primarily observable market information. The number of units of the fund that are outstanding on the calculation date is derived from observable purchase and redemption activity in the fund.

- Investments held in the Participant Directed Brokerage Accounts consist of equities, mutual funds, index and trust funds, and cash and cash equivalents, which are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets and liabilities at the measurement date.
- The Empower Guaranteed Certificate Fund, Guaranteed Interest Account is considered a Level 2 asset and is reported at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

The following tables summarize assets in the pension trust and deferred compensation plan measured at fair value by classification within the fair value hierarchy at June 30, 2025:

Deferred Compensation Plan	Level 1	Level 2	Level 3	Total
Participant directed brokerage accounts:				
Money market funds	\$ 471	\$ -	\$ -	\$ 471
Equities	369	-	-	369
Other assets	358	-	-	358
Guaranteed interest accounts	-	398	-	398
Total assets in the fair value hierarchy	1,198	398	-	1,596
Investments measured at net asset value	-	-	-	33,797
Investments at fair value	<u>\$ 1,198</u>	<u>\$ 398</u>	<u>\$ -</u>	<u>\$ 35,393</u>

Pension Trust	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 63,071	\$ -	\$ -	\$ 63,071
Participant directed brokerage accounts	2,362	-	-	2,362
Total assets in the fair value hierarchy	65,433	-	-	65,433
Investments measured at net asset value	-	-	-	18,373
Investments at fair value	<u>\$ 65,433</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,806</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 4 - Investment Risk Factors (Dollars in Thousands)

GOVERNMENT-WIDE FUND

SDHC's investment policy allows the agency to invest surplus funds in accordance with the provisions of the U.S. Department of Housing and Urban Development (HUD) Notice PIH 96 - 33 and California Government Code Sections 5922 and 53601. The investment policy's foremost objective is the safety of principal, which is achieved by mitigating credit risk and interest rate risk. These risks, along with custodial risk, concentration of credit risk and market risk, all affect the value of investments to a varying degree. 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.

FIDUCIARY FUND

The plans within the Fiduciary Fund do not have a Board-approved investment policy for interest rate risk. The plans within the Fiduciary Funds have an Investment Committee that meet quarterly to review investment performance against investment class performance benchmarks. If an investment falls below its investment class benchmark, the investment is put on watch and will be replaced if the investment fails to improve over the next two quarters.

Credit Risk

Credit risk is the risk that an issuer of an investment 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.

GOVERNMENT-WIDE FUND

Certain fixed income securities, including obligations of the U.S. Government or those explicitly guaranteed by the U.S. Government, are considered to have minimal credit risk. SDHC minimizes credit risk by limiting investments to those listed in its Investment Policy. In addition, SDHC pre-qualifies the financial institutions, broker/dealers, intermediaries, and advisors with which SDHC will do business in accordance with the Investment Policy. Finally, SDHC diversifies the investment portfolio to minimize potential losses from any one type of security or issuer.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

FIDUCIARY FUND

The pension plan offers a variety of mutual funds, participant-directed brokerage accounts and proprietary collective trust funds and the deferred compensation plan offers a variety of pooled separate accounts, participant-directed brokerage accounts and guaranteed interest accounts. Participants direct their investment choices based on their individual risk tolerance and performance objectives to minimize the potential losses from any one type of security or issuer.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the custodian, the investment may not be returned, or the deposits fully recovered.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

GOVERNMENT-WIDE FUND

All bonds are purchased through SDHC's primary financial institution's clearing account in SDHC's name where they are all held in safekeeping and certificates of deposit are purchased at values less than the federally insured limit.

SDHC's debt securities exposure to credit risk and custodial risk as of June 30, 2025 is as follows:

	Total fair value	Standard and Poor's Credit Rating				Not Provided
		AAA	AA+	AA	A	
Cash and cash equivalents						
Cash and cash equivalents	\$ 58,862	\$ -	\$ -	\$ -	\$ -	\$ 58,862
Restricted cash and cash equivalents	3,909	-	-	-	-	3,909
Total cash and cash equivalents	<u>\$ 62,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,771</u>
Short-term investments						
Local Agency Investment Fund	\$ 9,211	\$ -	\$ -	\$ -	\$ -	\$ 9,211
San Diego County Investment Pool	8,609	-	8,609	-	-	-
Agency Bonds	-					
Freddie Mac Federal Home Loan Mortgage Corporation K series securities	14,713	-	14,713	-	-	-
Fannie Mae Alternative Credit Enhancement Securities (Fannie Mae ACE)	4,730	-	4,730	-	-	-
Fannie Mae Delegated Underwriting Servicing program (Fannie Mae DUS) securities	9,205	-	9,205	-	-	-
Total short-term investments	<u>\$ 46,468</u>	<u>\$ -</u>	<u>\$ 37,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,211</u>
Long-term investments						
Agency Bonds						
Asset Backed Security	\$ 9,922	\$ 9,922	\$ -	\$ -	\$ -	\$ -
Freddie Mac Federal Home Loan Mortgage Corporation K series securities	15,097	-	15,097	-	-	-
Fannie Mae Mortgage Backed Securities	5,034	-	5,034	-	-	-
Fannie Mae Alternative Credit Enhancement Securities (Fannie Mae ACE)	7,650	-	7,650	-	-	-
Fannie Mae Delegated Underwriting Servicing program (Fannie Mae DUS) securities	5,376	-	5,376	-	-	-
Total long-term investments	<u>\$ 43,079</u>	<u>\$ 9,922</u>	<u>\$ 33,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

FIDUCIARY FUND

For the pension plan, SDHC has appointed State Street Bank as the Trustee of the plan assets with authority over management and investment of plan assets. For the deferred compensation plan, SDHC has appointed Great-West Life & Annuity Insurance Company as Trustee of the plan assets with authority over management and investment of plan assets.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing SDHC to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

GOVERNMENT-WIDE FUND

The U.S. Government Agency securities in SDHC's portfolio include Fannie Mae Federal National Mortgage Association (FNMA/FNA) and Freddie Mac Federal Home Loan Mortgage Corporation (FHMS). Of the \$71,727 invested in agency bonds and debentures as of June 30, 2025, all are mortgage-backed securities (MBS) issued either by Fannie Mae, Freddie Mac Federal Home Loan Mortgage Corporation K series, Fannie Mae Delegated Underwriting Servicing program (Fannie Mae DUS) or Freddie Mac Small Balance Loans and Asset Backed Securities (ABS).

MBS are not rated by credit rating agencies. While the rating agencies do not specifically rate MBS, they carry an implied AA+ rating based on the collateral that backs the bond and the AA+ rating of the Agency that issues/guarantees them. MBS are not considered subject to concentration of credit risk.

SDHC may choose to maintain 100% of its investment portfolio in U.S. Treasury Bills, notes, bonds, and collateralized certificates of deposit. Certificates of deposit are, according to SDHC's Investment Policy, to be collateralized at least 100% of the amount that is not federally insured. Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution but pledged to SDHC. The security cannot be released, substituted, or sold without the approval of SDHC.

FIDUCIARY FUND

Except for certain investments held in publicly traded mutual funds or pooled separate accounts, there are no investments at year-end that represent 5% or more of the fiduciary fund net position.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

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.

GOVERNMENT-WIDE FUND

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. SDHC does not have a formal policy related to interest rate risk.

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

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

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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

SDHC's exposure to market risk as of June 30, 2025, is as follows:

	Investment maturities			
	Total fair value	Less than 3 months	4 - 12 months	1 - 5 years
Cash and cash equivalents				
Deposits	\$ 58,855	\$ 58,855	\$ -	\$ -
Petty cash	7	7	-	-
Total cash and cash equivalents	<u>\$ 58,862</u>	<u>\$ 58,862</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted cash and cash equivalents	<u>\$ 3,909</u>	<u>\$ 3,828</u>	<u>\$ -</u>	<u>\$ 81</u>
Short-term investments				
Local Agency Investment Fund	\$ 9,211	\$ 9,211	\$ -	\$ -
San Diego County Investment Pool	8,609	8,609	-	-
Agency Bonds				
Asset Backed Security	-	-	-	-
Freddie Mac Federal Home Loan Mortgage Corporation K series securities	14,713	6,475	8,238	-
Fannie Mae Alternative Credit Enhancement Securities (Fannie Mae ACE)	4,730	-	4,730	-
Fannie Mae Delegated Underwriting Servicing program (Fannie Mae DUS) securities	9,205	-	9,205	-
Freddie Mac Small Balance Loans	-	-	-	-
Total short-term investments	<u>\$ 46,468</u>	<u>\$ 24,295</u>	<u>\$ 22,173</u>	<u>\$ -</u>
Long-term investments:				
Agency Bonds				
Asset Backed Security	\$ 9,922	\$ -	\$ -	\$ 9,922
Freddie Mac Federal Home Loan Mortgage Corporation K series securities	15,097	-	-	15,097
Fannie Mae Mortgage Backed Securities	5,034	-	-	5,034
Fannie Mae Alternative Credit Enhancement Securities (Fannie Mae ACE)	7,650	-	-	7,650
Fannie Mae Delegated Underwriting Servicing program (Fannie Mae DUS) securities	5,376	-	-	5,376
Total long-term Investments	<u>\$ 43,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,079</u>

FIDUCIARY FUND

Due to the level of risk associated with certain investment securities held within the fund plans, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect participants' account balances and the amounts reported in Fiduciary Fund statements.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 5 - Accounts Receivable - Funding Sources (Dollars in Thousands)

At June 30, 2025, amounts due from funding sources consist of the following:

Source / Program	Amount
Business	
City of San Diego	\$ 8,745
Total business	<u>8,745</u>
Federal	
HOME Investment Partnerships (HOME)	3,538
Federal - Various	2,229
Moving to Work (MTW)	1,750
Continuum of Care	1,541
Capital Fund	261
Community Development Block Grant (CDBG)	166
Emergency Solutions Grant	118
5 Year Mainstream	63
Operating Fund	35
Total federal	<u>9,701</u>
State	
Various - state	9,940
Total state	<u>9,940</u>
Local	
Various - local	80
Total local	<u>80</u>
Total	<u>\$ 28,466</u>

All amounts are expected to be collected in the next fiscal year.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 6 - Notes, Mortgages and Interest Receivable (Dollars in Thousands)

Loans made by SDHC consist 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 to 65 years;
2. Deferred payment notes with interest rates ranging from 0% to 10% and lengths of maturity ranging from 3 to 65 years; and
3. Subsidy loans made to reduce the effective interest rate to recipients on loans made by a commercial bank.

Notes, mortgages and interest receivable at June 30, 2025, consist of the following:

Borrower	Project Address	Interest Rate	Maturity Date	Principal Amount
HDP Mariner's Village, LP-Mariner's Vlg.	6847 Potomac Street, San Diego, CA 92139	3.15%	12/31/55	\$ 32,435
Town & Country Village Apts. HDP T&C	4015-409 Messina Dr. San Diego, CA 92113	6.80%	12/31/73	18,806
Arbor Terrace	3693-374 Florida St. San Diego, CA 92104	4.86%	07/01/62	15,737
Mesa Verde CIC, LP/Mission Gorge	7811 Mission Gorge Rd. San Diego, CA 92120	4.00%	06/30/73	9,600
Fairmount Family Housing, LP/ Bluewater	6121-612 Fairmount Ave. San Diego, CA 92120	4.00%	12/31/74	9,469
San Ysidro CIC, LP/Paseo La Paz	238-240; 251-263 Cypress Dr. San Diego, CA 92173	4.00%	12/31/74	9,250
Hilltop Family Hsg LP-The Orchard	922 - 944 Euclid Avenue, San Diego, CA 92114	4.00%	12/31/77	8,300
Delta Village Housing Assoc.	4316-436 Delta St. San Diego, CA 92113	3.00%	09/30/77	8,228
City Heights Ten, L.,	10 non-contiguous parcels San Diego, CA 92105	3.56%	03/31/69	7,762
Villa Encantada AMCAL	505-537 62nd; 504-528 63rd St, SD, CA 92114	4.00%	12/31/73	7,500
Twain Housing, L.P.(Stella)	4304 Twain Ave. San Diego, CA 92120	3.00%	12/31/74	7,500
Dawson Ave. Senior Apts. LP-Courtyard	4321-52nd St. San Diego, CA 92115	2.00%	11/12/63	7,104
Ulric St. Hsg. Ass. LP - Ulric	2645-2685 Ulric Street, San Diego CA 92111	3.00%	09/30/77	7,000
Texas St. Sr. Hsg LP/North Park Sr. Apts	4200 Texas St. San Diego, CA 92104	4.00%	07/31/73	7,000
Mercado CIC, LP	Cesar E Chavez Parkway Lot 2,6&7, SD CA 92113	5.00%	05/02/68	7,000
Florida Street Housing Assoc - Kalos Apt	3783-3825 Florida St. San Diego, CA 92104	3.00%	02/01/67	6,966
13th & Broadway CIC, LP	1320 Broadway San Diego, CA 92101	4.00%	12/31/81	6,800
Fairmount Senior Hsg, CIC LP (Eastblock)	4320 44th Stree, San Diego, CA 92101	4.00%	10/01/76	6,750
14th & Commercial CIC, LP	1 14th Street, San Diego, CA 921010	3.00%	05/01/77	6,150
LINC Arbor Village Apartments Allison R	4914-499 Logan Ave. San Diego, CA 92113	3.00%	05/01/67	5,460
Market Square Manor Associates, LP	525 14th St. San Diego, CA 92113	5.60%	02/10/58	5,383
14th & Comm CIC-VHHP, LP (14C-VHHP)	1 14th Street, San Diego, CA 921010	3.00%	05/01/77	5,350
Villa Harvey Mandel, L.P.	72 17th Ave. San Diego, CA 92101	5.60%	02/12/57	5,247
HDP Quality Inn, LLC Quality Inn	1840 4th Avenue, San Diego, CA 92101	4.00%	12/31/75	5,240
Normal Heights, CIC LP/Loft @ Normal Hgt	3808 El Cajon Blvd. San Diego, CA 92105	3.00%	05/31/74	5,200
Georgia Street, L.P./ City Scene	4105 Georgia St. San Diego, CA 92104	3.00%	07/01/66	5,111



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Borrower	Project Address	Interest Rate	Maturity Date	Principal Amount
Renaissance Sr Hsg.	4330 30th St. San Diego, CA 92104	4.65%	04/12/59	5,002
San Diego Commons, LP/ Mesa Commons	6456 El Cajon Blvd. San Diego, CA 92115	3.00%	04/30/69	4,905
Benson Place, LP (Hollister)	1010 Otter Road, San Diego, CA 92154	4.00%	12/31/75	4,860
Talmadge Gateway, LP	4422 Euclid Ave. San Diego, CA 92115	3.00%	06/01/72	4,800
Radisson Hotel ,Tizon	11520 Bernardo Ct. San Diego, CA 92127	4.00%	07/31/78	4,500
4132 Beyer, L.P.(Ventana al Sur)	4132 Beyer Boulevard San Diegp, CA 92173	3.00%	08/31/79	4,400
Creekside - Affirmed Hsg. Partners	2125-215 Coronado Ave. San Diego, CA 92154	5.20%	06/30/35	4,280
Beech Street Housing, LP-Cortez Hill	1449 Ninth Avenue San Diego, CA 92101	3.00%	12/31/78	4,250
Beyer Blvd Apts. LP	3412-346 Beyer Blvd. San Diego, CA 92154	3.00%	10/22/59	4,200
San Ysidro Hsg Partners, LP -Jamboree SY	429-437 W. San Ysidro Blvd. San Diego CA	3.00%	12/31/78	4,200
Front & Beech SH, LP- The Helm	191 West Beech Street, San Diego CA 92101	4.00%	12/31/77	4,193
Del Sol Apts. LP	Del Sol Apts, 3606-3690 Del Sol San Diego, CA 92154	3.00%	08/31/61	4,126
Vista del Puente, L.P.	3934 Gamma St; 1510 S 40th St. San Diego, CA 92113	3.00%	12/31/75	4,100
Ulric II, Linda Vista Housing	2601 Ulric Street San Diego, CA 92111	4.00%	12/31/78	4,075
HDP Churchill, L.P./Hotel Churchill_Sr.	827 C St. San Diego, CA 92101	3.00%	08/31/71	3,800
Alabama Manor Hsg Associates	3822-383 Alabama St. San Diego, CA 92104	0.00%	12/31/63	3,724
HDP West Park, LP(West Park)	1830 Fourth Avenue, San Diego CA 92101	4.00%	06/30/75	3,593
Wakeland-Beacon, LP Beacon Apartments	145 C St. San Diego, CA 92110	3.00%	12/31/74	3,563
Imperial Urban Hsg, LP/ Cypress Apts.	1435 Imperial Ave. San Diego, 92101	3.00%	12/31/72	3,535
Mt. Alifan Apts., LP (Ivy Senior)	5858 Mt Alifan Drive, San Diego, CA 92111	4.00%	12/31/76	3,500
15th & Commercial, L.P.	1506 Commercial St. San Diego, CA 92101	3.00%	01/01/66	3,464
Winona Gardens Hsg. Assoc.-Bandar Salaam	3810 Winona Ave. San Diego, CA 92105	4.79%	05/31/79	3,461
Comm22 Sr. Hsg., LP/Victoria	Commercial & 22nd St. San Diego, CA 92113	3.00%	05/01/69	3,456
Messina CIC, LP	5255 Mt. Etna San Diego, CA 92117	4.00%	12/31/81	3,358
NCRC NSV LP, Nestor Senior	1120 Nestor Way San Diego, CA 92154	4.00%	12/31/78	3,330
Hacienda Townhomes, Ltd.	350 17th St. San Diego, CA 92101	4.50%	12/31/80	3,154
Trolley Residential CIC, L.P.	4981 Market St. San Diego, CA 92114	4.00%	06/30/72	3,120
HDP New Palce, LP/New Palace	1814 5th Ave. San Diego, CA 92101	4.00%	12/31/73	3,100
Grantville Veteran Housing, LP/Zephyr	4370 Alvarado Canyon Rd. San Diego, CA 92120	3.00%	12/31/73	3,000
Wakeland Atmosphere, LP/Atmosphere I	5th Ave. & Beech St. San Diego, CA 92101	4.00%	03/01/70	3,000
Wakeland Vista Grande/Vista Grande	5391-541 Santa Margarita, San Diego, CA 92114	3.00%	05/01/67	2,967
34th Street Project, LLC	4637 34th St. San Diego, CA 92116	3.00%	02/24/77	2,920
Post 310 , L.P.	465 North 47th Street San Diego, CA 92102	4.00%	08/01/79	2,883
Juniper Gardens, L.P.	4251 Juniper St. San Diego, CA 92105	3.00%	12/31/68	2,839
Vietnam Veterans ofSD/ Phase II	Veterans Village, 4141 Pacific Highway, S D 92110	3.00%	05/29/72	2,760
Metro Villas Housing Partners	4031-408 39th St. San Diego, CA 92105	4.85%	02/01/58	2,678
WJJ CIC, L.P./Independence Point Apts.	327 S Willie James Jones, San Diego, CA 92130	4.00%	01/31/71	2,500
Amcal Mission, LP/Mission Apartments	1815-187 Hancock St. San Diego, CA 92110	3.00%	01/01/68	2,499
HDP Mason Hsg. Corp./Mason Hotel	1337-134 Fifth Avenue, San Diego CA 92103	3.00%	02/28/68	2,434
Riverwalk Apartments, L.P.	1194 Hollister St. San Diego, CA 92154	3.00%	03/01/65	2,275
HDP ADU, LLC (Companion Units)	1144 Twining Avenue, San Diego CA 92154	3.00%	12/01/75	2,260
Modica Family Apartments CIC, LP	5255 Mt. Elena Drive San Diego, CA 92117	4.00%	12/31/81	2,260
Wakeland Village Green Apts LP	4140-415 Bonillo Dr. San Diego, CA 92115	3.00%	04/01/65	2,165
Pathfinders of San D,	2621-262 University Ave. San Diego, CA 92104	3.00%	07/15/65	2,050
Terramar CIC, L.P.,	13481 Silver Ivy Lane, San Diego, CA 92129	3.00%	06/01/68	2,035
Vietnam Veterans of SD/ Phase III	4141 Pacific Highway, San Diego, CA 92110	3.00%	05/01/75	2,001
Connections HousingDowntownLP	1250 Sixth Ave. San Diego, CA 92101	3.00%	06/01/69	2,000
Iris at San Ysidro LP	1663 Dairy Mart Road San Diego, CA 92173	4.00%	07/01/81	1,955
Casa Nueva II ,LP	350 17th St. San Diego, CA 92101	0.00%	12/31/80	1,870
YWCA of SD County-Becky's House	2540-2550 Garnet Ave. San Diego, CA 92109	0.00%	11/10/62	1,786
Parkside SD Apts., LP (Formerly Bolt)	4010-4050 Parkhaven Ct. San Diego, CA 92113	3.00%	04/01/56	1,726
Serenade 43, LP	4030 43rd Street San Diego, CA 92105	4.00%	09/30/81	1,700
Townpeople, a CA nonprofit	4242-4260 51st St. San Diego, CA 92115	3.00%	05/01/61	1,570
HDP Churchill, L.P./Hotel Churchill-Sub	827 C St. San Diego, CA 92101	3.00%	08/31/71	1,546
PSCDC Wightman	5052 Wightman St. San Diego, CA 92105	3.00%	07/01/54	1,537
Vietnam Veterans ofSD/ Phase IV	4141 Pacific Highway, San Diego, CA 92110	3.00%	08/01/77	1,492
Chicano Federation Delta Place	4420 Delta St. San Diego, CA 92113	3.00%	11/01/54	1,486
Vietnam Veterans of San Diego/ Phase V	4141 Pacific Highway, San Diego, CA 92110	3.00%	07/01/70	1,437



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Borrower	Project Address	Interest Rate	Maturity Date	Principal Amount
Mercado Apartments /MAAC	2001-2097 Newton;2008-2094 Main St. SD CA 92101	6.00%	12/01/47	1,425
Logan Development L.P./Knox Glen	4720-476 Logan Ave. San Diego, CA 92113	6.00%	11/30/50	1,400
Creekside-AffirmedFamily Hsg. Partners	2125-215 Coronado Ave. San Diego, CA 92154	4.79%	06/30/35	1,381
Grant Heights II, LP	3845 Winona Avenue, San Diego CA 92105	3.00%	03/31/76	1,320
Chicano Federation Trojan Apts.	5222 Trojan Ave. San Diego, CA 92115	3.00%	07/01/53	1,145
"J" Street Inn, LP J Street	222 J Street, San Diego, CA 92101	0.00%	12/31/27	1,134
NCRC Encanto, L.P. Encanto Village	1617-165 Imperial Ave. San Diego. CA 92114	4.00%	05/31/74	1,060
Mayberry Townhomes/Mountain View Hsg.	4328-449 Mayberry St. San Diego, CA 92113	2.64%	12/31/71	997
TACHS Cove Apts LLC	5288 El Cajon Blvd. San Diego, CA 92115	3.00%	05/01/62	982
SD LGBT Community Center	1640 Broadway, San Diego, CA 92101	0.00%	11/01/60	934
Catholic Charities/Leah Residence-9th F	798 Ninth Ave. San Diego, CA 92101	0.00%	10/31/58	928
Island Inn, LP	202 Island Ave, San Diego, CA 92101	0.00%	12/31/27	917
Carmel Valley Hsg./Torrey Del Mar	13875 Carmel Valley Rd. San Diego, CA 92130	3.00%	06/30/56	892
NCRC SYSV, LP/San Ysidro Sr. Village	517 West San Ysidro, San Ysidro, CA 92713	3.00%	12/31/75	760
Casa Colina LP	5207 52nd Place, San Diego, CA 92105	3.00%	02/01/59	746
Urban Council Dev't Inc./Villa Rica-Alta	4227 52nd St; 5202 Orange Ave. San Diego, CA 92115	3.00%	12/17/54	742
Lillian Place LP	1401 & 1437 J St. San Diego, CA 92101	3.00%	12/16/60	731
Vietnam Veterans ofSD/ Phase II B	Veterans Village, 4141 Pacific Highway, S D 92110	3.00%	06/01/72	720
Bayview CDC-40th St.	1440-1516 S. 40th St. San Diego, CA 92113	3.00%	02/01/56	696
Vietnam Veterans of SD/ Phase I	Veterans Village, 4141 Pacific Highway, S D 92110	3.00%	05/15/70	675
Hope CDC/Lincoln Park	4910-4920 Ocean View Blvd;440-444 49th St. SD 92113	3.00%	12/22/48	647
South Bay CommunityServices	135 Averil Rd. San Diego, CA 92173	3.00%	12/16/53	631
Wakeland Trinity PI Trinity Place	6240 Mission Gorge Road, San Diego, CA 92120	4.00%	12/31/76	610
3137 El Cajon Blvd. LP-The Boulevard	3137 El Cajon Blvd. San Diego, CA 92104	3.00%	12/31/63	600
Chicano Federation Park Place	4033 33rd St. San Diego, CA 92104	3.00%	12/01/52	596
Housing Innovation P	1851-186 Titus St. San Diego, CA 92103	3.00%	10/20/58	573
Santaluz Family Apts. LP-Rancho del Nort	16775 Saintbury Glen, San Diego, CA 92130	3.00%	09/29/60	500
COMM 22 Family Hsg. LP/	Commercial & 22nd St. San Diego, CA 92113	3.00%	05/01/69	500
Total Major Loans				426,270
Home ownership loans (Under \$500)				48,521
Single-Family rehabilitation loans (Under \$500)				3,869
Rental Housing Finance loans with rehab / acquisition (under \$500)				4,725
Accessory Dwelling Unit loans (Under \$500)				537
Total Non-Major Loans as of June 30, 2025				57,652
Total Major Loans and Total Non-Major Loans as of June 30, 2025 (Not Including Deferred Loans)				483,922
Allowance for Loan Losses				(8,205)
Allowance for Forgivable Loans				(8,056)
Total notes receivable at June 30, 2025				467,661
Deferred cumulative interest receivable at June 30, 2025				91,976
Total notes and interest receivable at June 30, 2025				<u>\$ 559,637</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Notes and mortgages receivable due one year or less amounted to \$955 as of June 30, 2025. The change in allowance on notes receivable consists of the following:

<u>Balance,</u> <u>July 1, 2024</u>	<u>Losses/</u> <u>write-offs</u>	<u>Additions/</u> <u>adjustments</u>	<u>Balance,</u> <u>June 30, 2025</u>
<u>\$ 15,175</u>	<u>\$ (1,465)</u>	<u>\$ 2,551</u>	<u>\$ 16,261</u>

SDHC makes affordable housing non-interest bearing loans, originated through noncash transactions, in which the borrower is not required to repay the loan during the loan compliance period provided compliance covenants are met. Compliance periods range between 10 to 65 years. SDHC monitors the loan compliance. SDHC does not record these loans in the Statement of Net Position as there is no cash disbursed. Any payment received during the compliance period is recorded as revenue in the fiscal year of receipt. Notes representing affordable housing loans outstanding as of June 30, 2025, total \$76,703.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 7 - Capital Assets (Dollars in Thousands)

A summary of changes in capital assets for the year ended June 30, 2025 is as follows:

	Balance, June 30, 2024	Additions	Transfers / Retirements	Balance, June 30, 2025
Capital assets, not being depreciated				
Land	\$ 113,527	\$ 13,570	\$ -	\$ 127,097
Construction in progress	5,683	11,917	(965)	16,635
Total capital assets, not being depreciated	119,210	25,487	(965)	143,732
Capital assets, being depreciated				
Buildings	184,509	43,938	-	228,447
Building improvements	93,612	12,692	-	106,304
Office furniture and equipment	7,796	5,898	(306)	13,388
Intangible right to use software arrangements	6,446	1,492	(267)	7,671
Total capital assets, being depreciated	292,363	64,020	(573)	355,810
Less accumulated depreciation for:				
Buildings	(44,694)	(6,348)	-	(51,042)
Building improvements	(50,068)	(5,531)	-	(55,599)
Office furniture and equipment	(5,791)	(1,107)	437	(6,461)
Intangible right to use software arrangements	(2,448)	(1,779)	83	(4,144)
Total accumulated depreciation	(103,001)	(14,765)	520	(117,246)
Total capital assets, being depreciated, net	189,362	49,255	(53)	238,564
Total capital assets, net	\$ 308,572	\$ 74,742	\$ (1,018)	\$ 382,296

In fiscal year 2025, capital assets totaled \$382,296. Additions of \$64,020 to capital assets being depreciated include the acquisition and rehabilitation of Presidio Palms; Smart Corner tenant improvements; roofing upgrades at Hollister, Sycamore, Hillcrest, Valley Vista and Smart Corner; plumbing system upgrades at Glenhaven, Muir, Sycamore and Swift; elevator modernization at Valley Vista; HVAC upgrades at Valley Vista and Kearny Vista; and water heater upgrades at Kearny Vista, Valley Vista, Belden, Courtyard, and Smart Corner properties.

Depreciation and amortization expense for the year ended June 30, 2025 was \$12,986 and \$1,779, respectively.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 8 - Prepaid Items and Other Assets (Dollars in Thousands)

Prepaid Items and Other Current Assets

As of June 30, 2025 prepaid and other current assets consisted of the following:

Prepaid software licenses	\$ 1,498
Prepaid grants	1,458
Escrow deposits - mortgage insurance premiums	266
Prepaid insurance	182
Prepaid mortgage insurance	68
Deposits other	9
Prepaid appliances	4
Total prepaids and other	<u>\$ 3,485</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 9 - Notes Payable (Dollars in Thousands)

Notes Payable

A summary of notes payable at June 30, 2025 is as follows:

Type of Obligation	Interest Rate	Fiscal Year Maturity Date	Balance, 6/30/2024	New Note Additions	(Payments)/ Amortization/ Adjustments	Balance, 06/30/2025	Due Within One Year FY26	GASB 88 Disclosure Footnotes
Direct Borrowing Debts of the Commission								
Key Bank Real Estate Capital - Smart Corner variable rate	5.53%*	2027	\$ 653		\$ (124) **	\$ 529	\$ 65	A1,B1, C1, D2
** Payment includes optional annual payment of \$63								
City of San Diego - Hotel Sandford Forgivable loan with accrued interest totaling \$832	1.00%	2065	5,843	-	-	5,843	-	A1, B2, C4, D4
State of California - Housing Loan Conv Program 12-HLCP-0004	3.00%	2068	1,405	-	-	1,405	-	A1, B3, C5, D3
State of California - Housing Loan Conv Program 12-HLCP-0003	3.00%	2068	3,150	-	-	3,150	-	A1, B4, C5, D3
Red Capital Mortgage, LLC - Courtyard Apartments	4.92%	2030	3,764	-	(80)	3,684	84	A1, B5, C2, D1
JP Morgan Chase - Valley Vista	3.29%	2030	27,700	-	(653)	27,047	675	A1, B11, C1, D1
JP Morgan Chase - Kearny Vista	3.39%	2030	6,445	-	(150)	6,295	155	A1, B12, C1, D1
County of San Diego - Presidio Palms	3.00%	2080	-	14,710	-	14,710	-	A1, B13, C4, D1
County of San Diego - Pacific Village	3.00%	2079	-	825	-	825	-	A1, B14, C4, D1
Debts of the LLCs								
Greystone Servicing Corp, Inc. - Belden SDHC FNMA, LLC	7.32%	2040	9,424	-	(337)	9,087	362	A1, B6, C2, D1
Greystone Servicing Corp, Inc. - Northern SDHC FNMA, LLC	7.32%	2040	8,269	-	(297)	7,972	318	A1, B7, C2, D1
PNC Bank, NA FHA - Southern SDHC FHA, LLC	3.76%	2046	18,805	-	(589)	18,216	612	A1, B8, C3, D1
PNC Bank, NA FHA - Northern SDHC FHA, LLC	3.76%	2046	13,155	-	(412)	12,743	428	A1, B9, C3, D1
PNC Bank, NA FHA - Central SDHC FHA, LLC	3.65%	2046	11,792	-	(372)	11,420	386	A1, B10, C3, D1
Subtotal			110,405	15,535	(3,014)	122,926	3,085	
Less amortized debt issuance costs			(948)	-	68	(880)	-	
Total			<u>\$ 109,457</u>	<u>\$ 15,535</u>	<u>\$ (2,946)</u>	<u>\$ 122,046</u>	<u>\$ 3,085</u>	

At June 30, 2025, the current portion of notes payable was \$3,085 and the noncurrent portion of notes payable, net was \$118,961.

Debt issuance costs associated with the LLC loans totaled \$2,120, less accumulated amortization of \$1,240 at June 30, 2025. For fiscal year 2025, amortization totaled \$68. Under guidance issued by the GASB, these fees would be expensed as incurred. However, as the LLCs are not governmental agencies, they follow the standards issued by the FASB. In accordance with ASU 2015 - 03, debt issuance costs are capitalized and presented as a direct deduction to notes payable. In addition, the debt issuance costs are amortized over the life of the loan using the effective interest method.

The American Recovery and Reinvestment Act of 2009 created the new Build America Bond (BABs) program. State and local governments receive subsidy payments directly from the U.S. Treasury for a portion of their borrowing costs on Build America Bonds, equal



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

to 35% of the total coupon interest paid less reductions in federal appropriations. The subsidy stream is paid for the full term of the bonds. The Belden SDHC FNMA LLC, Northern SDHC FHA LLC and Southern SDHC FHA LLC loans have been approved as qualified direct subsidy BABs loans. SDHC received subsidy payments of \$599 in fiscal year 2025.

The projected annual principal and interest payment requirements for all of SDHC's notes payable are noted in the table below. These amounts include a forgivable loan of \$5,843 which will be forgiven at maturity in 2065. Accrued interest of such forgivable loan is \$832 as of June 30, 2025.

	Notes payable		
	Principal	Interest	Total
Year ending June 30, 2026	\$ 3,085	\$ 4,086	\$ 7,171
2027	3,622	3,929	7,551
2028	3,300	3,779	7,079
2029	3,456	3,622	7,078
2030	6,835	3,447	10,282
2031-2035	43,871	9,819	53,690
2036-2040	18,569	5,003	23,572
2041-2045	13,449	1,434	14,883
2046-2050	807	3	810
2051-2055	-	-	-
2056-2080	20,089	-	20,089
Subtotal	117,083	35,122	152,205
Forgivable loans	5,843	-	5,843
Total Notes Payable	<u>\$ 122,926</u>	<u>\$ 35,122</u>	158,048
Less: Unamortized debt issuance costs			(880)
Total Notes Payable, Net			<u>\$ 157,168</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

GASB 88 Disclosure Footnotes

A. Amount of Unused Lines of Credit

A1 SDHC has no open lines of credit.

B. Assets Pledged as Collateral

B1 1122 Broadway, 92101
 B2 1301-1333 Fifth Avenue, San Diego, 92101. Lots D,E, and F in Block 191 of Horton's Addition in the City of San Diego
 B3 3222-3224 Camulos St, San Diego, CA, 4095 Valeta Street, San Diego, CA, 3919 Mason Street, San Diego, CA, 2420 44th Street, San Diego, CA, 5385-5389 Trojan Avenue, San Diego, CA
 B4 605-695 Picador Blvd, 92154
 B5 4395 El Cajon Boulevard, 92105
 B6 7705-7795 Belden Street, 92111
 APN: 420-451-03 and 04
 B7 3501 1st Avenue, 92103, 4131 Maryland Street 92103, 7105-20 Eastman Street, 92111, 7526-80 Fulton Street, 92111, 2615-65 Genesee Avenue, 92123, 7085-95 Levant Street, 92111
 B8 1351-15359 Hollister Street, 92154, 2381-2389 Grove Avenue, 92154, 121-125 Averil Road, 92173, 2005-2065 Alaquinas Drive, 92173, 178-190 Calle Primera, 92173, 281-289 Sycamore Road (North), 92173, 391-417 Sycamore Road (West), 92173, 402-412 Sycamore Road (East), 92173
 B9 12643-12687 El Camino Real, 92130, 8792 Mira Mesa Boulevard, 92126, 5071-5077 1/2 Muir Avenue, 92107, 8637-8643 Glenhaven Street, 92123, 8649-8655 Genhaven Street, 92123, 8661-8667 Glenhaven Street, 92123, 8701 Glenhaven Street, 92123, 8714-8720 Hurlbut Street, 92123, 8726-8732 Hurlbut Street, 92123
 B10 7281-7289 Saranac Street, 92115, 4560 Altadena Avenue, 92115, 4479-4481 Altadena Avenue, 92115, 4164 Altadena Avenue, 92105, 5316 Meade Avenue, 92115, 5330-5332 1/2 Rex Avenue, 92105, 5326-5328 Rex Avenue, 92105, 4261 45th Street, 92115, 4225 44th Street, 92115, 2628-2630 44th Street, 92105, 4416 #1-8 Highland Avenue, 92115, 4566 51st Street, 92115, 3051 54th Street, 92105, 4147-4157 Chamoune Avenue, 92105, 4205-4215 Juniper Street, 92105, 4273-4283 Juniper Street, 92105, 4390 Maple Street, 92105, 4180-4182 Poplar Street, 92105, 4451-4459 Market Street, 92102, 5359-5389 Santa Margarita, 92114, 2883 Boston Avenue, 92113, 2955 Boston Avenue, 92113
 B11 5400 Kearny Mesa Road, 92111
 B12 1865 Hotel Circle South, 92108
 B13 2087 Hotel Circle South, 92108
 B14 3737 Midway Drive, 92110

C. Events of Default with finance-related consequences

C1 The outstanding note contains event(s) of default which change the timing of repayment of outstanding amounts which can become immediately due including a prepayment premium.
 C2 The outstanding note contains event(s) of default which change the timing of repayment of outstanding principal amounts to become immediately due, adjusts the interest rate equal to the lesser of 4 percentage points above the current interest rate or the maximum allowed under applicable law and includes a prepayment premium prior to December 31, 2024.
 C3 The outstanding note contains event(s) of default which change the timing of repayment of outstanding amounts which can become immediately due including a variable rate prepayment premium prior to October 31, 2020.
 C4 The outstanding note contains event(s) of default which change the timing of repayment of outstanding amounts which can become immediately due if not cured within the respective time periods provided by the Agency.
 C5 The outstanding note contains event(s) of default, which if not remedied to the satisfaction of the Department within the time line set forth by the Department could result in loss of rents and income, possession of the Development and/or change the timing of the repayment of outstanding amounts to become immediately due.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

D. Subjective Acceleration Clause

- D1 The outstanding note contains an acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due for an ongoing default or if the lender determines a material adverse change occurs.
- D2 The outstanding note contains an acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due for an ongoing default or if the lender determines a material adverse change occurs. The acceleration clause increases the interest rate to 15% or the maximum rate permitted by law, whichever is less.
- D3 The outstanding note contains an acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due for an ongoing default or if the lender determines a material adverse change occurs. The acceleration clause increases the interest rate to 10% per annum.
- D4 The outstanding note contains an acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due for an ongoing default or if the lender determines a material adverse change occurs. The acceleration clause increases the interest rate to 10% or the highest rate of interest permitted by law, from disbursement until paid in full.

E. Termination events with finance-related consequences

- E1 SDHC does not have an outstanding note that contains a termination clause.

Accrued Compensated Absences

The change in accrued compensated absences consists of the following:

Balance, July 1, 2024	Additions (accruals)	Deductions (usage)	Balance, June 30, 2025	Due Within One Year FY25
\$ 4,593	\$ 5,323	\$ (4,920)	\$ 4,996	\$ 4,996



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 10 - Leases and SBITA Agreements (Dollars in Thousands)

SDHC, as a lessor, has entered into lease agreements for the use of certain SDHC land and commercial spaces. Terms of the agreements are listed below. As an interest rate implicit in SDHC's leases is not readily determinable, SDHC uses the state of California's incremental borrowing rate. For fiscal year 2025, SDHC held the following leases:

	Lease Receivable Current Portion	Lease Receivable Noncurrent Portion	Deferred Inflows	Lease Revenue	Lease Interest Revenue
Commercial leases					
7-Eleven	\$ 156	\$ 1,151	\$ 1,209	\$ 169	\$ 21
Barber College	156	355	478	155	15
BB's Deli	-	-	-	20	-
Family Justice Center	321	-	302	594	1
Latinos y Latinas	-	-	-	15	-
MetroPCS	79	294	345	76	4
Total commercial leases	712	1,800	2,334	1,029	41
Land leases					
<u>Land leases (non-related)</u>					
Arbor Village	17	1,200	1,186	62	18
Dawson Courtyard	20	1,612	1,588	37	25
Golden Villas	5	165	165	6	3
Mariner's Cove	474	51,959	50,518	891	790
Mercado	-	-	-	-	-
Mission	24	1,828	1,805	38	28
Riverwalk	15	1,051	1,038	21	16
Talmadge	43	2,606	2,580	61	40
Terramar	7	510	504	10	8
Think Dignity	-	-	-	-	-
Villa Merced	73	419	476	82	8
Total land leases (non-related)	678	61,350	59,860	1,208	936
<u>Related party land leases</u>					
Casa Colina	12	729	721	9	11
Hotel Churchill	19	1,666	1,643	80	26
Mariner's Village	102	9,725	9,582	245	149
Parker Kier	-	-	-	45	-
Quality Inn	20	1,748	1,723	88	27
San Diego Square	101	7,781	7,681	169	120
Village North Senior	30	2,639	2,602	65	40
West Park	10	883	870	34	15
Total related party land leases	294	25,171	24,822	735	388
Total	<u>\$ 1,684</u>	<u>\$ 88,321</u>	<u>\$ 87,016</u>	<u>\$ 2,972</u>	<u>\$ 1,365</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Commercial Leases

7-Eleven – On August 1st 2007, SDHC entered into a 10 year lease agreement with renewal options with 7-Eleven Inc. for the real property located at 1122 Broadway, San Diego, CA. SDHC is receiving monthly payments through 2027 and there is an option for renewal upon expiration.

Barber College – On August 1, 2023, SDHC entered into a 5 year lease agreement that includes one 5 year renewal option with the Associated Barber College of San Diego for the lease of real property located at the Project at 1311, 1315, 1325 and 1333 5th Avenue.

BB's Deli – On August 5th 2010, SDHC entered into a 5 year lease agreement with renewal options with BB's Deli, LLC for the lease of real property located at 1321 Fifth Avenue, San Diego, CA. SDHC received monthly payments through 2025.

Family Justice Center – On October 1st 2010, SDHC entered into a 10 year lease agreement with options to renew with the City of San Diego Family Justice Center for the lease of real property located at 1122 Broadway Suite 200, San Diego, CA. SDHC received monthly payments through 2025. The tenant has declined to exercise the renewal option.

Latinos y Latinas – On August 1st 2022, SDHC entered into a 1 year lease agreement with a 3 year renewal option with Latinos y Latinas en Accion for the lease of real property located at 4395 El Cajon Boulevard, San Diego, CA. On July 31, 2023 the option to renew was exercised. SDHC is receiving monthly payments through 2026.

MetroPCS – On November 30th 2014, SDHC entered into a 5 year lease agreement with renewal options with TAL Store 828, LLC for the lease of real property located at 1075 11th Avenue, San Diego, CA.

Land Leases (non-related)

Arbor Village – On April 1st 2010, SDHC entered into a 65 year lease agreement with LINC-Arbor Village Apartments Housing Investors, L.P. for the lease of real property located at 4914-4998 Logan Ave, San Diego, CA. SDHC is receiving annual payments through 2077 and there are no renewal options included in this lease agreement. Variable payment of \$38 was received in FY25.

Dawson Courtyard – On November 12th 2008, SDHC entered into a 55 year lease agreement with Dawson Avenue Senior Apartments, L.P. for the lease of real property located at 4321 52nd Street, San Diego, CA. SDHC is receiving annual payments through 2066 and there are no renewal options included in this lease agreement. Variable payment of \$6.7 was received in FY25



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Golden Villas – On May 30th 1995, SDHC entered into a 55 year lease agreement with John B. Walsh for the lease of real property located at 3355-3395 Elm Street, San Diego, CA. SDHC is receiving monthly payments through 2055 and there are no renewal options included in this agreement. Variable payment of \$0.4 was received in FY25.

Mariner's Cove – On December 30th 1982, SDHC entered into a 55 year lease agreement with Lincoln Mariners Associates Limited, LLC for the lease of real property located at 4392 W Point Loma Blvd, San Diego, CA. SDHC is receiving monthly payments through 2037 and there are no renewal options included in this agreement. Variable payment of \$119.7 was received in FY25.

Mercado – On March 15th 2011, SDHC entered into a 99 year lease agreement with Mercado CIC, L.P. for the lease of real property located at 2001 Newton Ave, San Diego, CA. SDHC is receiving annual payments through 2112 and there are no renewal options included in this agreement. No payments were received in FY25.

Mission – On May 1st 2011, SDHC entered into a 65 year lease agreement with AMCAL Mission Fund, L.P. for the lease of real property located at 1815 and 1847 Hancock Street, San Diego, CA. SDHC is receiving annual rent payments through 2078 and there are no renewal options included in this agreement. Variable payment of \$2.8 was received in FY25.

Riverwalk – On April 26th 2010, SDHC entered into a 65 year lease agreement with Riverwalk Apartments, L.P. for the lease of real property located at 1194 Hollister Street, San Diego, CA. SDHC is receiving annual payments through 2075 and there are no options for renewal. No variable payment was received in FY25.

Talmadge – On November 8th 2004, SDHC entered into a 65 year lease agreement with Ken-Tal Senior Partners, L.P. for the lease of real property located at 5252 El Cajon Blvd, San Diego, CA. SDHC is receiving quarterly payments through 2069 and there are no options for renewal. Variable payment of \$2.3 was received in FY25.

Terramar – On July 25th 2011, SDHC entered into a 65 year lease agreement with Terramar CIC, L.P. for the lease of real property located at 13481 and 13483 Silver Ivy Lane, San Diego, CA. SDHC is receiving annual payments through 2078 and there are no options for renewal. No variable payment was received in FY25.

Think Dignity – On May 1st 2014, SDHC entered into a 2 year lease agreement with Think Dignity for the lease of real property at 252 16th Street, San Diego, CA. SDHC is receiving monthly payments through 2025 and there is an option to renew the lease for an additional year at the end of its term. No variable payment was received in FY25.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Villa Merced – On December 30th 1980, SDHC entered into a 50 year lease agreement with Colonia Barrios Seniors, Inc. for the lease of real property located at 1148-1188 Beyer Way, San Diego, CA. SDHC is receiving annual payments through 2031 and there are no options for renewal. Variable payment of \$8.6 was received in FY25.

Vista Grande – On October 20th 2010, SDHC entered into a 65 year lease agreement with Wakeland Vista Grande Apartments, L.P. for the lease of real property located at 5391 and 5411-25 Santa Margarita Street, San Diego, CA. SDHC is receiving annual payments through 2077 and there are no options for renewal. No payments were received in FY25.

Related Party Land Leases

Casa Colina – On February 18th 2004, SDHC entered into a 65 year lease agreement with Casa Colina, L.P. for the lease of real property located at 5207 52nd Place, San Diego, CA. SDHC is receiving monthly payments through 2069 and there are no renewal options included in this lease agreement. No variable payment was received in FY25.

Hotel Churchill – On April 24th 2015, SDHC entered into a 65 year agreement with HDP Churchill L.P. for the lease of real property located at 827 C Street, San Diego, CA. SDHC is receiving annual payments through 2082 and there are no renewal options included in this agreement. Variable payment of \$50.3 was received in FY25.

Mariner's Village – On November 30th 2018, SDHC entered into a 65 year lease agreement with HDP Mariner's Village, LP for the lease of real property located at 6847 Potomac Street, San Diego, CA. SDHC is receiving annual payments through 2086 and there are no options for renewal. Variable payment of \$85.5 was received in FY25.

Parker Kier – On September 1st 2023, SDHC entered into a 15 year lease agreement with HDP Parker Kier, LLC for the lease of real property located at 2172 Front Street, San Diego, CA. SDHC is receiving annual payments through 2038 and there are no options for renewal. There were no variable payments in FY25.

Quality Inn – On December 15th 2017, SDHC entered into a 65 year lease agreement with HDP Quality Inn, LLC for the lease of real property located at 1840 4th Avenue, San Diego, CA. SDHC is receiving annual payments through 2083 and there are no options for renewal. Variable payment of \$58.1 was received in FY25.

San Diego Square – On February 28th 2019, SDHC assumed the 65 year lease agreement with HDP Broadway, LP from the City of San Diego. The original lease agreement began on May 24th 2013 for the lease of real property located at 910 C Street, San Diego, CA. SDHC is receiving monthly payments through 2078 and there are no options for renewal. Variable payment of \$21 was received in FY25.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Village North Senior – On December 15th 2017, SDHC entered into 65 lease agreement with HDP Village North, LLC for the lease of real property located at 7720-7780 Belden Street, San Diego, CA. SDHC is receiving annual payments through 2083 and there are no options for renewal. Variable payment of \$19.5 was received in FY25.

West Park – On December 14th 2017, SDHC entered into 65 year lease agreement with Housing Development Partners for the lease of real property located at 1830 4th Avenue, San Diego, CA. SDHC is receiving annual payments through 2083 and there are no options for renewal. Variable payment of \$19 was received in FY25.

Minimum lease payments receivable are as follows:

	Lease Principal	Lease Interest
Year(s) ending June 30, 2026	\$ 1,684	\$ 1,342
2027	1,392	1,320
2028	1,444	1,297
2029	1,310	1,275
2030	1,262	1,256
2031-2035	5,539	6,018
2036-2040	5,380	5,623
2041-2045	5,798	5,205
2046-2050	6,247	4,755
2051-2112	59,949	18,153
	<u>\$ 90,005</u>	<u>\$ 46,244</u>

Subscription-Based Information Technology Arrangements

SDHC has identified 17 software arrangements that require recognition under GASB 96. These SBITA are recorded as intangible right to use software arrangements in capital assets and subscription liability. As an interest rate implicit in SDHC's subscription arrangements is not readily determinable, SDHC uses the State of California incremental borrowing rate posted for GASB 96. For the 9 SBITAS in place in fiscal year 2023 for leases 0 months to 60 months the rate was 2.40%, for the 3 SBITAS in place in fiscal year 2024 for leases 0 months to 60 months the rate was 2.63% and for the 5 SBITAS in place in fiscal year 2025 for leases 0 months to 60 months the rate was 3.16%. The terms in month are calculated to include option periods.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

In fiscal year 2025 SDHC had the following SBITA:

Software and contractor	Net Present Value of Subscription Liability	Subscriptions Payable Balance, 06/30/2025	Subscriptions Payable Due Within One Year
Yardi - Yardi Systems Inc	\$ 3,397	\$ 1,519	\$ 750
Microsoft Licensing - Insight Public Sector, Inc	805	-	-
OnBase - Hyland Software, Inc.	522	215	106
DocuSign - Carasoft Tech	418	273	147
Planetbids - Plantebids, Inc	393	81	81
8x8 Licensing - 8x8, Inc	349	-	-
Vulnerability Mgt. - Insight, Inc.	287	182	101
QuickBase - QuickBase Inc	200	101	101
Adobe - Govconnections, Inc	195	67	67
Data Protection, Threat Detection - Nth Generation	175	-	-
Identity Mgt. - CDW Government	169	106	60
Multi-Factor Authentication - Nth Generation	145	88	29
Endpoint Management - Bird Rock Systems, Inc.	134	78	37
Box - SoftChoice Corporation	130	-	-
Salesforce - CarahSoft Technology Corporation	122	-	-
Nutanix - Insight, Inc	119	92	25
Identity Mgt. - Nth Generation	109	-	-
Total subscription liabilities	<u>\$ 7,669</u>	<u>\$ 2,802</u>	<u>\$ 1,504</u>

Yardi – On September 1, 2022, SDHC entered into a one-year agreement with four additional option years with Yardi Systems, Inc. Annual payments are due in the amount of \$596, with potential annual increase up to Consumer Price Index. On September 1, 2024, the second option year was exercised and annual payments of \$770 are due in each of the option years. There is no option to purchase this software.

OnBase – On December 1, 2022, SDHC entered into a one-year agreement with four additional option years with Highland Software, Inc. Annual payments are due in the amount of \$109, with potential annual increase up to Consumer Price Index. There is no option to purchase this software.

DocuSign – On March 1, 2025, SDHC entered into a one-year agreement with two additional option years with Carasoft Technologies Inc. Annual payments are due in the amount of \$148. There is no option to purchase this software.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Planetbids – On June 1, 2022, SDHC entered into a one-year agreement with four additional option years with Planetbids, Inc. The initial payment was \$80. Annual payments are due in the amounts of \$81, \$82, \$85 and \$85 for each of the option years, respectively. There is no option to purchase this software.

Vulnerability Management – On May 29, 2025, SDHC entered into a one-year agreement with two additional option years with Insight Inc. Annual payments are due in the amount of \$106. There is no option to purchase this software.

QuickBase – On October 27, 2024, SDHC entered into a one-year agreement with one additional option year with QuickBase Inc. Annual payments are due in the amount of \$101. There is no option to purchase this software.

Adobe – On November 3, 2023, SDHC entered into a three-year agreement with no additional option year with Govconnections, Inc. Annual payments are due in the amount of \$67. There is no option to purchase this software.

Identity Management – On June 12, 2025, SDHC entered into a one-year agreement with two additional option years with CDW Government Inc. Annual payments are due in the amount of \$64. There is no option to purchase this software.

Multi-Factor Authentication – On July 1, 2023, SDHC entered into a one-year agreement with three additional option years with Nth Generation. Annual payments are due in the amount of \$31. There is no option to purchase this software.

Endpoint Management – On August 1, 2023, SDHC entered into a one-year agreement with three additional option years with Bird Rock Systems, Inc. Annual payments are due in the amount of \$39. There is no option to purchase this software.

Nutanix – On June 1, 2025, SDHC entered into a one-year agreement with four additional option years with Insight, Inc. Annual payments are due in the amount of \$28. There is no option to purchase this software.

The future subscription payments under SBITA agreements are as follow:

	Subscriptions		
	Principal	Interest	Total
Year ending June 30, 2026	\$ 1,504	\$ 50	\$ 1,554
2027	1,229	13	1,242
2028	55	1	56
2029	14	1	15
Total	<u>\$ 2,802</u>	<u>\$ 65</u>	<u>\$ 2,867</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 11 - Defined Contribution Pension Plan (Dollars in Thousands)

SDHC provides a pension plan which is a defined contribution plan and is intended to be a "governmental plan" as defined by Sections 411(s)(1)(A) and 414(d) of the IRC and Section 3(32) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The pension plan covers all SDHC employees classified as permanent full time and permanent part time hired to work a minimum of 20 hours per week.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Eligible employees participate on their date of hire. SDHC contributes 14% of defined earnings each pay period for each eligible employee. Contributions (and interest allocated to the employee's account) vest ratably over four years of service, with a year of service defined as an employee completing at least 1,000 hours of service. Any forfeited SDHC contributions and related interest are used to fund a future SDHC pay period contribution. For the fiscal year ended June 30, 2025, covered payroll was \$40,705 Pension expense related to SDHC's required contribution was \$5,419 and plan members contributed \$387 for the fiscal year ended June 30, 2025.

At June 30, 2025, there were 482 participants in the plan, including: 8 inactives receiving benefits, 95 inactives not receiving benefits and 379 active participants, and no active receiving benefits.

The retirement pension benefit is available at normal retirement age (62nd birthday) or upon termination or disability. The retirement pension benefits are determined based upon the vested value of the participant's accumulation accounts at the time of distribution. Distributions must commence no later than April 1st of the calendar year following the calendar year in which the participant attains age seventy three (73) years of age.

The Plan has a third-party fiduciary, Retirement Benefits Group, and a third party recordkeeper, Transamerica. SDHC has the authority to establish and amend the provisions of the Plan including the contribution requirements with the approval of the Board of Commissioners. The Plan assets have been included in the Fiduciary Fund statements. The Plan is audited by an outside firm, and a copy of the audit report can be obtained by contacting the San Diego Housing Commission at 1122 Broadway, Suite 300, San Diego, California 92101.

Note 12 - Deferred Compensation Plan (Dollars in Thousands)

SDHC offers a deferred compensation plan which is a defined contribution plan as permitted under Section 457 of the Internal Revenue Code (IRC). The deferred compensation plan is intended to be a "governmental plan" as defined by Sections 411(s)(1)(A) and 414(d) of the IRC and Section 3(32) of the Employee Retirement Income Security Act of 1974, as



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

amended (ERISA). The deferred compensation plan is available to all permanent and temporary non-benefited employees of the SDHC who have completed one hour of service (qualified employees) and it permits qualified employees to defer a portion of their salary until future years.

SDHC is required to contribute 3.75% of defined earnings for each temporary non-benefited employee and 1% of defined earnings for each permanent employee. SDHC also contributes a 100% matching contribution of elective deferrals up to a maximum of 1.5% for each permanent employee. All contributions by SDHC and the qualified employees are fully vested at the time of contribution. For the fiscal year ended June 30, 2025, SDHC's covered payroll was \$42,278. Deferred compensation expense related to SDHC's required contribution was \$924 and plan members contributed \$2,352 for the fiscal year ended June 30, 2025.

At June 30, 2025, there were 888 participants in the plan, including: 17 inactive receiving benefits, 383 inactive not yet receiving benefits, 36 with zero ending balance, and 452 active participants.

Participants in the deferred compensation plan generally may borrow up to 50% of their vested account balance, subject to certain restrictions. These participant loans bear a reasonable interest rate, which is determined at the time the loan is advanced. Participants are entitled to their deferred compensation upon termination, retirement, death, disability or an unforeseeable emergency.

Empower Trust Company, LLC is the third-party trustee of the deferred compensation plan and One Digital is the third-party fiduciary. All assets and income of the deferred compensation plan are held in trust by a third party for the exclusive benefit of the participants and their beneficiaries, and per federal law, are not available to SDHC or its creditors. As a result, the plan's assets are not included in SDHC's basic financial statements. The plan assets, however, are included in the Fiduciary Fund basic financial statements. The assets held by the plan had a market value of \$40,058 at June 30, 2025. The plan is audited by an outside firm, and a copy of the audit can be obtained by contacting the San Diego Housing Commission at 1122 Broadway, Suite 300, San Diego, California 92101.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 13 - Risk Management (Dollars not in Thousands)

Workers' Compensation Insurance

SDHC is a member of the California Housing Workers' Compensation Authority (CHWCA), which is a self-insurance pool that provides workers' compensation and employer's liability coverage, to its members with limits of \$750,000 per occurrence. CHWCA also procures excess workers' compensation coverage for all its members via participation in the Local Agency Workers' Compensation Excess JPA (LAWCX), another self-insurance pool. LAWCX provides coverage above CHWCA's \$750,000 limit up to the statutory requirements.

CHWCA is a joint powers authority consisting of 28 public housing authorities, housing commissions, and redevelopment agencies organized under a joint powers agreement to fund a self-insurance program for workers' compensation. Each member has equal representation (one seat) on the Board of Directors. The Board elects a seven-member Executive Committee, with members sitting two-year terms, which has the responsibility for conducting the business of the joint powers' authority. Day-to-day operations of CHWCA are carried out by Sedgwick, under contract to CHWCA.

Annual premiums for CHWCA members are approved by the Executive Committee and are determined each year based on the following components:

- Rates per \$100 of payroll as determined annually by CHWCA's independent actuary, are multiplied by each member's estimated payroll to calculate the pure loss premium.
- An experience modification factor (ex-mod) is applied to each member's pure loss premium, causing total pure loss premium to change according to the pool's average ex-mod.
- An off-balance factor is applied proportionately to each member's pure loss premium to return total premium to the actuarially determined total; and
- Each member is allocated their proportionate share of administrative costs, claims servicing, and excess coverage premium.

If CHWCA is dissolved by a vote of three-quarters or more of its members, the remaining assets of the joint powers authority, after all premiums and assessments have been paid and final disposition of all claims has been determined, will be distributed to members in proportion to each member's cash contributions (including premiums paid and property contributed, less incurred losses) made during the life of CHWCA. Until dissolution, however, no member has identifiable equity.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Property, General Liability and Other Liability Insurance

SDHC retained the services of various brokers and direct insurers to provide coverage for other identified risks. Deductibles under the policies vary. Claims and deductibles payable were \$0 at June 30, 2025. 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 five fiscal years.

Note 14 - Net Position (Dollars in Thousands)

SDHC's net position totaled \$968,363 for the period ending June 30, 2025, and is comprised of the following:

Net Investment in Capital Assets

SDHC's net investment in capital assets totaled \$259,055 for the period ending June 30, 2025. This relates to funds spent on capital assets being used for operations of SDHC.

Restricted Net Position

As of June 30, 2025, the restricted net position is presented as follows (dollars in thousands):

HOME notes receivable reserve	\$ 214,186
CDBG notes receivable reserve	24,321
NSP notes receivable reserve	6,065
Replacement and operating reserve	2,966
Housing assistance reserve	724
Total restricted net position	<u>\$ 248,262</u>

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



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

The CDBG Affordable Housing Revolving Loan Fund (AHRLF) provides loans for the First Time Homebuyer Down Payment Assistance Program, which provides low-income households with assistance to help with the purchase of a single family home, the "Pilot" Clean and Green Housing Rehabilitation Program Development, providing rehabilitation grants and/or loans for efficiency and sustainability upgrades to single-family detached, owner-occupied units, and Affordable Multi-Family Housing which contributes to the creation of affordable rental housing opportunities and will provide gap financing loans for the acquisition and/or rehabilitation of multi-family housing.

The NSP funds were granted under President Bush's economic stimulus plan under Housing Economic Recovery Act of 2008. These funds were made available 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 made to individuals and not-for-profit organizations are nonrecourse and are collateralized by a subordinated mortgage on the underlying property of the borrower. Any repayments received by SDHC on these loans (including principal and interest) are treated as program income and must be used for future NSP program purposes, including 10% that SDHC can retain to cover its administrative costs for NSP activities. As such, the net position associated with the NSP loans are treated as restricted because of the perpetual purpose restriction to continue to recycle these resources into eligible uses under the NSP program.

Unrestricted Net Position

As of June 30, 2025, the unrestricted net position is presented as follows (dollars in thousands):

Notes receivable, net of allowance	\$ 312,704
Federal/state/local programmatic reserve	103,352
Committed to fund loans and grants	44,990
Total unrestricted net position	<u>\$ 461,046</u>

Unrestricted net position follows GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", wherein these funds are not included in the determination of net investment in capital assets or the restricted component of net position. In addition, although these funds are defined as unrestricted, these funds are not necessarily indicative of funds available for discretionary use.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 15 - Economic Dependency (Dollars in Thousands)

SDHC receives the majority of its funding from HUD. HUD is subject to the federal budget allocation process each year. For the fiscal year ended June 30, 2025, SDHC's original budget included \$469,062 of estimated HUD funding. A reduction in funding from HUD could significantly change the services provided by SDHC.

Note 16 - Commitments and Contingencies (Dollars not in Thousands)

Grants

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

Loan Commitments

SDHC has committed funds for loans and grants to various individuals and entities as of June 30, 2025. The amount of loans and grants SDHC has committed to fund, but has not funded as of June 30, 2025, is \$44,990,234.

Lawsuits and Claims

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

Pending Purchases

On May 2, 2025, SDHC and Tusore Hospitality, Inc. executed a purchase and sale agreement for real property located at 7798 Starling Drive, San Diego, CA 92123 for a purchase price of \$37,350,000.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 17 - Affordable Housing (Dollars not in Thousands)

The San Diego Affordable Housing Fund (AHF) was created by the San Diego City Council (City Council) on June 3, 2003, as a permanent and annually renewable source of revenue to help meet the housing needs of the City of San Diego's (City) lower-income households. The City Council expressed the purposes of the AHF in San Diego Municipal Code Chapter 9, Article 8, Division 5 (Code). The fund seeks to:

- Meet a portion of the need for housing that is affordable to households with very-low, low-, and median-incomes;
- Leverage every \$1 of City funds with \$2 of non-City subsidy capital funds;
- Support the City's Balanced Communities Policy by fostering a mix of family incomes in AHF assisted projects and dispersing affordable housing projects throughout the City;
- Preserve and maintain affordable rental and ownership housing; and
- Encourage private sector activities that advance these goals.

The AHF is composed of two funds: the Housing Trust Fund (HTF) and the Inclusionary Housing Fund (IHF).

The Housing Trust Fund:

Per Section 98.0504 of the Code, HTF funds may be used in any manner, through loans, grants or indirect assistance for the production and maintenance of assisted units and related facilities. The HTF regulations require that:

- No less than ten percent (10%) of the funds in the San Diego Housing Trust Fund account shall be expended to provide transitional housing for households who lack permanent housing;
- No less than sixty percent (60%) of the funds in the San Diego Housing Trust Fund account shall be expended to provide housing to very low income households at affordable housing costs;
- No more than twenty percent (20%) of the funds in the San Diego Housing Trust Fund account shall be expended to provide housing to low income households at affordable housing costs; and
- No more than ten percent (10%) of the funds in the San Diego Housing Trust Fund account shall be expended to assist median income and moderate income first-time home buyers purchase a home at an affordable housing cost.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

For the fiscal year 2025, the San Diego City Council approved a waiver to these requirements to allow HTF funds to be used for the operation of the Housing Commission's City of San Diego Shelter Programs Model Program.

Inclusionary Housing Fund:

The expenditure of IHF is governed by Section 98.0505 of the Code. Priority is given to the construction of new affordable housing stock. Monies may also be used for other programs if approved by City Council in the Annual Plan. SDHC monitors the revenue collected from each Community Planning Area and is responsible for reinvesting the funds. 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% of area median income (AMI) for rental units or 100% of AMI for-sale properties.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

The following table reflects the condensed statement of revenues, expenses and changes in net position for the fiscal year ended June 30, 2025 for IHF and HTF as required by the AHF Ordinance (San Diego Municipal Code Section 98.0515) and the dollars presented in the table below are in thousands.

	Inclusionary Housing Fund	Housing Trust Fund
Operating Revenues		
Fee revenue	\$ 74	\$ -
Other revenue	8	-
Total operating revenue	82	-
Operating Expenses		
Administrative expenses	2,749	157
Grant expense	7,841	2,605
Housing assistance	899	-
Total operating expenses	11,489	2,762
Operating loss	(11,407)	(2,762)
Non- Operating Revenues		
Grant revenue	15,758	1,173
Interest income on investments and notes receivable	4,199	1,672
Total non-operating revenues	19,957	2,845
Change in net position	\$ 8,550	\$ 83



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 18 - Blended Component Units (Dollars not in Thousands)

SDHC's blended component units reflect SDHC Building Opportunities, Inc. (Building Opportunities) and the LLCs.

Building Opportunities

Building Opportunities is a 501(c) (3) California Nonprofit Public Benefit Corporation, which has been classified by the Internal Revenue Service as a public charity. For the fiscal year-ended June 30, 2025, Building Opportunities recorded approximately \$370 in other revenue in the statement of revenues, expenses and changes in net position. As of June 30, 2025, there was no unearned revenue.

LLCs

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

A portion of SDHC's larger properties (33 properties) were leveraged with three loans from Fannie Mae under the conventional multifamily loan program and generated \$37,140,000 in total loan proceeds. Another portion of SDHC's portfolio (44 properties) was leveraged under FHA's 223(f) program and generated \$58,243,400 in total loan proceeds. The Fannie Mae loans closed in December 2009; two of the FHA loans closed in August 2010 and one FHA loan closed in September 2010. The loans were obtained by grouping the properties into six Limited Liability Companies. The groupings were primarily based on property location. Each of these LLC loans is nonrecourse.

On January 31, 2011, SDHC established its seventh wholly-owned LLC, Mercado SDHC LLC (Mercado). Mercado was created to acquire land for the Estrella del Mercado project which was subsequently ground leased to the developer of the project.

On April 2, 2024, Central SDHC FNMA LLC transferred all assets to SDHC with estimated final distribution of remaining assets and dissolution of LLC in Fiscal Year 2026.

The following are the financial statements of the Blended Component Units of the San Diego Housing Commission for the year ended June 30, 2025:



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2025San Diego Housing Commission - Blended Component Units
Balance Sheet
June 30, 2025
(Dollars in Thousands)

	Belden SDHC FNMA LLC	Northern SDHC FNMA LLC	Central SDHC FNMA LLC	Northern SDHC FHA LLC	Southern SDHC FHA LLC	Central SDHC FHA LLC	Mercado SDHC LLC	SDHC Building Opportunities	Blended Component Units Total
<u>Assets</u>									
Current assets									
Operating cash	\$ 399	\$ 246	\$ -	\$ 812	\$ 1,270	\$ 654	\$ -	\$ 43	\$ 3,424
Security deposit account	118	95	-	118	237	162	-	-	730
Restricted cash	42	53	-	116	507	281	-	-	999
Accounts receivable	218	105	-	277	114	529	2	-	1,245
Allowance for doubtful accounts	(29)	(22)	-	(10)	(25)	(333)	-	-	(419)
Prepaid mortgage insurance	-	-	-	19	27	22	-	-	68
Escrow account - MIP	-	-	-	52	74	42	-	-	168
Total current assets	748	477	-	1,384	2,204	1,357	2	43	6,215
Capital assets									
Land	2,226	2,985	-	3,691	3,683	3,852	30	-	16,467
Building	1,815	3,252	-	5,098	3,901	3,857	-	-	17,923
Building improvements	317	3,706	-	6,559	10,388	6,104	-	-	27,074
Office furniture and equipment	103	135	-	55	209	111	-	-	613
Accumulated depreciation	(1,114)	(2,994)	-	(6,425)	(6,818)	(5,334)	-	-	(22,685)
Total capital assets	3,347	7,084	-	8,978	11,363	8,590	30	-	39,392
Total assets	\$ 4,095	\$ 7,561	\$ -	\$ 10,362	\$ 13,567	\$ 9,947	\$ 32	\$ 43	\$ 45,607



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2025San Diego Housing Commission - Blended Component Units
Balance Sheet - Continued
June 30, 2025
(Dollars in Thousands)

	Belden SDHC FNMA LLC	Northern SDHC FNMA LLC	Central SDHC FNMA LLC	Northern SDHC FHA LLC	Southern SDHC FHA LLC	Central SDHC FHA LLC	Mercado SDHC LLC	SDHC Building Opportunities	Blended Component Units Total
<u>Liabilities</u>									
Current liabilities									
Accounts payable	\$ 983	\$ 112	\$ -	\$ 627	\$ 1,045	\$ 257	\$ 2	\$ -	\$ 3,026
Related party payable	132	97	-	248	152	135	-	-	764
Accrued interest payable	55	49	-	40	57	35	-	-	236
First mortgage - current portion	362	318	-	428	612	386	-	-	2,106
Prepaid revenue	92	36	-	68	89	57	-	-	342
Tenant security deposits	118	95	-	118	237	162	-	-	730
Total current liabilities	1,742	707	-	1,529	2,192	1,032	2	-	7,204
Long -term liabilities									
First mortgage payable, net	8,664	7,600	-	12,082	17,285	10,822	-	-	56,453
Total liabilities	10,406	8,307	-	13,611	19,477	11,854	2	-	63,657
<u>Net Position</u>									
Net investment in capital assets	(6,515)	(890)	-	(4,041)	(6,735)	(2,400)	30	-	(20,551)
Restricted net position	43	53	-	116	507	281	-	-	1,000
Unrestricted net position	161	91	-	676	318	212	-	43	1,501
Total net position	(6,311)	(746)	-	(3,249)	(5,910)	(1,907)	30	43	(18,050)
Total liabilities and net position	\$ 4,095	\$ 7,561	\$ -	\$ 10,362	\$ 13,567	\$ 9,947	\$ 32	\$ 43	\$ 45,607



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2025

San Diego Housing Commission - Blended Component Units
Statement of Operations
For the Year Ended June 30, 2025
(Dollars in Thousands)

	Belden SDHC FNMA LLC	Northern SDHC FNMA LLC	Central SDHC FNMA LLC	Northern SDHC FHA LLC	Southern SDHC FHA LLC	Central SDHC FHA LLC	Mercado SDHC LLC	SDHC Building Opportunities	Blended Component Units Total
<u>Operating Income</u>									
Rental income	\$ 2,729	\$ 2,516	\$ -	\$ 3,509	\$ 5,806	\$ 4,479	\$ -	\$ -	\$ 19,039
Other income	383	74	-	402	340	111	-	-	1,310
Total operating income	3,112	2,590	-	3,911	6,146	4,590	-	-	20,349
<u>Expenses</u>									
Operating expenses									
Salaries and benefits	412	303	-	350	677	614	-	-	2,356
Management fee	137	127	-	178	293	225	-	-	960
Other administration	131	82	-	155	133	151	2	4	658
Utilities	265	200	-	293	448	542	-	-	1,748
Repairs and maintenance	1,411	476	-	1,052	1,435	1,046	-	-	5,420
Protective services	30	33	-	-	63	70	-	-	196
Insurance	106	78	-	77	133	102	-	-	496
Depreciation	71	335	-	402	601	415	-	-	1,824
Bad debt expense	96	86	-	54	28	423	-	-	687
Total operating expenses	2,659	1,720	-	2,561	3,811	3,588	2	4	14,345
Operating income (loss)	453	870	-	1,350	2,335	1,002	(2)	(4)	6,004
Non-Operating revenues (expenses)									
Grant revenue	-	-	-	-	-	-	-	370	370
Grant expense	-	-	-	-	-	-	-	(370)	(370)
Interest expense	(677)	(594)	-	(486)	(695)	(423)	-	-	(2,875)
Mortgage insurance	-	-	-	(58)	(83)	(52)	-	-	(193)
Amortized loan fees	(6)	(5)	-	(18)	(24)	(16)	-	-	(69)
Entity taxes and fees	(7)	(8)	-	(7)	(13)	(7)	(1)	-	(43)
Total Non-Operating revenues (expenses)	(690)	(607)	-	(569)	(815)	(498)	(1)	-	(3,180)
Net income (loss)	(237)	263	-	781	1,520	504	(3)	(4)	2,824
Net operating transfers in (out)	-	-	-	-	-	-	3	-	3
Net income (loss) net of financing sources	\$ (237)	\$ 263	\$ -	\$ 781	\$ 1,520	\$ 504	\$ -	\$ (4)	\$ 2,827



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2025

San Diego Housing Commission - Blended Component Units
Statement of Cash Flows
For the Year Ended June 30, 2025
(Dollars in Thousands)

	Belden SDHC FNMA LLC	Northern SDHC FNMA LLC	Central SDHC FNMA LLC	Northern SDHC FHA LLC	Southern SDHC FHA LLC	Central SDHC FHA LLC	Mercado SDHC LLC	SDHC Building Opportunities	Blended Component Units Total
Cash flow information									
Operating receipts	\$ 2,857	\$ 2,403	\$ -	\$ 3,722	\$ 6,711	\$ 4,132	\$ -	\$ 370	\$ 20,195
Operating expenses paid	(2,140)	(1,804)	(9)	(1,910)	(3,649)	(3,221)	(4)	(373)	(13,110)
Cash flows from operating activities	717	599	(9)	1,812	3,062	911	(4)	(3)	7,085
Net withdrawals	27	(11)	-	72	(45)	38	-	-	81
Net purchases	(36)	-	-	(586)	(1,109)	(7)	-	-	(1,738)
Cash flows from investing activities	(9)	(11)	-	(514)	(1,154)	31	-	-	(1,657)
Debt principal payments	(337)	(296)	-	(412)	(589)	(372)	-	-	(2,006)
Distribution	(394)	(612)	-	(960)	(1,737)	(693)	-	-	(4,396)
Contribution	20	24	-	136	477	9	4	-	670
Cash flows from capital and related financing activities	(711)	(884)	-	(1,236)	(1,849)	(1,056)	4	-	(5,732)
Net increase (decrease) in cash and restricted cash	(3)	(296)	(9)	62	59	(114)	-	(3)	(304)
Cash and restricted cash - beginning	520	637	9	868	1,448	930	-	46	4,458
Cash and restricted cash - end	\$ 517	\$ 341	\$ -	\$ 930	\$ 1,507	\$ 816	\$ -	\$ 43	\$ 4,154



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 19 - Discretely Presented Component Units (Dollars in Thousands)

The discretely presented component units include the consolidated financial statements of the financial reporting entity, Housing Development Partners of San Diego (HDP). HDP follows accounting principles of the FASB. The entities consolidated within HDP's financial statements include: Housing Development Partners of San Diego, Casa Colina, L.P., HDP Mason Housing Corporation, Logan Development Management, LLC, Logan Development II, L.P., HDP Parker Kier, LLC, HDP Churchill, LLC, HDP Churchill, L.P., HDP Broadway, L.P., HDP Broadway Management, LLC, HDP Island Village, LLC, HDP New Palace, L.P., HDP New Palace Management, LLC, HDP Town & Country, LLC, HDP Town & Country L.P., HDP Village North, LLC, HDP Quality Inn, LLC, HDP West Park, L.P., HDP West Park Management, LLC., HDP Mariner's Village, L.P., HDP Mariner's Village Management, LLC., HDP Casa Colina Management, LLC., and HDP ADU, LLC. All intercompany transactions have been eliminated in consolidation.

HDP's financial statements are presented in uniformity with the primary government. Significant differences in presentation from the HDP consolidated financial statements, which primarily include common control transactions between the component unit and the primary government, are detailed below. The entirety of HDP's financial statements and related notes are available on their website <https://hdppartners.org>.



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Reconciliation of HDP Discrete Component Unit Presentation
Statement of Net Position
As of December 31, 2024

	Component Unit	HDP Audit Presentation	Variance
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ 30,058	\$ 30,058	\$ -
Restricted cash and cash equivalents	963	963	-
Accounts receivable - tenants, net	19	19	-
Accounts receivable - funding sources	782	782	-
Accounts receivable - other	271	271	-
Prepaid items and other assets	529	529	-
Total current assets	32,622	32,622	-
Noncurrent assets			
Restricted cash and cash equivalents	9,237	9,237	-
Investment in partnerships	85	85	-
Other assets	3,198	3,198	-
Capital assets not being depreciated	4,477	4,477	-
Capital assets, net of accumulated depreciation	119,814	119,814	-
Total noncurrent assets	136,811	136,811	-
Total assets	\$ 169,433	\$ 169,433	\$ -
<u>Liabilities</u>			
Current liabilities			
Accounts payable	2,312	2,312	-
Accounts payable - funding sources	34	34	-
Accrued payroll and benefits	66	66	-
Accrued interest payable	263	263	-
Notes payable, current portion	1,405	1,405	-
Deposits payable	816	816	-
Unearned revenue	65	65	-
Total current liabilities	4,961	4,961	-
Noncurrent liabilities			
Accrued interest payable - noncurrent	17,425	6,625	(10,800)
Notes payable noncurrent, net	150,069	104,759	(45,310)
Other liabilities	11,007	11,007	-
Total noncurrent liabilities	178,501	122,391	(56,110)
Total liabilities	\$ 183,462	\$ 127,352	\$ (56,110)
<u>Net Position</u>			
Restricted			
Non-controlling interest - tax credit partnerships	46,741	46,741	-
Unrestricted	(60,770)	(4,660)	56,110
Total net position	\$ (14,029)	\$ 42,081	\$ 56,110
Total liabilities and net position	\$ 169,433	\$ 169,433	\$ -



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

**Reconciliation of HDP Discrete Component Unit Presentation
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2024**

	Component Unit	HDP Audit Presentation	Variance
Operating revenues			
Dwelling rental income	\$ 22,045	\$ 22,254	\$ 209
Land lease and other rental income	140	-	(140)
Other revenue	609	270	(339)
Grant revenue	-	337	337
Interest income	-	967	967
Total operating revenues	<u>22,794</u>	<u>23,828</u>	<u>1,034</u>
Operating expenses			
Administrative expenses	5,075	-	(5,075)
Tenant services	278	-	(278)
Asset management	6,680	-	(6,680)
General expenses	1,642	-	(1,642)
Depreciation	4,808	4,808	-
Program services	-	16,174	16,174
Management and general	-	1,943	1,943
Total operating expenses	<u>18,483</u>	<u>22,925</u>	<u>4,442</u>
Operating income (loss)	<u>4,311</u>	<u>903</u>	<u>(3,408)</u>
Nonoperating revenues (expenses)			
Grant revenue	67	-	(67)
Interest income on investments and notes receivable	967	-	(967)
Interest expense	<u>(6,784)</u>	<u>-</u>	<u>6,784</u>
Total nonoperating revenues (expenses)	<u>(5,750)</u>	<u>-</u>	<u>5,750</u>
Change in net position before capital transactions	(1,439)	903	2,342
Contributions, net of distributions	<u>1,040</u>	<u>874</u>	<u>(166)</u>
Change in net position	(399)	1,777	2,176
Net position			
Beginning of year	<u>(13,630)</u>	<u>40,304</u>	<u>53,934</u>
End of year	<u>\$ (14,029)</u>	<u>\$ 42,081</u>	<u>\$ 56,110</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Due to differing fiscal years, the nature and amount of inter-entity transactions between the primary government and component units are disclosed in the table below.

Type of Obligation		HDP Balance, 12/31/2024	Additions	Payments	SDHC Balance, 6/30/2025
SALARIES PAYABLE AND OTHER PAYABLES					
<u>Debts of Housing Development Partners of San Diego</u>					
San Diego Housing Commission		\$ 601	\$ 1,343	\$ (1,640)	\$ 304
ACCRUED INTEREST PAYABLE AND NOTES PAYABLE					
<u>Debts of HDP Mason Housing Corporation</u>					
San Diego Housing Commission	Principal	2,434	-	-	2,434
San Diego Housing Commission	Interest	901	37	(41)	897
<u>Debts of Casa Colina, LP</u>					
San Diego Housing Commission	Principal	885	-	(139)	746
San Diego Housing Commission	Interest	16	13	(26)	3
<u>Debts of Logan Development II, LP</u>					
San Diego Housing Commission	Principal	1,400	-	-	1,400
San Diego Housing Commission	Interest	1,635	42	-	1,677
<u>Debts of HDP Churchill, LP</u>					
San Diego Housing Commission	Principal	5,591	-	(244)	5,347
San Diego Housing Commission	Interest	1,005	83	(54)	1,034
<u>Debts of HDP New Palace, LP</u>					
San Diego Housing Commission	Principal	3,100	-	-	3,100
San Diego Housing Commission	Interest	440	62	(165)	337
<u>Debts of HDP Town & Country, LP</u>					
San Diego Housing Commission	Principal	13,250	-	-	13,250
San Diego Housing Commission	Interest	5,698	639	-	6,337
<u>Debts of HDP Quality Inn, LLC</u>					
San Diego Housing Commission	Principal	5,240	-	-	5,240
San Diego Housing Commission	Interest	610	105	(284)	431
<u>Debts of HDP West Park, LP</u>					
San Diego Housing Commission	Principal	3,593	-	-	3,593
San Diego Housing Commission	Interest	555	72	-	627
<u>Debts of HDP Mariner's Village, LP</u>					
San Diego Housing Commission	Principal	29,800	-	-	29,800
San Diego Housing Commission	Interest	4,919	513	(2,363)	3,069
<u>Debts of HDP ADU, LLC</u>					
San Diego Housing Commission	Principal	2,260	-	-	2,260
San Diego Housing Commission	Interest	183	34	(52)	165
		<u>\$ 84,116</u>	<u>\$ 2,943</u>	<u>\$ (5,008)</u>	<u>\$ 82,051</u>



San Diego Housing Commission

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025

Note 20 - Subsequent Events (Dollars in Thousands)

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of SDHC through November 19, 2025, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



SAN DIEGO
HOUSING
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Supplementary Information



We're About People

The San Diego Housing Commission (SDHC) administered and operated the City of San Diego COVID-19 Housing Stability Assistance Program to help pay rent and utilities for households with low income that experience financial hardship due to or during the COVID-19 pandemic. The program launched March 15, 2021, and as of August 31, 2022, SDHC disbursed payments totaling more than \$218 million to help more than 18,300 eligible households.





San Diego Housing Commission
COMBINING SCHEDULE OF NET POSITION - ENTERPRISE FUNDS
June 30, 2025
(Dollars in Thousands)

	Business activities	Federal funds	State funds	Eliminations	Primary Government
<u>Assets and Deferred Outflows</u>					
Current assets					
Cash and cash equivalents	\$ 57,889	\$ 968	\$ 5	\$ -	\$ 58,862
Restricted cash and cash equivalents	2,969	859	-	-	3,828
Short-term investments	14,897	31,961	(390)	-	46,468
Accounts receivable - tenants, net	749	917	-	-	1,666
Accounts receivable - funding sources	9,586	9,701	9,942	(763)	28,466
Accounts receivable - other, net	6,916	2,867	-	(222)	9,561
Lease receivable - current	1,641	43	-	-	1,684
Notes and mortgages receivable, current portion	162	793	-	-	955
Accrued interest receivable - investments	332	83	4	-	419
Prepaid items and other assets	3,485	-	-	-	3,485
Total current assets	98,626	48,192	9,561	(985)	155,394
Noncurrent assets					
Restricted cash and cash equivalents - noncurrent	81	-	-	-	81
Lease receivable - noncurrent	85,715	2,606	-	-	88,321
Long-term investments	34,037	8,652	390	-	43,079
Accrued interest receivable - notes and mortgages receivable	44,439	44,597	2,940	-	91,976
Notes and mortgages receivable, net of allowance for loan losses	223,035	225,533	18,138	-	466,706
Capital assets not being depreciated	129,284	9,189	5,481	(222)	143,732
Capital assets, net of accumulated depreciation and amortization	226,562	12,002	-	-	238,564
Total noncurrent assets	743,153	302,579	26,949	(222)	1,072,459
Total assets	\$ 841,779	\$ 350,771	\$ 36,510	\$ (1,207)	\$ 1,227,853
Deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -
Total assets and deferred outflows	\$ 841,779	\$ 350,771	\$ 36,510	\$ (1,207)	\$ 1,227,853



San Diego Housing Commission
COMBINING SCHEDULE OF NET POSITION - ENTERPRISE FUNDS - CONTINUED
June 30, 2025
(Dollars in Thousands)

	Business activities	Federal funds	State funds	Eliminations	Primary Government
<u>Liabilities and Deferred Inflows</u>					
Current liabilities					
Accounts payable	\$ 19,457	\$ 4,045	\$ 4,382	\$ (985)	\$ 26,899
Accounts payable - funding sources	(6,110)	3,958	2,173	-	21
Accrued payroll and benefits	2,415	1,076	40	-	3,531
Accrued compensated absences	4,996	-	-	-	4,996
Accrued interest payable	345	19	-	-	364
Notes payable, current portion	3,085	-	-	-	3,085
Subscriptions payable, current portion	1,504	-	-	-	1,504
Deposits payable	2,252	147	43	-	2,442
Unearned revenue	3,213	66	2,170	-	5,449
Other current liabilities	1,260	-	-	-	1,260
Total current liabilities	32,417	9,311	8,808	(985)	49,551
Noncurrent liabilities					
Accrued interest payable - noncurrent	834	1,309	-	-	2,143
Notes payable noncurrent, net	99,697	19,264	-	-	118,961
Subscriptions payable, noncurrent	1,298	-	-	-	1,298
Other liabilities	-	521	-	-	521
Total noncurrent liabilities	101,829	21,094	-	-	122,923
Total liabilities	\$ 134,246	\$ 30,405	\$ 8,808	\$ (985)	\$ 172,474
Deferred inflows of resources	\$ 84,437	\$ 2,579	\$ -	\$ -	\$ 87,016
Total liabilities and deferred inflows	\$ 218,683	\$ 32,984	\$ 8,808	\$ (985)	\$ 259,490



San Diego Housing Commission
COMBINING SCHEDULE OF NET POSITION - ENTERPRISE FUNDS - CONTINUED
June 30, 2025
(Dollars in Thousands)

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Eliminations</u>	<u>Primary Government</u>
<u>Net Position</u>					
Net investment in capital assets	<u>251,577</u>	<u>1,997</u>	<u>5,481</u>	<u>-</u>	<u>259,055</u>
Restricted					
HOME notes receivable reserve	-	214,186	-	-	214,186
CDBG notes receivable reserve	-	24,321	-	-	24,321
NSP notes receivable reserve	-	6,065	-	-	6,065
Replacement reserves	1,412	1,554	-	-	2,966
Housing assistance reserves	-	724	-	-	724
Total restricted	<u>1,412</u>	<u>246,850</u>	<u>-</u>	<u>-</u>	<u>248,262</u>
Unrestricted	<u>370,107</u>	<u>68,940</u>	<u>22,221</u>	<u>(222)</u>	<u>461,046</u>
Total net position	<u>\$ 623,096</u>	<u>\$ 317,787</u>	<u>\$ 27,702</u>	<u>\$ (222)</u>	<u>\$ 968,363</u>
Total liabilities, deferred inflows and net position	<u>\$ 841,779</u>	<u>\$ 350,771</u>	<u>\$ 36,510</u>	<u>\$ (1,207)</u>	<u>\$ 1,227,853</u>



San Diego Housing Commission
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS
Year Ended June 30, 2025
(Dollars in Thousands)

	Business activities	Federal funds	State funds	Eliminations	Primary Government
Operating revenues					
Dwelling rental income	\$ 41,550	\$ 1,601	\$ -	\$ -	\$ 43,151
Land lease and other rental income	4,236	101	-	-	4,337
Fee revenue	7,169	-	-	(1,204)	5,965
Other revenue	5,452	13,369	-	(25)	18,796
Total operating revenues	<u>58,407</u>	<u>15,071</u>	<u>-</u>	<u>(1,229)</u>	<u>72,249</u>
Operating expenses					
Administrative expenses	35,730	31,378	1,902	(1,007)	68,003
Tenant services	603	1,972	14	-	2,589
Asset management	20,456	1,717	33	-	22,206
General expenses	3,424	2,919	47	-	6,390
Grant expense	32,711	8,637	15,973	-	57,321
Housing assistance	2,927	317,116	1,264	-	321,307
Depreciation and amortization	13,124	1,641	-	-	14,765
Total operating expenses	<u>108,975</u>	<u>365,380</u>	<u>19,233</u>	<u>(1,007)</u>	<u>492,581</u>
Operating loss	<u>(50,568)</u>	<u>(350,309)</u>	<u>(19,233)</u>	<u>(222)</u>	<u>(420,332)</u>



San Diego Housing Commission
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS - CONTINUED
Year Ended June 30, 2025
(Dollars in Thousands)

	Business activities	Federal funds	State funds	Eliminations	Primary Government
Nonoperating revenues (expenses)					
Grant revenue	44,172	399,139	23,751	-	467,062
Interest income on investments and notes receivable	13,487	8,879	537	-	22,903
Interest expense and other expenses	(4,559)	(264)	-	-	(4,823)
Loss on sale of capital assets	(4)	-	-	-	(4)
Total nonoperating revenues (expenses)	53,096	407,754	24,288	-	485,138
Income (loss) before capital transactions	2,528	57,445	5,055	(222)	64,806
Gain on transfer of properties to component unit	-	-	-	-	-
Income before operating transfers	2,528	57,445	5,055	(222)	64,806
Operating transfers in	72,926	319,675	-	(392,601)	-
Operating transfers out	(2,088)	(390,420)	(93)	392,601	-
Change in net position	73,366	(13,300)	4,962	(222)	64,806
Net position - beginning of year	549,730	331,087	22,740	-	903,557
Net position - end of year	<u>\$ 623,096</u>	<u>\$ 317,787</u>	<u>\$ 27,702</u>	<u>\$ (222)</u>	<u>\$ 968,363</u>



San Diego Housing Commission
COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS
Year Ended June 30, 2025
(Dollars in Thousands)

	Business activities	Federal funds	State funds	Primary Government
Cash flows from operating activities				
Cash received from tenants and other revenue	\$ 56,918	\$ 15,000	\$ 945	\$ 72,863
Cash payments to suppliers for goods and services	(56,569)	(328,739)	(19,699)	(405,007)
Cash payments to employees for services	(38,139)	(34,594)	(1,910)	(74,643)
Net cash provided by (used for) operating activities	(37,790)	(348,333)	(20,664)	(406,787)
Cash flows from capital and related financing activities				
Principal payments on notes payable	(2,187)	(827)	-	(3,014)
Proceeds from notes payable	-	15,535	-	15,535
Acquisition and construction of capital assets	(12,052)	(71,283)	-	(83,335)
Interest payments	(4,508)	(28)	-	(4,536)
Net cash provided by (used for) capital and related financing activities	(18,747)	(56,603)	-	(75,350)
Cash flows from noncapital financing activities				
Cash received from grants	45,028	394,189	22,352	461,569
Transfers in (out)	1,090	(997)	(93)	-
Net cash provided by noncapital financing activities	46,118	393,192	22,259	461,569
Cash flows from investing activities				
Interest on investments and notes receivable	10,115	5,015	153	15,283
Collection of notes receivable	2,184	4,158	185	6,527
Cash loaned on notes receivable	(5,449)	(2,152)	(1,928)	(9,529)
Purchases of investments	(5,400)	(4,482)	-	(9,882)
Proceeds from sale of investments	40,847	9,012	-	49,859
Net cash provided by (used for) investing activities	42,297	11,551	(1,590)	52,258
Net increase (decrease) in cash and cash equivalents	31,878	(193)	5	31,690
Cash and cash equivalents				
Beginning of year	29,061	2,020	-	31,081
End of year	\$ 60,939	\$ 1,827	\$ 5	\$ 62,771
Financial statement presentation				
Cash and cash equivalents				\$ 58,862
Restricted cash and cash equivalents				3,828
Restricted cash and cash equivalents - noncurrent				81
Total cash and cash equivalents				\$ 62,771



San Diego Housing Commission
COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED
Year Ended June 30, 2025
(Dollars in Thousands)

	Business activities	Federal funds	State funds	Primary Government
Reconciliation of operating loss to net cash used for operating activities				
Operating loss	\$ (50,568)	\$ (350,531)	\$ (19,233)	\$ (420,332)
Adjustments to reconcile operating loss to net cash used for operating activities:				
Depreciation	13,124	1,641	-	14,765
Amortization of debt issuance costs	68	-	-	68
Allowance for accounts receivable	(1,524)	(55)	-	(1,579)
Provision for loan losses	(882)	2,367	44	1,529
Allowance for forgivable loans	27	(480)	11	(442)
Changes in operating assets and liabilities:				
Decrease (increase) in tenant receivables	1,416	230	-	1,646
Decrease (increase) in other receivables	(4,963)	(1,830)	1,027	(5,766)
Decrease (increase) in prepaid items and other assets	(87)	-	-	(87)
Increase (decrease) in accounts payable	8,583	605	(1,982)	7,206
Increase (decrease) in accrued payroll and benefits	1,143	(302)	40	881
Increase (decrease) in deposits payable	799	19	(82)	736
Increase (decrease) in unearned revenues	(4,926)	(59)	(489)	(5,474)
Increase (decrease) in other liabilities	-	62	-	62
Net cash used for operating activities	<u>\$ (37,790)</u>	<u>\$ (348,333)</u>	<u>\$ (20,664)</u>	<u>\$ (406,787)</u>
Supplemental disclosure of cash flow information:				
Noncash capital and related financing activities :				
Increase in accounts payable for capital assets	4,494	185	-	4,679
Increase in right to use software arrangements	1,492	-	-	1,492
Total noncash capital and related financing activities	<u>\$ 5,986</u>	<u>\$ 185</u>	<u>\$ -</u>	<u>\$ 6,171</u>



San Diego Housing Commission
Combining Schedule of Fiduciary Net Position
Pension and Other Employee Benefit Trusts
June 30, 2025
(Dollars in Thousands)

	Pension Trust	Deferred Compensation Plan	Total
Assets			
Cash and investments:			
Mutal funds	\$ 63,071	\$ -	\$ 63,071
Common collective trust funds	18,373	-	18,373
Participant directed brokerage accounts	2,362	1,198	3,560
Pooled separate accounts, at fair value	-	33,797	33,797
Guarnateed interest accounts, at contract value	-	4,665	4,665
Guaranteed interest accounts, at fair value	-	398	398
Cash	14	-	14
Total cash and investments	<u>83,820</u>	<u>40,058</u>	<u>123,878</u>
Receivables:			
Notes receivable from participants	-	1,065	1,065
Total receivables	<u>-</u>	<u>1,065</u>	<u>1,065</u>
Total assets	<u>\$ 83,820</u>	<u>\$ 41,123</u>	<u>\$ 124,943</u>
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fiduciary net position	<u>\$ 83,820</u>	<u>\$ 41,123</u>	<u>\$ 124,943</u>
Resticted for			
Pension	\$ 83,820	\$ -	\$ 83,820
Other employee benefit other than pension	-	41,123	41,123
	<u>\$ 83,820</u>	<u>\$ 41,123</u>	<u>\$ 124,943</u>



San Diego Housing Commission
Combining Schedule of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trusts
Year Ended June 30, 2025
(Dollars in Thousands)

	Pension Trust	Deferred Compensation Plan	Total
Additions to net position			
Investment income:			
Net appreciation in fair value of investments	\$ 7,362	\$ 2,833	\$ 10,195
Interest and dividends	1,190	1,108	2,298
Total investment income	8,552	3,941	12,493
Interest on notes receivable from participants	-	84	84
Contributions:			
Employer contributions	5,419	924	6,343
Participant contributions	387	2,352	2,739
Rollover contributions	-	44	44
Total contributions	5,806	3,320	9,126
Total additions	14,358	7,345	21,703
Deductions from net position			
Benefits paid directly to participants or beneficiaries, including direct rollovers	3,178	1,307	4,485
Administrative fees and expenses	24	113	137
	3,202	1,420	4,622
Change in net position	11,156	5,925	17,081
Fiduciary net position			
Beginning of year	72,664	35,198	107,862
End of year	\$ 83,820	\$ 41,123	\$ 124,943

FINANCIAL DATA SCHEDULE

San Diego Housing Commission (CA0630)
San Diego, CA
Entity Wide Balance Sheet Summary
Fiscal Year End: 06/30/2025

	Project Total	14.PHC Public Housing CARES Act Funding	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	14.MSC Mainstream CARES Act Funding	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	21.019 Coronavirus Relief Fund	1 Business Activities	2 State/Local	91 Other Federal Program 3
111 Cash - Unrestricted						\$30,057,821	\$3,423,767			\$51,081,150		
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted			\$338,266			\$9,292,708	\$999,904			\$3,842,969		
114 Cash - Tenant Security Deposits						\$907,160	\$729,774			\$866,725		
115 Cash - Restricted for Payment of Current Liabilities												
100 Total Cash	\$0	\$0	\$338,266	\$0	\$0	\$40,257,689	\$5,153,445	\$0	\$0	\$55,790,844	\$0	\$0
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects						\$782,014						
124 Accounts Receivable - Other Government	\$295,381			\$165,939				\$54,436	\$0	\$8,781,870	\$9,982,443	\$1,500,000
125 Accounts Receivable - Miscellaneous						\$270,930	\$643,651			\$7,035,772	\$0	
126 Accounts Receivable - Tenants	\$53,978					\$584,177	\$232,357			\$821,698		
126.1 Allowance for Doubtful Accounts - Tenants	-\$12,382					-\$565,190	-\$49,913			-\$254,987		
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				\$524,613						\$1,803,648		
128 Fraud Recovery												
128.1 Allowance for Doubtful Accounts - Fraud												
129 Accrued Interest Receivable	\$32,568			\$4,838,072						\$44,770,985	\$2,943,853	
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$369,545	\$0	\$0	\$5,528,624	\$0	\$1,071,931	\$826,095	\$54,436	\$0	\$62,958,986	\$12,926,296	\$1,500,000
131 Investments - Unrestricted	\$11,158,486			\$1,240,282						\$48,934,186		
132 Investments - Restricted												
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets						\$528,694	\$235,884			\$3,249,237		
143 Inventories												
143.1 Allowance for Obsolete Inventories												
144 Inter Program Due From												
145 Assets Held for Sale												
150 Total Current Assets	\$11,528,031	\$0	\$338,266	\$6,768,906	\$0	\$41,858,314	\$6,215,424	\$54,436	\$0	\$170,933,253	\$12,926,296	\$1,500,000
161 Land	\$3,279,738					\$4,476,568	\$16,466,866			\$107,349,968		
162 Buildings	\$22,960,853					\$150,524,172	\$45,065,454			\$266,611,197		
163 Furniture, Equipment & Machinery - Dwellings	\$275,390					\$8,758,292	\$545,071			\$3,633,738		
164 Furniture, Equipment & Machinery - Administration										\$3,797,537		
165 Leasehold Improvements						\$10,863				\$7,671,020		
166 Accumulated Depreciation	-\$14,005,390					-\$39,477,957	-\$22,686,024			-\$78,075,955		
167 Construction in Progress	\$270,584								\$0	\$5,467,554	\$5,480,686	
168 Infrastructure												
160 Total Capital Assets, Net of Accumulated Depreciation	\$12,781,115	\$0	\$0	\$0	\$0	\$124,291,938	\$39,391,367	\$0	\$0	\$316,455,059	\$5,480,686	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current				\$25,707,773						\$308,750,171	\$18,138,273	
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due												
173 Grants Receivable - Non Current												
174 Other Assets						\$3,198,465				\$0		
176 Investments in Joint Ventures						\$84,524						
180 Total Non-Current Assets	\$12,781,115	\$0	\$0	\$25,707,773	\$0	\$127,574,927	\$39,391,367	\$0	\$0	\$625,205,230	\$23,618,959	\$0
200 Deferred Outflow of Resources												
290 Total Assets and Deferred Outflow of Resources	\$24,309,146	\$0	\$338,266	\$32,476,679	\$0	\$169,433,241	\$45,606,791	\$54,436	\$0	\$796,138,483	\$36,545,255	\$1,500,000

San Diego Housing Commission (CA0630)
San Diego, CA
Entity Wide Balance Sheet Summary
Fiscal Year End: 06/30/2025

	8 Other Federal Program 1	9 Other Federal Program 2	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	21.023 Emergency Rental Assistance Program	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.CMT CARES Act Funding Transferred to MTW	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	14.MRC Moderate Rehabilitation CARES Act Funding
111 Cash - Unrestricted												
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted				\$392							\$55,157	
114 Cash - Tenant Security Deposits												
115 Cash - Restricted for Payment of Current Liabilities												
100 Total Cash	\$0	\$0	\$0	\$392	\$0	\$0	\$0	\$0	\$0	\$0	\$55,157	\$0
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects				\$62,953								
124 Accounts Receivable - Other Government					\$3,538,551	\$669,035	\$5,918					
125 Accounts Receivable - Miscellaneous				\$5,530	\$2,623						\$53,722	
126 Accounts Receivable - Tenants				\$42,568							\$50,325	
126.1 Allowance for Doubtful Accounts - Tenants				\$0							\$0	
126.2 Allowance for Doubtful Accounts - Other			\$0	\$0	\$0	\$0	\$0				\$0	
127 Notes, Loans, & Mortgages Receivable - Current					\$311,072							
128 Fraud Recovery												
128.1 Allowance for Doubtful Accounts - Fraud												
129 Accrued Interest Receivable				\$3,008	\$39,759,230						\$2,139	
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$0	\$114,059	\$43,611,476	\$669,035	\$5,918	\$0	\$0	\$0	\$106,186	\$0
131 Investments - Unrestricted				\$980,333	\$13,849,961						\$659,397	
132 Investments - Restricted												
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	\$0	\$0	\$0	\$1,094,784	\$57,461,437	\$669,035	\$5,918	\$0	\$0	\$0	\$820,740	\$0
161 Land												
162 Buildings												
163 Furniture, Equipment & Machinery - Dwellings												
164 Furniture, Equipment & Machinery - Administration												
165 Leasehold Improvements												
166 Accumulated Depreciation												
167 Construction in Progress			\$4,569,682		\$623,107							
168 Infrastructure												
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$4,569,682	\$0	\$623,107	\$0	\$0	\$0	\$0	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current					\$200,563,015							
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due												
173 Grants Receivable - Non Current												
174 Other Assets					\$0							
176 Investments in Joint Ventures												
180 Total Non-Current Assets	\$0	\$0	\$4,569,682	\$0	\$201,186,122	\$0	\$0	\$0	\$0	\$0	\$0	\$0
200 Deferred Outflow of Resources												
290 Total Assets and Deferred Outflow of Resources	\$0	\$0	\$4,569,682	\$1,094,784	\$258,647,559	\$669,035	\$5,918	\$0	\$0	\$0	\$820,740	\$0

San Diego Housing Commission (CA0630)
San Diego, CA
Entity Wide Balance Sheet Summary
Fiscal Year End: 06/30/2025

	14.881 Moving to Work Demonstration Program	14.267 Continuum of Care Program	93.268 Immunization Grants	14.231 Emergency Shelter Grants Program	93.602 New Assets for Independence Demonstration Program	14.CFP MTW Demonstration Program for Capital Fund	14.OPS MTW Demonstration Program for Low Rent	14.HCV MTW Demonstration Program for HCV program	14.880 Family Unification Program (FUP)	14.856 Lower Income Housing Assistance Program, Section 8 Moderate	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$927,422								\$40,682	\$0	\$85,530,842		\$85,530,842
112 Cash - Restricted - Modernization and Development										\$0			
113 Cash - Other Restricted	\$362,293								\$102,896	\$0	\$14,994,585		\$14,994,585
114 Cash - Tenant Security Deposits										\$0	\$2,503,659		\$2,503,659
115 Cash - Restricted for Payment of Current Liabilities										\$0			
100 Total Cash	\$1,289,715	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$143,578	\$0	\$103,029,086	\$0	\$103,029,086
121 Accounts Receivable - PHA Projects	\$1,594,304									\$0	\$1,594,304		\$1,594,304
122 Accounts Receivable - HUD Other Projects	\$1,750,110									\$0	\$2,595,077		\$2,595,077
124 Accounts Receivable - Other Government		\$1,540,735		\$118,253						\$0	\$26,652,561		\$26,652,561
125 Accounts Receivable - Miscellaneous	\$1,178,928			\$0					\$32,257	\$0	\$9,223,413	-\$985,703	\$8,237,710
126 Accounts Receivable - Tenants	\$750,073								\$32,597	\$0	\$2,567,773		\$2,567,773
126.1 Allowance for Doubtful Accounts - Tenants	\$0								\$0	\$0	-\$882,472		-\$882,472
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0					\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current										\$0	\$2,639,333		\$2,639,333
128 Fraud Recovery	\$88,402								\$1,236	\$0	\$89,638		\$89,638
128.1 Allowance for Doubtful Accounts - Fraud	-\$88,402								-\$1,236	\$0	-\$89,638		-\$89,638
129 Accrued Interest Receivable	\$44,711								\$569	\$0	\$92,395,135		\$92,395,135
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$5,318,126	\$1,540,735	\$0	\$118,253	\$0	\$0	\$0	\$0	\$65,423	\$0	\$136,785,124	-\$985,703	\$135,799,421
131 Investments - Unrestricted	\$12,602,169								\$122,996	\$0	\$89,547,810		\$89,547,810
132 Investments - Restricted										\$0			
135 Investments - Restricted for Payment of Current Liability										\$0			
142 Prepaid Expenses and Other Assets										\$0	\$4,013,815		\$4,013,815
143 Inventories										\$0			
143.1 Allowance for Obsolete Inventories										\$0			
144 Inter Program Due From										\$0			
145 Assets Held for Sale										\$0			
150 Total Current Assets	\$19,210,010	\$1,540,735	\$0	\$118,253	\$0	\$0	\$0	\$0	\$331,997	\$0	\$333,375,835	-\$985,703	\$332,390,132
161 Land										\$0	\$131,573,140		\$131,573,140
162 Buildings	\$5,250,178									\$0	\$490,411,854		\$490,411,854
163 Furniture, Equipment & Machinery - Dwellings										\$0	\$13,212,431		\$13,212,431
164 Furniture, Equipment & Machinery - Administration										\$0	\$3,797,537		\$3,797,537
165 Leasehold Improvements										\$0	\$7,681,883		\$7,681,883
166 Accumulated Depreciation	-\$2,479,251									\$0	-\$156,724,577		-\$156,724,577
167 Construction in Progress	\$445,773									\$0	\$16,857,386	-\$222,250	\$16,635,136
168 Infrastructure										\$0			
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,216,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$506,809,654	-\$222,250	\$506,587,404
171 Notes, Loans and Mortgages Receivable - Non-Current	\$1,868,330									\$0	\$555,027,562		\$555,027,562
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due										\$0			
173 Grants Receivable - Non Current										\$0			
174 Other Assets										\$0	\$3,198,465		\$3,198,465
176 Investments in Joint Ventures										\$0	\$84,524		\$84,524
180 Total Non-Current Assets	\$5,085,030	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,065,120,205	-\$222,250	\$1,064,897,955
200 Deferred Outflow of Resources										\$0			
290 Total Assets and Deferred Outflow of Resources	\$24,295,040	\$1,540,735	\$0	\$118,253	\$0	\$0	\$0	\$0	\$331,997	\$0	\$1,398,496,040	-\$1,207,953	\$1,397,288,087

San Diego Housing Commission (CA0630)
San Diego, CA
Entity Wide Balance Sheet Summary
Fiscal Year End: 06/30/2025

	Project Total	14.PHC Public Housing CARES Act Funding	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	14.MSC Mainstream CARES Act Funding	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	21.019 Coronavirus Relief Fund	1 Business Activities	2 State/Local	91 Other Federal Program 3
311 Bank Overdraft												
312 Accounts Payable <= 90 Days	\$401,500		\$15,254	\$465,324		\$2,311,680	\$3,624,221		\$0	\$9,677,633	\$4,417,219	\$42,216
313 Accounts Payable >90 Days Past Due												
321 Accrued Wage/Payroll Taxes Payable	\$32,544					\$65,503	\$156,556	\$18,367		\$2,258,864	\$40,031	
322 Accrued Compensated Absences - Current Portion										\$4,995,792		
324 Accrued Contingency Liability												
325 Accrued Interest Payable	\$1,083,596					\$17,687,964	\$235,811			\$943,219		
331 Accounts Payable - HUD PHA Programs												
332 Account Payable - PHA Projects												
333 Accounts Payable - Other Government	\$0					\$34,291	\$9,634	\$36,069	\$0		\$2,172,533	\$1,457,784
341 Tenant Security Deposits	\$99,834					\$816,150	\$729,721			\$1,369,417		
342 Unearned Revenue	\$60,646					\$65,306	\$342,016			\$2,871,622	\$2,169,821	
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						\$1,404,582	\$2,106,295			\$978,943		
344 Current Portion of Long-term Debt - Operating Borrowings												
345 Other Current Liabilities										\$2,916,250	\$43,119	
346 Accrued Liabilities - Other												
347 Inter Program - Due To												
348 Loan Liability - Current												
310 Total Current Liabilities	\$1,678,120	\$0	\$15,254	\$465,324	\$0	\$22,385,476	\$7,204,254	\$54,436	\$0	\$26,011,740	\$8,842,823	\$1,500,000
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$4,554,849					\$150,069,485	\$56,452,619			\$43,244,436		
352 Long-term Debt, Net of Current - Operating Borrowings												
353 Non-current Liabilities - Other						\$11,006,857				\$11,592,740		
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	\$4,554,849	\$0	\$0	\$0	\$0	\$161,076,342	\$56,452,619	\$0	\$0	\$54,837,176	\$0	\$0
300 Total Liabilities	\$6,232,969	\$0	\$15,254	\$465,324	\$0	\$183,461,818	\$63,656,873	\$54,436	\$0	\$80,848,916	\$8,842,823	\$1,500,000
400 Deferred Inflow of Resources										\$84,437,468		
508.3 Nonspendable Fund Balance												
508.4 Net Investment in Capital Assets	\$8,226,268						-\$19,167,547		\$0	\$271,624,166	\$5,480,686	
509.3 Restricted Fund Balance												
510.3 Committed Fund Balance												
511.3 Assigned Fund Balance												
511.4 Restricted Net Position	\$1,554,063	\$0	\$323,012	\$30,386,045	\$0	\$46,740,788	\$999,904	\$0	\$0	\$412,167		\$0
512.3 Unassigned Fund Balance												
512.4 Unrestricted Net Position	\$8,295,846	\$0	\$0	\$1,625,310	\$0	-\$60,769,365	\$117,561	\$0	\$0	\$358,815,766	\$22,221,746	\$0
513 Total Equity - Net Assets / Position	\$18,076,177	\$0	\$323,012	\$32,011,355	\$0	-\$14,028,577	-\$18,050,082	\$0	\$0	\$630,852,099	\$27,702,432	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$24,309,146	\$0	\$338,266	\$32,476,679	\$0	\$169,433,241	\$45,606,791	\$54,436	\$0	\$796,138,483	\$36,545,255	\$1,500,000

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	8 Other Federal Program 1	9 Other Federal Program 2	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	21.023 Emergency Rental Assistance Program	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.CMT CARES Act Funding Transferred to MTW	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	14.MRC Moderate Rehabilitation CARES Act Funding
311 Bank Overdraft												
312 Accounts Payable <= 90 Days			\$1,342,364			\$90,884	\$47				\$5,100	
313 Accounts Payable >90 Days Past Due												
321 Accrued Wage/Payroll Taxes Payable				\$4,102	\$38,836		\$1,705				\$8,128	
322 Accrued Compensated Absences - Current Portion												
324 Accrued Contingency Liability												
325 Accrued Interest Payable			\$244,177									
331 Accounts Payable - HUD PHA Programs				\$3,628							\$375	
332 Account Payable - PHA Projects												
333 Accounts Payable - Other Government			\$1,505,461			\$578,151	\$4,166					
341 Tenant Security Deposits											\$2,000	
342 Unearned Revenue				\$58	\$6						\$17	
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue												
344 Current Portion of Long-term Debt - Operating Borrowings												
345 Other Current Liabilities												
346 Accrued Liabilities - Other												
347 Inter Program - Due To												
348 Loan Liability - Current												
310 Total Current Liabilities	\$0	\$0	\$3,092,002	\$7,788	\$38,842	\$669,035	\$5,918	\$0	\$0	\$0	\$15,620	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$14,708,744									
352 Long-term Debt, Net of Current - Operating Borrowings												
353 Non-current Liabilities - Other				\$392							\$55,157	
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	\$0	\$0	\$14,708,744	\$392	\$0	\$0	\$0	\$0	\$0	\$0	\$55,157	\$0
300 Total Liabilities	\$0	\$0	\$17,800,746	\$8,180	\$38,842	\$669,035	\$5,918	\$0	\$0	\$0	\$70,777	\$0
400 Deferred Inflow of Resources					\$2,579,456							
508.3 Nonspendable Fund Balance												
508.4 Net Investment in Capital Assets			-\$10,139,061		\$692,672							
509.3 Restricted Fund Balance												
510.3 Committed Fund Balance												
511.3 Assigned Fund Balance												
511.4 Restricted Net Position	\$0	\$0	\$0	\$158,400	\$214,185,854			\$0	\$0	\$0	\$43,540	\$0
512.3 Unassigned Fund Balance												
512.4 Unrestricted Net Position	\$0	\$0	-\$3,092,003	\$928,204	\$41,150,735	\$0	\$0	\$0	\$0	\$0	\$706,423	\$0
513 Total Equity - Net Assets / Position	\$0	\$0	-\$13,231,064	\$1,086,604	\$256,029,261	\$0	\$0	\$0	\$0	\$0	\$749,963	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$0	\$4,569,682	\$1,094,784	\$258,647,559	\$669,035	\$5,918	\$0	\$0	\$0	\$820,740	\$0

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	14.881 Moving to Work Demonstration Program	14.267 Continuum of Care Program	93.268 Immunization Grants	14.231 Emergency Shelter Grants Program	93.602 New Assets for Independence Demonstration Program	14.CFP MTW Demonstration Program for Capital Fund	14.OPS MTW Demonstration Program for Low Rent	14.HCV MTW Demonstration Program for HCV program	14.880 Family Unification Program (FUP)	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
311 Bank Overdraft										\$0			
312 Accounts Payable <= 90 Days	\$400,880	\$1,274,831		\$4,567					\$1,762	\$0	\$24,075,482	-\$985,703	\$23,089,779
313 Accounts Payable >90 Days Past Due										\$0			
321 Accrued Wage/Payroll Taxes Payable	\$956,755	\$11,566							\$3,614	\$0	\$3,596,571		\$3,596,571
322 Accrued Compensated Absences - Current Portion										\$0	\$4,995,792		\$4,995,792
324 Accrued Contingency Liability										\$0			
325 Accrued Interest Payable										\$0	\$20,194,767		\$20,194,767
331 Accounts Payable - HUD PHA Programs	\$3,699								\$177	\$0	\$7,879		\$7,879
332 Account Payable - PHA Projects										\$0			
333 Accounts Payable - Other Government		\$254,338		\$113,686						\$0	\$6,166,113		\$6,166,113
341 Tenant Security Deposits	\$44,815									\$0	\$3,061,937		\$3,061,937
342 Unearned Revenue	\$5,637								\$5	\$0	\$5,515,234		\$5,515,234
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue										\$0	\$4,489,820		\$4,489,820
344 Current Portion of Long-term Debt - Operating Borrowings										\$0			
345 Other Current Liabilities										\$0	\$2,959,369		\$2,959,369
346 Accrued Liabilities - Other										\$0			
347 Inter Program - Due To										\$0			
348 Loan Liability - Current										\$0			
310 Total Current Liabilities	\$1,411,786	\$1,540,735	\$0	\$118,253	\$0	\$0	\$0	\$0	\$5,558	\$0	\$75,062,964	-\$985,703	\$74,077,261
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue										\$0	\$269,030,133		\$269,030,133
352 Long-term Debt, Net of Current - Operating Borrowings										\$0			
353 Non-current Liabilities - Other	\$362,292								\$102,896	\$0	\$23,120,334	-\$10,295,165	\$12,825,169
354 Accrued Compensated Absences - Non Current										\$0			
355 Loan Liability - Non Current										\$0			
356 FASB 5 Liabilities										\$0			
357 Accrued Pension and OPEB Liabilities										\$0			
350 Total Non-Current Liabilities	\$362,292	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$102,896	\$0	\$292,150,467	-\$10,295,165	\$281,855,302
300 Total Liabilities	\$1,774,078	\$1,540,735	\$0	\$118,253	\$0	\$0	\$0	\$0	\$108,454	\$0	\$367,213,431	-\$11,280,868	\$355,932,563
400 Deferred Inflow of Resources										\$0	\$87,016,924		\$87,016,924
508.3 Nonspendable Fund Balance										\$0			
508.4 Net Investment in Capital Assets	\$3,216,701									\$0	\$259,933,885		\$259,933,885
509.3 Restricted Fund Balance										\$0			
510.3 Committed Fund Balance										\$0			
511.3 Assigned Fund Balance										\$0			
511.4 Restricted Net Position	\$158,643		\$0						\$40,355	\$0	\$295,002,771	\$0	\$295,002,771
512.3 Unassigned Fund Balance										\$0			
512.4 Unrestricted Net Position	\$19,145,618	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$183,188	\$0	\$389,329,029	\$10,072,915	\$399,401,944
513 Total Equity - Net Assets / Position	\$22,520,962	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$223,543	\$0	\$944,265,685	\$10,072,915	\$954,338,600
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$24,295,040	\$1,540,735	\$0	\$118,253	\$0	\$0	\$0	\$0	\$331,997	\$0	\$1,398,496,040	-\$1,207,953	\$1,397,288,087

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	Project Total	14.PHC Public Housing CARES Act Funding	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	14.MSC Mainstream CARES Act Funding	6.1 Component Unit - Discreetly Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	21.019 Coronavirus Relief Fund	1 Business Activities	2 State/Local	91 Other Federal Program 3	8 Other Federal Program 1
70300 Net Tenant Rental Revenue	\$1,588,357					\$21,777,670	\$18,933,244			\$22,302,911			
70400 Tenant Revenue - Other	\$12,714					\$267,347	\$105,115			\$423,098			
70500 Total Tenant Revenue	\$1,601,071	\$0	\$0	\$0	\$0	\$22,045,017	\$19,038,359	\$0	\$0	\$22,726,009	\$0	\$0	\$0
70600 HUD PHA Operating Grants				\$1,075,000				\$649,906	\$0	\$0		\$1,500,000	
70610 Capital Grants													
70710 Management Fee													
70720 Asset Management Fee													
70730 Book Keeping Fee													
70740 Front Line Service Fee													
70750 Other Fees										\$6,946,678			
70700 Total Fee Revenue													
70800 Other Government Grants						\$425,126				\$43,339,151	\$24,584,382		
71100 Investment Income - Unrestricted	\$303,945			\$9,434		\$886,123	\$6,072			\$5,269,878	\$52,876		
71200 Mortgage Interest Income				\$1,040,051		\$6,000				\$8,207,388	\$484,157		
71300 Proceeds from Disposition of Assets Held for Sale													
71310 Cost of Sale of Assets													
71400 Fraud Recovery													
71500 Other Revenue	\$62,827			\$0		\$391,296	\$1,672,580			\$8,023,525	\$495		
71600 Gain or Loss on Sale of Capital Assets										-\$5,304			
72000 Investment Income - Restricted	\$10,407					\$75,122	\$1,322			\$2,610			
70000 Total Revenue	\$1,978,250	\$0	\$0	\$2,124,485	\$0	\$23,828,684	\$20,718,333	\$649,906	\$0	\$94,509,935	\$25,121,910	\$1,500,000	\$0
91100 Administrative Salaries	\$265,398			\$75,182		\$888,249	\$806,488			\$24,749,980	\$915,681		
91200 Auditing Fees	\$32,349					\$203,452	\$61,697			\$198,608			
91300 Management Fee													
91310 Book-keeping Fee													
91400 Advertising and Marketing						\$3,858	\$58			\$10,375			
91500 Employee Benefit contributions - Administrative	\$94,876			\$17,659		\$255,892	\$308,126			\$7,901,590	\$264,131		
91600 Office Expenses	\$37,802		\$12,091			\$221,133	\$112,491			\$3,301,973	\$202		
91700 Legal Expense	\$24,397					\$206,418	\$218,615			\$2,920,459			
91800 Travel			\$2,886					\$349		\$76,516			
91810 Allocated Overhead	\$354,235			\$90,909			-\$57			-\$13,605,461	\$710,567		
91900 Other	\$37,353		\$56,288			\$3,209,426	\$1,109,866	\$4,893		\$5,663,573	\$13,137		
91000 Total Operating - Administrative	\$846,410	\$0	\$71,265	\$183,750	\$0	\$4,988,428	\$2,617,284	\$5,242	\$0	\$31,217,613	\$1,903,718	\$0	\$0
92000 Asset Management Fee													
92100 Tenant Services - Salaries						\$95,311		\$469,159		\$138,525			
92200 Relocation Costs	\$26,019					\$10,519	\$65,329			\$73,830	\$14,080		
92300 Employee Benefit Contributions - Tenant Services								\$161,788		\$38,959			
92400 Tenant Services - Other			\$95,256			\$171,832	\$63,001			\$214,624			
92500 Total Tenant Services	\$26,019	\$0	\$95,256	\$0	\$0	\$277,662	\$128,330	\$630,947	\$0	\$465,938	\$14,080	\$0	\$0
93100 Water	\$162,747					\$461,150	\$929,750			\$666,732	\$1,308		
93200 Electricity	\$35,854			-\$109		\$538,779	\$157,660			\$1,668,910	\$75		
93300 Gas	\$41,128			\$25		\$205,534	\$182,339			\$204,125	\$10		
93400 Fuel													
93500 Labor													
93600 Sewer	\$73,121					\$268,329	\$477,429			\$363,194			
93700 Employee Benefit Contributions - Utilities													
93800 Other Utilities Expense						\$3,887				\$47,407			
93000 Total Utilities	\$312,850	\$0	\$0	-\$84	\$0	\$1,477,679	\$1,747,178	\$0	\$0	\$2,970,368	\$1,393	\$0	\$0

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	9 Other Federal Program 2	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	21.023 Emergency Rental Assistance Program	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.CMT CARES Act Funding Transferred to MTW	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	14.MRC Moderate Rehabilitation CARES Act Funding	14.881 Moving to Work Demonstration Program	14.267 Continuum of Care Program
70300 Net Tenant Rental Revenue													
70400 Tenant Revenue - Other													
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants			\$5,693,380	\$19,791,898	\$2,078,521	\$75,074				\$12,662,211			\$8,813,004
70610 Capital Grants		\$36,466,489											
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		-\$35	\$29,250	\$244						\$11,769		\$548,511	
71200 Mortgage Interest Income				\$6,918,595									
71300 Proceeds from Disposition of Assets Held for Sale													
71310 Cost of Sale of Assets													
71400 Fraud Recovery												\$8,339	
71500 Other Revenue			\$228	\$281,791						\$514,170		\$12,658,639	
71600 Gain or Loss on Sale of Capital Assets													
72000 Investment Income - Restricted													
70000 Total Revenue	\$0	\$36,466,454	\$5,722,858	\$26,992,528	\$2,078,521	\$75,074	\$0	\$0	\$0	\$13,188,150	\$0	\$13,215,489	\$8,813,004
91100 Administrative Salaries			\$81,802	\$295,991						\$104,565		\$10,160,421	\$853,486
91200 Auditing Fees													
91300 Management Fee													
91310 Book-keeping Fee													
91400 Advertising and Marketing												\$5,850	
91500 Employee Benefit contributions - Administrative			\$28,165		-\$9					\$38,978		\$3,566,908	\$150,930
91600 Office Expenses		\$80		\$1,983		\$3,184						\$165,458	
91700 Legal Expense					\$3,944							\$237,111	
91800 Travel						\$4,316						\$9,555	
91810 Allocated Overhead			\$85,628							\$108,447		\$12,111,887	
91900 Other		\$32,131	\$513	\$9,170	\$37,159					\$1,877		\$1,317,577	\$28,217
91000 Total Operating - Administrative	\$0	\$32,211	\$196,108	\$307,144	\$41,094	\$7,500	\$0	\$0	\$0	\$253,867	\$0	\$27,574,767	\$1,032,633
92000 Asset Management Fee													
92100 Tenant Services - Salaries						\$42,669						\$743,963	
92200 Relocation Costs		\$107,569		\$1,944									
92300 Employee Benefit Contributions - Tenant Services						\$14,748						\$227,105	
92400 Tenant Services - Other												\$9,000	
92500 Total Tenant Services	\$0	\$107,569	\$0	\$1,944	\$0	\$57,417	\$0	\$0	\$0	\$0	\$0	\$980,068	\$0
93100 Water		\$1,446											
93200 Electricity		\$30,556											
93300 Gas		\$585											
93400 Fuel													
93500 Labor													
93600 Sewer		\$1,170											
93700 Employee Benefit Contributions - Utilities													
93800 Other Utilities Expense													
93000 Total Utilities	\$0	\$33,757	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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	93.268 Immunization Grants	14.231 Emergency Shelter Grants Program	93.602 New Assets for Independence Demonstration Program	14.CFP MTW Demonstration Program for Capital Fund	14.OPS MTW Demonstration Program for Low Rent	14.HCV MTW Demonstration Program for HCV program	14.880 Family Unification Program (FUP)	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue								\$0	\$64,602,182		\$64,602,182
70400 Tenant Revenue - Other								\$0	\$808,274		\$808,274
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$65,410,456	\$0	\$65,410,456
70600 HUD PHA Operating Grants		\$1,007,578		\$323,781	\$466,660	\$304,599,913	\$3,935,249	\$0	\$362,672,175		\$362,672,175
70610 Capital Grants								\$0	\$36,466,489		\$36,466,489
70710 Management Fee								\$0			
70720 Asset Management Fee								\$0			
70730 Book Keeping Fee								\$0			
70740 Front Line Service Fee								\$0			
70750 Other Fees								\$0	\$6,946,678	-\$982,108	\$5,964,570
70700 Total Fee Revenue								\$0	\$0	-\$982,108	-\$982,108
70800 Other Government Grants								\$0	\$68,348,659		\$68,348,659
71100 Investment Income - Unrestricted							\$6,360	\$0	\$7,124,427		\$7,124,427
71200 Mortgage Interest Income								\$0	\$16,656,191		\$16,656,191
71300 Proceeds from Disposition of Assets Held for Sale								\$0			
71310 Cost of Sale of Assets								\$0			
71400 Fraud Recovery								\$0	\$8,339		\$8,339
71500 Other Revenue							\$3	\$0	\$23,605,554	-\$247,729	\$23,357,825
71600 Gain or Loss on Sale of Capital Assets								\$0	-\$5,304		-\$5,304
72000 Investment Income - Restricted								\$0	\$89,461		\$89,461
70000 Total Revenue	\$0	\$1,007,578	\$0	\$323,781	\$466,660	\$304,599,913	\$3,941,612	\$0	\$587,323,125	-\$1,229,837	\$586,093,288
91100 Administrative Salaries							\$77,640	\$0	\$39,274,883		\$39,274,883
91200 Auditing Fees								\$0	\$496,106		\$496,106
91300 Management Fee								\$0			
91310 Book-keeping Fee								\$0			
91400 Advertising and Marketing								\$0	\$20,141		\$20,141
91500 Employee Benefit contributions - Administrative							\$27,762	\$0	\$12,655,008		\$12,655,008
91600 Office Expenses								\$0	\$3,856,397		\$3,856,397
91700 Legal Expense								\$0	\$3,610,944		\$3,610,944
91800 Travel								\$0	\$93,622		\$93,622
91810 Allocated Overhead		\$61,418					\$82,427	\$0	\$0	\$0	\$0
91900 Other							\$1,307	\$0	\$11,522,487	-\$1,007,587	\$10,514,900
91000 Total Operating - Administrative	\$0	\$61,418	\$0	\$0	\$0	\$0	\$189,136	\$0	\$71,529,588	-\$1,007,587	\$70,522,001
92000 Asset Management Fee								\$0			
92100 Tenant Services - Salaries								\$0	\$1,489,627		\$1,489,627
92200 Relocation Costs								\$0	\$299,290		\$299,290
92300 Employee Benefit Contributions - Tenant Services								\$0	\$442,600		\$442,600
92400 Tenant Services - Other								\$0	\$553,713		\$553,713
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,785,230	\$0	\$2,785,230
93100 Water								\$0	\$2,223,133		\$2,223,133
93200 Electricity								\$0	\$2,431,725		\$2,431,725
93300 Gas								\$0	\$633,746		\$633,746
93400 Fuel								\$0			
93500 Labor								\$0			
93600 Sewer								\$0	\$1,203,243		\$1,203,243
93700 Employee Benefit Contributions - Utilities								\$0			
93800 Other Utilities Expense								\$0	\$51,294		\$51,294
93000 Total Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,543,141	\$0	\$6,543,141

San Diego Housing Commission (CA0630)
San Diego, CA
Entity Wide Revenue and Expense Summary
Fiscal Year End: 06/30/2025

	Project Total	14.PHC Public Housing CARES Act Funding	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	14.MSC Mainstream CARES Act Funding	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	21.019 Coronavirus Relief Fund	1 Business Activities	2 State/Local	91 Other Federal Program 3	8 Other Federal Program 1
94100 Ordinary Maintenance and Operations - Labor	\$179,711					\$916,755	\$806,895			\$742,298			
94200 Ordinary Maintenance and Operations - Materials and Other	\$33,498					\$142,286	\$177,137			\$367,099			
94300 Ordinary Maintenance and Operations Contracts	\$410,897					\$1,837,667	\$4,407,027			\$4,551,393	\$31,388		
94500 Employee Benefit Contributions - Ordinary Maintenance	\$71,750						\$332,425			\$293,702			
94000 Total Maintenance	\$695,856	\$0	\$0	\$0	\$0	\$2,896,708	\$5,723,484	\$0	\$0	\$5,954,492	\$31,388	\$0	\$0
95100 Protective Services - Labor						\$445				\$0			
95200 Protective Services - Other Contract Costs	\$167,520					\$499,273	\$196,462			\$1,885,732			
95300 Protective Services - Other						\$89,998				\$1,800			
95500 Employee Benefit Contributions - Protective Services										\$0			
95000 Total Protective Services	\$167,520	\$0	\$0	\$0	\$0	\$589,716	\$196,462	\$0	\$0	\$1,887,532	\$0	\$0	\$0
96110 Property Insurance	\$46,824			\$899			\$299,119			\$640,355			
96120 Liability Insurance	\$12,989			\$1		\$669,377	\$70,549			\$367,508			
96130 Workmen's Compensation	\$12,319			\$1,331		\$107,720	\$45,115	\$13,717		\$723,293	\$21,336		
96140 All Other Insurance	\$31,962			\$65		\$19,210	\$117,931			\$536,422			
96100 Total Insurance Premiums	\$104,094	\$0	\$0	\$2,296	\$0	\$796,307	\$532,714	\$13,717	\$0	\$2,267,578	\$21,336	\$0	\$0
96200 Other General Expenses			\$32,500	\$1,054,268		\$1,335,297	\$437,906			\$33,897,998	\$16,767,884		
96210 Compensated Absences	\$10,189						\$45,278			\$1,112,421	\$18,966		
96300 Payments in Lieu of Taxes	\$34					\$19,323	\$48,091			\$69,646			
96400 Bad debt - Tenant Rents	\$11,414					\$390,723	\$602,012			\$605,853			
96500 Bad debt - Mortgages				\$60,804						-\$881,803	\$43,978		
96600 Bad debt - Other	\$21,096					\$120,107	\$65,184			\$225,191			
96800 Severance Expense										\$0			
96000 Total Other General Expenses	\$42,733	\$0	\$32,500	\$1,115,072	\$0	\$1,865,450	\$1,218,471	\$0	\$0	\$35,029,306	\$16,830,828	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable	\$136,646			\$72,178		\$6,783,780	\$3,068,911			\$1,488,761			
96720 Interest on Notes Payable (Short and Long Term)										\$0			
96730 Amortization of Bond Issue Costs										\$0			
96700 Total Interest Expense and Amortization Cost	\$136,646	\$0	\$0	\$72,178	\$0	\$6,783,780	\$3,068,911	\$0	\$0	\$1,488,761	\$0	\$0	\$0
96900 Total Operating Expenses	\$2,332,128	\$0	\$199,021	\$1,373,212	\$0	\$19,675,730	\$15,232,834	\$649,906	\$0	\$81,281,588	\$18,802,743	\$0	\$0
97000 Excess of Operating Revenue over Operating Expenses	-\$353,878	\$0	-\$199,021	\$751,273	\$0	\$4,152,954	\$5,485,499	\$0	\$0	\$13,228,347	\$6,319,167	\$1,500,000	\$0
97100 Extraordinary Maintenance	\$18,349					\$782,047	\$837,968			\$1,077,744			
97200 Casualty Losses - Non-capitalized										\$0			
97300 Housing Assistance Payments										\$2,926,662	\$1,263,703		
97350 HAP Portability-In										\$0			
97400 Depreciation Expense	\$1,290,708					\$4,809,172	\$1,822,848			\$9,521,553			
97500 Fraud Losses													
97600 Capital Outlays - Governmental Funds													
97700 Debt Principal Payment - Governmental Funds													
97800 Dwelling Units Rent Expense													
90000 Total Expenses	\$3,641,185	\$0	\$199,021	\$1,373,212	\$0	\$25,266,949	\$17,893,650	\$649,906	\$0	\$94,807,547	\$20,066,446	\$0	\$0

San Diego Housing Commission (CA0630)
San Diego, CA
Entity Wide Revenue and Expense Summary
Fiscal Year End: 06/30/2025

	9 Other Federal Program 2	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	21.023 Emergency Rental Assistance Program	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.CMT CARES Act Funding Transferred to MTW	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	14.MRC Moderate Rehabilitation CARES Act Funding	14.881 Moving to Work Demonstration Program	14.267 Continuum of Care Program
94100 Ordinary Maintenance and Operations - Labor													
94200 Ordinary Maintenance and Operations - Materials and Other		\$34,767											
94300 Ordinary Maintenance and Operations Contracts		\$368,385											
94500 Employee Benefit Contributions - Ordinary Maintenance												\$28	
94000 Total Maintenance	\$0	\$403,152	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$28	\$0
95100 Protective Services - Labor													
95200 Protective Services - Other Contract Costs		\$65,726											
95300 Protective Services - Other													
95500 Employee Benefit Contributions - Protective Services													
95000 Total Protective Services	\$0	\$65,726	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance		\$33,678											
96120 Liability Insurance		\$25,839	\$1,114							\$1,435		\$133,303	
96130 Workmen's Compensation			\$2,216			\$1,288				\$2,672		\$299,220	\$8,742
96140 All Other Insurance		\$3,541	\$10							\$16		\$11,174	
96100 Total Insurance Premiums	\$0	\$63,058	\$3,340	\$0	\$0	\$1,288	\$0	\$0	\$0	\$4,123	\$0	\$443,697	\$8,742
96200 Other General Expenses			\$5,119	\$303,648	\$2,037,427	\$8,869				\$6,482		\$3,439,184	\$1,146,555
96210 Compensated Absences			\$3,421							\$5,854		\$324,742	\$31,693
96300 Payments in Lieu of Taxes													
96400 Bad debt - Tenant Rents													
96500 Bad debt - Mortgages				\$2,304,535								\$1,670	
96600 Bad debt - Other												\$16,290	
96800 Severance Expense													
96000 Total Other General Expenses	\$0	\$0	\$8,540	\$2,608,183	\$2,037,427	\$8,869	\$0	\$0	\$0	\$12,336	\$0	\$3,749,306	\$1,178,248
96710 Interest of Mortgage (or Bonds) Payable		\$47,614	\$3,628							\$375		\$3,699	
96720 Interest on Notes Payable (Short and Long Term)													
96730 Amortization of Bond Issue Costs													
96700 Total Interest Expense and Amortization Cost	\$0	\$47,614	\$3,628	\$0	\$0	\$0	\$0	\$0	\$0	\$375	\$0	\$3,699	\$0
96900 Total Operating Expenses	\$0	\$753,087	\$211,616	\$2,917,271	\$2,078,521	\$75,074	\$0	\$0	\$0	\$270,701	\$0	\$32,751,565	\$2,219,623
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$35,713,367	\$5,511,242	\$24,075,257	\$0	\$0	\$0	\$0	\$0	\$12,917,449	\$0	-\$19,536,076	\$6,593,381
97100 Extraordinary Maintenance													
97200 Casualty Losses - Non-capitalized													
97300 Housing Assistance Payments			\$5,199,362							\$11,814,000		\$277,049,658	\$6,593,381
97350 HAP Portability-In										\$500,204		\$12,137,726	
97400 Depreciation Expense												\$350,012	
97500 Fraud Losses													
97600 Capital Outlays - Governmental Funds													
97700 Debt Principal Payment - Governmental Funds													
97800 Dwelling Units Rent Expense													
90000 Total Expenses	\$0	\$753,087	\$5,410,978	\$2,917,271	\$2,078,521	\$75,074	\$0	\$0	\$0	\$12,584,905	\$0	\$322,288,961	\$8,813,004

San Diego Housing Commission (CA0630)
San Diego, CA
Entity Wide Revenue and Expense Summary
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	93.268 Immunization Grants	14.231 Emergency Shelter Grants Program	93.602 New Assets for Independence Demonstration Program	14.CFP MTW Demonstration Program for Capital Fund	14.OPS MTW Demonstration Program for Low Rent	14.HCV MTW Demonstration Program for HCV program	14.880 Family Unification Program (FUP)	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor								\$0	\$2,645,659		\$2,645,659
94200 Ordinary Maintenance and Operations - Materials and Other								\$0	\$754,787		\$754,787
94300 Ordinary Maintenance and Operations Contracts								\$0	\$11,606,757		\$11,606,757
94500 Employee Benefit Contributions - Ordinary Maintenance								\$0	\$697,905		\$697,905
94000 Total Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,705,108	\$0	\$15,705,108
95100 Protective Services - Labor								\$0	\$445		\$445
95200 Protective Services - Other Contract Costs								\$0	\$2,814,713		\$2,814,713
95300 Protective Services - Other								\$0	\$91,798		\$91,798
95500 Employee Benefit Contributions - Protective Services								\$0	\$0		\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,906,956	\$0	\$2,906,956
96110 Property Insurance								\$0	\$1,020,875		\$1,020,875
96120 Liability Insurance							\$1,094	\$0	\$1,283,209		\$1,283,209
96130 Workmen's Compensation							\$1,958	\$0	\$1,240,927		\$1,240,927
96140 All Other Insurance							\$10	\$0	\$720,341		\$720,341
96100 Total Insurance Premiums	\$0	\$0	\$0	\$0	\$0	\$0	\$3,062	\$0	\$4,265,352	\$0	\$4,265,352
96200 Other General Expenses		\$838,042					\$106	\$0	\$61,311,285		\$61,311,285
96210 Compensated Absences							-\$126	\$0	\$1,552,438		\$1,552,438
96300 Payments in Lieu of Taxes								\$0	\$137,094		\$137,094
96400 Bad debt - Tenant Rents								\$0	\$1,610,002		\$1,610,002
96500 Bad debt - Mortgages								\$0	\$1,529,184		\$1,529,184
96600 Bad debt - Other							-\$2,790	\$0	\$432,498		\$432,498
96800 Severance Expense								\$0	\$0		\$0
96000 Total Other General Expenses	\$0	\$838,042	\$0	\$0	\$0	\$0	-\$2,810	\$0	\$66,572,501	\$0	\$66,572,501
96710 Interest of Mortgage (or Bonds) Payable							\$177	\$0	\$11,605,769		\$11,605,769
96720 Interest on Notes Payable (Short and Long Term)								\$0	\$0		\$0
96730 Amortization of Bond Issue Costs								\$0	\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$177	\$0	\$11,605,769	\$0	\$11,605,769
96900 Total Operating Expenses	\$0	\$899,460	\$0	\$0	\$0	\$0	\$189,565	\$0	\$181,913,645	-\$1,007,587	\$180,906,058
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$108,118	\$0	\$323,781	\$466,660	\$304,599,913	\$3,752,047	\$0	\$405,409,480	-\$222,250	\$405,187,230
97100 Extraordinary Maintenance								\$0	\$2,716,108		\$2,716,108
97200 Casualty Losses - Non-capitalized								\$0	\$0		\$0
97300 Housing Assistance Payments		\$108,118					\$3,713,473	\$0	\$308,668,357		\$308,668,357
97350 HAP Portability-In								\$0	\$12,637,930		\$12,637,930
97400 Depreciation Expense								\$0	\$17,794,293		\$17,794,293
97500 Fraud Losses								\$0	\$0		\$0
97600 Capital Outlays - Governmental Funds								\$0	\$0		\$0
97700 Debt Principal Payment - Governmental Funds								\$0	\$0		\$0
97800 Dwelling Units Rent Expense								\$0	\$0		\$0
90000 Total Expenses	\$0	\$1,007,578	\$0	\$0	\$0	\$0	\$3,903,038	\$0	\$523,730,333	-\$1,007,587	\$522,722,746

San Diego Housing Commission (CA0630)
San Diego, CA
Entity Wide Revenue and Expense Summary
Fiscal Year End: 06/30/2025

	Project Total	14.PHC Public Housing CARES Act Funding	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	14.MSC Mainstream CARES Act Funding	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	21.019 Coronavirus Relief Fund	1 Business Activities	2 State/Local	91 Other Federal Program 3	8 Other Federal Program 1
10010 Operating Transfer In	\$0						\$2,832			\$72,923,373			
10020 Operating transfer Out	\$0			-\$391,033						-\$1,868,959	-\$93,061	-\$1,500,000	
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)						\$1,039,645	-\$3,732,002			-\$3,397,776			
10091 Inter Project Excess Cash Transfer In	\$58,294												
10092 Inter Project Excess Cash Transfer Out	-\$58,294												
10093 Transfers between Program and Project - In	\$1,009,264												
10094 Transfers between Project and Program - Out										-\$218,823			
10100 Total Other financing Sources (Uses)	\$1,009,264	\$0	\$0	-\$391,033	\$0	\$1,039,645	-\$3,729,170	\$0	\$0	\$67,437,815	-\$93,061	-\$1,500,000	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$653,671	\$0	-\$199,021	\$360,240	\$0	-\$398,620	-\$904,487	\$0	\$0	\$67,140,203	\$4,962,403	\$0	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$1,320,387	\$2,006,284	\$0	\$0	\$942,507	\$0	\$0	\$0
11030 Beginning Equity	\$18,729,848	\$0	\$522,033	\$31,651,115	\$0	-\$13,629,957	-\$17,145,595	\$0	\$0	\$563,711,896	\$22,740,029	\$0	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0												
11050 Changes in Compensated Absence Balance													
11060 Changes in Contingent Liability Balance													
11070 Changes in Unrecognized Pension Transition Liability													
11080 Changes in Special Term/Severance Benefits Liability													
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents													
11100 Changes in Allowance for Doubtful Accounts - Other													
11170 Administrative Fee Equity													
11180 Housing Assistance Payments Equity													
11190 Unit Months Available	2244					12720	12756			13930			
11210 Number of Unit Months Leased	2163					12257	12026			12568			
11270 Excess Cash	\$9,660,001												
11610 Land Purchases	\$0												
11620 Building Purchases	\$0												
11630 Furniture & Equipment - Dwelling Purchases	\$0												
11640 Furniture & Equipment - Administrative Purchases	\$0												
11650 Leasehold Improvements Purchases	\$0												
11660 Infrastructure Purchases	\$0												
13510 CFFP Debt Service Payments	\$0												
13901 Replacement Housing Factor Funds	\$0												

San Diego Housing Commission (CA0630)
San Diego, CA
Entity Wide Revenue and Expense Summary
Fiscal Year End: 06/30/2025

	9 Other Federal Program 2	21.027 Coronavirus State and Local Fiscal Recovery Funds	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	21.023 Emergency Rental Assistance Program	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	14.CMT CARES Act Funding Transferred to MTW	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	14.MRC Moderate Rehabilitation CARES Act Funding	14.881 Moving to Work Demonstration Program	14.267 Continuum of Care Program
10010 Operating Transfer In												\$317,067,399	
10020 Operating transfer Out	-\$21,625	-\$52,047,705		-\$17,717,855		\$0						-\$10,963,012	\$0
10030 Operating Transfers from/to Primary Government													
10040 Operating Transfers from/to Component Unit													
10050 Proceeds from Notes, Loans and Bonds													
10060 Proceeds from Property Sales													
10070 Extraordinary Items, Net Gain/Loss													
10080 Special Items (Net Gain/Loss)													
10091 Inter Project Excess Cash Transfer In													
10092 Inter Project Excess Cash Transfer Out													
10093 Transfers between Program and Project - In													
10094 Transfers between Project and Program - Out												-\$790,441	
10100 Total Other financing Sources (Uses)	-\$21,625	-\$52,047,705	\$0	-\$17,717,855	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$305,313,946	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$21,625	-\$16,334,338	\$311,880	\$6,357,402	\$0	\$0	\$0	\$0	\$0	\$603,245	\$0	-\$3,759,526	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$21,625	\$3,103,274	\$774,724	\$249,671,859	\$0	\$0	\$0	\$0	\$0	\$146,718	\$0	\$26,280,488	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors													
11050 Changes in Compensated Absence Balance													
11060 Changes in Contingent Liability Balance													
11070 Changes in Unrecognized Pension Transition Liability													
11080 Changes in Special Term/Severance Benefits Liability													
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents													
11100 Changes in Allowance for Doubtful Accounts - Other													
11170 Administrative Fee Equity													
11180 Housing Assistance Payments Equity													
11190 Unit Months Available		0	3096							5628		190200	
11210 Number of Unit Months Leased		0	2903							5535		180919	
11270 Excess Cash													
11610 Land Purchases													
11620 Building Purchases													
11630 Furniture & Equipment - Dwelling Purchases													
11640 Furniture & Equipment - Administrative Purchases													
11650 Leasehold Improvements Purchases													
11660 Infrastructure Purchases													
13510 CFFP Debt Service Payments													
13901 Replacement Housing Factor Funds													

San Diego Housing Commission (CA0630)
San Diego, CA
Entity Wide Revenue and Expense Summary
Fiscal Year End: 06/30/2025

	93.268 Immunization Grants	14.231 Emergency Shelter Grants Program	93.602 New Assets for Independence Demonstration Program	14.CFP MTW Demonstration Program for Capital Fund	14.OPS MTW Demonstration Program for Low Rent	14.HCV MTW Demonstration Program for HCV program	14.880 Family Unification Program (FUP)	14.856 Lower Income Housing Assistance Program, Section 8 Moderate	Subtotal	ELIM	Total
10010 Operating Transfer In								\$0	\$389,993,604	-\$389,993,604	\$0
10020 Operating transfer Out			\$0	-\$323,781	-\$466,660	-\$304,599,913		\$0	-\$389,993,604	\$389,993,604	\$0
10030 Operating Transfers from/to Primary Government								\$0			
10040 Operating Transfers from/to Component Unit								\$0			
10050 Proceeds from Notes, Loans and Bonds								\$0			
10060 Proceeds from Property Sales								\$0			
10070 Extraordinary Items, Net Gain/Loss								\$0			
10080 Special Items (Net Gain/Loss)								\$0	-\$6,090,133	\$7,129,779	\$1,039,646
10091 Inter Project Excess Cash Transfer In								\$0	\$58,294	-\$58,294	\$0
10092 Inter Project Excess Cash Transfer Out								\$0	-\$58,294	\$58,294	\$0
10093 Transfers between Program and Project - In								\$0	\$1,009,264	-\$1,009,264	\$0
10094 Transfers between Project and Program - Out								\$0	-\$1,009,264	\$1,009,264	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	-\$323,781	-\$466,660	-\$304,599,913	\$0	\$0	-\$6,090,133	\$7,129,779	\$1,039,646
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$38,574	\$0	\$57,502,659	\$6,907,529	\$64,410,188
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,269,178	\$0	\$4,269,178
11030 Beginning Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$184,969	\$0	\$886,763,026	\$0	\$886,763,026
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors								\$0	\$0	\$0	\$0
11050 Changes in Compensated Absence Balance								\$0			
11060 Changes in Contingent Liability Balance								\$0			
11070 Changes in Unrecognized Pension Transition Liability								\$0			
11080 Changes in Special Term/Severance Benefits Liability								\$0			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								\$0			
11100 Changes in Allowance for Doubtful Accounts - Other								\$0			
11170 Administrative Fee Equity								\$0			
11180 Housing Assistance Payments Equity								\$0			
11190 Unit Months Available							2160	0	242734	0	242734
11210 Number of Unit Months Leased							1948	0	230319	0	230319
11270 Excess Cash								\$0	\$9,660,001		\$9,660,001
11610 Land Purchases								\$0	\$0		\$0
11620 Building Purchases								\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases								\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases								\$0	\$0		\$0
11650 Leasehold Improvements Purchases								\$0	\$0		\$0
11660 Infrastructure Purchases								\$0	\$0		\$0
13510 CFFP Debt Service Payments								\$0	\$0		\$0
13901 Replacement Housing Factor Funds								\$0	\$0		\$0



SAN DIEGO
HOUSING
COMMISSION

Statistical Section (Unaudited)



We're About People

The San Diego Housing Commission's (SDHC) Achievement Academy is a learning and resource center. Its programs—including Family Self-Sufficiency—emphasize career planning, job skills, job placement and personal financial education to help individuals and families become more financially self-reliant. SDHC Achievement Academy programs are available at no cost to program participants.





San Diego Housing Commission

Statistical Section (Unaudited)

This part of the Annual Comprehensive Financial Report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about SDHC's overall financial health. These schedules are for the Primary Government only and do not include activity of the discretely presented component units of HDP. The following are the categories of the schedules that are included in this Section:

Financial Trends

These schedules contain trend information to help the reader understand how SDHC's financial performance and well-being have changed over time. These schedules can be viewed on pages 134 to 136.

Revenue Capacity

This schedule contains information to help the reader assess SDHC's most significant revenue source. This schedule can be viewed on page 138.

Debt Capacity

This schedule presents information to help the reader assess the affordability of SDHC's current level of outstanding debt. This schedule can be viewed on page 140.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which SDHC's financial activities take place. These schedules can be viewed on pages 142 to 147.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in SDHC's financial report relates to the services SDHC provides and the activities it performs. These schedules can be viewed on pages 149 to 155.

FINANCIAL TRENDS



San Diego Housing Commission

Net Position by Component (Unaudited)

Ten Years Ending June 30, 2025

<u>Fiscal Year</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total Net Position</u>
2016	\$ 73,122,616	\$ 176,980,821	\$ 268,461,293	\$ 518,564,730
2017	95,953,834	182,546,323	288,586,654	567,086,811
2018	107,299,446	199,381,101	324,301,550	630,982,097
2019	114,531,527	200,545,488	336,400,398	651,477,413
2020	98,905,348	218,948,768	352,492,391	670,346,507
2021	167,437,312	224,767,810	411,604,481	803,809,603
2022	159,314,269	233,032,474	431,065,861	823,412,604
2023	180,418,826	235,277,397	451,563,953	867,260,176
2024	196,658,948	247,613,645	459,285,778	903,558,371
2025	259,055,266	248,261,984	461,046,431	968,363,681

Source: Annual Financial Statements



San Diego Housing Commission

Revenue, Expenses and Changes in Net Position (Unaudited)

Last Ten Years Ending June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating revenues										
Dwelling rental income	\$ 43,151,446	\$ 40,515,852	\$ 38,942,457	\$ 36,641,008	\$ 32,471,638	\$ 30,693,343	\$ 31,520,369	\$ 31,061,313	\$ 30,079,966	\$ 28,090,296
Land lease and other rental income	4,336,413	4,325,169	4,025,445	4,552,985	3,884,295	3,350,791	2,969,373	2,601,204	2,492,779	2,668,438
Fee revenue	5,965,065	5,844,766	5,770,105	4,656,927	6,754,836	4,478,995	3,163,802	4,213,854	4,511,918	3,866,857
Other revenue	18,795,668	15,866,575	9,963,343	10,828,945	8,398,457	6,960,058	6,571,628	6,276,590	4,407,790	3,777,214
Total operating revenues	72,248,592	66,552,362	58,701,350	56,679,865	51,509,226	45,483,188	44,225,172	44,152,961	41,492,453	38,402,805
Operating expenses										
Administrative expenses	68,002,383	61,447,952	55,826,198	64,077,158	54,572,266	44,004,239	39,905,313	37,026,223	34,542,960	31,826,310
Tenant services	2,589,223	3,335,044	2,097,738	2,180,694	2,468,496	1,867,580	2,613,917	2,544,030	1,988,632	1,626,314
Asset management	22,206,056	18,223,848	21,199,719	27,247,261	18,550,007	15,466,148	16,929,473	20,288,174	14,170,505	8,895,547
General expenses	6,389,926	6,504,721	4,660,339	3,701,340	2,404,243	2,050,469	1,263,618	3,059,488	1,435,332	2,072,713
Grant expense	57,321,602	69,959,728	57,562,134	38,252,671	34,792,742	40,438,608	25,020,659	20,432,499	11,752,995	15,753,280
Housing assistance	321,306,287	291,272,057	260,309,681	401,968,068	237,809,503	175,968,790	155,150,246	149,691,267	144,557,990	146,570,467
Depreciation and amortization	14,764,042	11,946,666	11,179,998	10,683,516	9,470,169	8,131,859	8,118,368	7,214,950	5,764,403	5,130,888
Total operating expenses	492,579,519	462,690,016	412,835,807	548,110,708	360,067,425	287,927,693	249,001,594	240,256,631	214,212,817	211,875,519
Operating loss	(420,330,927)	(396,137,654)	(354,134,457)	(491,430,843)	(308,558,199)	(242,444,505)	(204,776,422)	(196,103,670)	(172,720,364)	(173,472,714)
Nonoperating revenues (expenses):										
Grant revenue	467,062,197	415,510,835	387,287,755	507,052,316	401,428,897	250,210,888	214,794,552	240,541,580	217,487,187	200,005,483
Investment income	22,902,833	23,428,829	17,523,586	11,093,711	14,270,429	16,129,043	15,683,989	10,968,696	9,099,264	9,988,417
Gain/loss on sale of capital assets	(4,804)	(3,056)	(45,229)	(27,582)	(11,094)	-	(21,936)	2,376	-	3,844,578
Interest expense	(4,822,589)	(6,500,759)	(6,784,085)	(7,084,600)	(6,830,909)	(5,026,332)	(5,184,867)	(5,195,160)	(5,344,008)	(5,513,125)
Net nonoperating revenues	485,137,637	432,435,849	397,982,027	511,033,845	408,857,324	261,313,599	225,271,738	246,317,492	221,242,443	208,325,353
Income before capital transactions	64,806,710	36,298,195	43,847,570	19,603,002	100,299,125	18,869,094	20,495,316	50,213,822	48,522,079	34,852,639
Transfer of properties to component unit	-	-	-	-	33,163,970	-	-	13,681,464	-	-
Total revenues and expenses	64,806,710	36,298,195	43,847,570	19,603,002	133,463,094	18,869,094	20,495,316	63,895,286	48,522,079	34,852,639
Change in net position	\$ 64,806,710	\$ 36,298,195	\$ 43,847,570	\$ 19,603,002	\$ 133,463,094	\$ 18,869,094	\$ 20,495,316	\$ 63,895,286	\$ 48,522,079	\$ 34,852,639



San Diego Housing Commission
Capital Assets by Category (Unaudited)
Last Ten Years Ending June 30, 2025

CATEGORY	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Land	\$ 127,096,573	\$ 113,526,573	\$ 108,616,573	\$ 108,616,573	\$ 108,616,573	\$ 76,877,260	\$ 76,875,550	\$ 70,080,168	\$ 69,340,679	\$ 68,081,575
Construction in progress	16,635,137	5,682,862	1,505,459	550,253	757,855	3,093,157	532,390	879,290	2,772,651	8,296,759
Buildings	228,446,560	184,508,687	177,592,756	177,592,756	177,592,756	94,180,464	111,991,212	111,991,212	107,701,541	98,468,109
Building improvements	106,305,313	93,612,057	89,288,404	87,129,257	84,061,398	78,517,279	78,849,095	73,450,053	57,589,992	36,008,102
Furniture and equipment	13,387,487	7,795,997	6,943,999	6,683,942	5,814,806	4,501,221	4,242,430	4,749,007	4,821,310	4,495,410
Intangible - RTU - software agreements	7,671,019	6,446,369	5,225,357	-	-	-	-	-	-	-
Total capital assets	499,542,089	411,572,545	389,172,548	380,572,781	376,843,388	257,169,381	272,490,677	261,149,730	242,226,173	215,349,955
Less accumulated depreciation and amortization										
Buildings	51,042,085	44,693,670	40,215,802	35,757,173	31,275,563	27,496,880	28,970,736	26,128,333	23,542,214	20,922,471
Building improvements	55,598,913	50,067,762	44,906,441	39,668,518	34,024,286	28,919,104	24,313,071	19,304,745	15,194,653	12,332,422
Furniture and equipment	6,460,818	5,791,409	5,111,072	4,526,579	4,009,437	3,704,971	3,572,613	3,910,710	4,119,438	3,960,054
RTU - software agreements	4,144,804	2,447,427	828,690	-	-	-	-	-	-	-
Total accumulated depreciation & amortization	117,246,620	103,000,268	91,062,005	79,952,270	69,309,286	60,120,955	56,856,420	49,343,788	42,856,305	37,214,947
Net capital assets	382,295,469	308,572,277	298,110,543	300,620,511	307,534,102	197,048,426	215,634,257	211,805,942	199,369,868	178,135,008
Related debt	123,240,203	111,913,329	117,691,717	141,306,242	140,096,789	98,143,077	101,102,730	104,506,496	103,416,034	105,012,392
Net investment in capital assets	\$ 259,055,266	\$ 196,658,948	\$ 180,418,826	\$ 159,314,269	\$ 167,437,313	\$ 98,905,349	\$ 114,531,527	\$ 107,299,446	\$ 95,953,834	\$ 73,122,616

Source: Annual Financial Statements

REVENUE CAPACITY



San Diego Housing Commission
Revenue on a Gross Basis (Unaudited)
Last Ten Years Ending June 30, 2025

DESCRIPTION	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues (gross):										
Operating revenues	\$ 72,248,592	\$ 66,552,362	\$ 58,701,350	\$ 56,679,865	\$ 51,509,226	\$ 45,483,188	\$ 44,225,172	\$ 44,152,961	\$ 41,492,453	\$ 38,402,805
Subsidies and grants	467,062,197	415,510,835	387,287,755	507,052,316	401,428,897	250,210,888	214,794,552	240,541,580	217,487,187	200,005,483
Investment income	22,902,833	23,428,829	17,523,586	11,093,711	14,270,429	16,129,043	15,683,988	10,968,696	9,099,264	9,988,417
Gain/(loss) on sale of capital assets	(4,804)	(3,056)	(45,229)	(27,582)	(11,094)	-	(21,936)	2,376	-	3,844,578
Total revenues	<u>\$562,208,818</u>	<u>\$505,488,970</u>	<u>\$463,467,462</u>	<u>\$574,798,310</u>	<u>\$467,197,458</u>	<u>\$311,823,119</u>	<u>\$274,681,776</u>	<u>\$295,665,613</u>	<u>\$268,078,904</u>	<u>\$252,241,283</u>

Source: Annual Financial Statements

DEBT CAPACITY



San Diego Housing Commission

Ratios of Outstanding Debt (Unaudited)

Last Ten Years Ending June 30, 2025

Fiscal year	Outstanding Debt¹	Capital Assets Less Accumulated Depreciation¹	Ratio of outstanding debt to capital assets	Ratio of outstanding debt to total personal income²
2016	\$ 106,884,501	(1) \$ 178,135,008	60.00%	0.0007%
2017	103,813,347	(2) 199,369,868	52.07%	0.0006%
2018	103,369,851	(3) 211,805,942	48.80%	0.0006%
2019	100,054,425	(4) 215,634,258	46.40%	0.0005%
2020	96,949,826	(5) 197,048,425	49.20%	0.0005%
2021	143,591,386	(6) 307,534,101	46.69%	0.0007%
2022	139,390,632	(7) 300,620,511	46.37%	0.0007%
2023	112,277,744	(8) 298,110,542	37.66%	0.0005%
2024	109,456,069	(9) 308,572,277	35.47%	0.0005%
2025	122,045,887	(10) 382,295,471	31.92%	0.0005%

¹Source: Annual Financial Statements

²Source: The Bureau of Economic Analysis - U.S. Department of Commerce

- (1) The outstanding debt of \$107 million includes \$2 million of unspent loan proceeds.
- (2) The outstanding debt of \$103 million includes \$398,000 of unspent loan proceeds, and \$1.6 million of unamortized debt issuance costs.
- (3) The outstanding debt of \$103 million includes \$400,000 of unspent loan proceeds, and \$1.6 million of unamortized debt issuance costs.
- (4) The outstanding debt of \$100 million includes \$407,000 of unspent loan proceeds, and \$1.5 million of unamortized debt issuance costs.
- (5) The outstanding debt of \$97 million includes \$183,000 of unspent loan proceeds, and \$1.4 million of unamortized debt issuance costs.
- (6) The outstanding debt of \$144 million includes \$5 million of unspent loan proceeds, and \$1.3 million of unamortized debt issuance costs.
- (7) The outstanding debt of \$139 million includes \$1.2 million of unamortized debt issuance costs.
- (8) The outstanding debt of \$112 million includes \$1 million of unamortized debt issuance costs.
- (9) The outstanding debt of \$109 million includes \$949,000 of unamortized debt issuance costs.
- (10) The outstanding debt of \$122 million includes \$880,000 of unamortized debt issuance costs.

DEMOGRAPHIC AND ECONOMIC INFORMATION



San Diego Housing Commission Demographic Statistics - Ten Year Trend

Population

Year	United States	Change from Prior Period	City of San Diego	Change from Prior Period
2015-16	323,882,704	0.84%	1,391,676	1.73%
2016-17	325,337,675	0.45%	1,406,318	1.05%
2017-18	328,026,343	0.83%	1,419,845	0.96%
2018-19	329,152,485	0.34%	1,420,572	0.05%
2019-20	329,872,465	0.22%	1,430,489	0.70%
2020-21	332,472,594	0.79%	1,411,034	-1.36%
2021-22	332,834,417	0.11%	1,374,790	-2.57%
2022-23	334,989,125	0.65%	1,368,395	-0.47%
2023-24	336,668,224	0.50%	1,385,379	1.24%
2024-25	342,028,928	1.59%	1,408,937	1.70%

Source: U.S. Department of Commerce, Bureau of Economic Analysis
MuniServices, LLC / Neumo



**San Diego Housing Commission
Demographic and Economic Statistics for the City of San Diego
Ten Years Ended June 30, 2025**

Population and Personal Income - City of San Diego

Year	Population¹	Personal Income² (1,000s)	Per Capita Personal Income	Unemployment Rate³(%)
2015-16	1,391,676	\$ 47,718,552	\$ 34,289	4.9
2016-17	1,406,318	50,542,056	35,939	4.4
2017-18	1,419,845	54,274,285	38,226	3.1
2018-19	1,420,572	57,277,776	40,320	3.2
2019-20	1,430,489	59,988,300	41,936	14.7
2020-21	1,411,034	63,871,018	45,265	9
2021-22	1,374,790	71,479,195	51,993	2.6
2022-23	1,368,395	82,985,439	60,644	3.4
2023-24	1,385,379	93,993,393	67,847	3.6
2024-25	1,408,937	103,065,686	73,151	3.9

Footnotes:

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

²Income data is provided by the U.S. Census Bureau, American Community Survey

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

Sources: MuniServices, LLC / *an Avenu Insights & Analytics Company*

The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark



City of San Diego
Principal Employers for the City of San Diego (Unaudited)
Current Year and Nine Years Ago

Employer	Number of Employees	Percentage of Total Employment
For the Fiscal Year Ended June 30, 2025		
Naval Base San Diego (2)	38,852	5.15%
University of California, San Diego (3)	32,465	4.30%
Sharp Health Care (4)	21,105	2.80%
County of San Diego	18,197	2.41%
Scripps Health (5)	13,572	1.80%
San Diego Unified School District	12,794	1.69%
Qualcomm Inc.	10,073	1.33%
City of San Diego	13,078	1.73%
Kaiser Permanente	8,566	1.13%
Rady Children's Hospital	6,539	0.87%
Total Top Employers	175,241	23.21%
 Total City Employment (1)	 754,900	
For the Fiscal Year Ended June 30, 2016		
Naval Base San Diego (2)	38,455	5.47%
University of California, San Diego (3)	29,986	4.27%
Sharp Health Care (4)	17,807	2.53%
County of San Diego	17,384	2.47%
San Diego Unified School District	14,120	2.01%
Qualcomm Inc.	11,600	1.65%
City of San Diego	11,387	1.62%
Scripps Health (5)	10,853	1.54%
Kaiser Permanente	8,385	1.19%
San Diego Community College District	5,580	0.79%
Total Top Employers	165,557	23.57%
 Total City Employment (1)	 702,500	

Source: MuniServices, LLC / Neumo

Source: FY2016 - City of San Diego ACFR Publication

(1) Total City Labor Force provided by EDD Labor Force Data.

Notes:

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

(2) Includes Active Duty Navy and Marine, and Civil Services employees.

(3) Includes full and part time, academic and support, and UCSD Medical Center, School of Medicine.

(4) Employee count is countywide.

(5) Scripps Health employees within city limits, not including Mercy Hospital in Chula Vista.



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

Resident Members Per Household

<u>Categories</u>	<u>Households</u>	<u>Percent</u>
1 Member	9,558	54.0%
2 Members	3,816	21.5%
3 Members	1,773	10.0%
4 Members	1,179	6.7%
5 Members	677	3.8%
6 Members	344	1.9%
7 Members	153	0.9%
8 Members	86	0.5%
9 Members	48	0.4%
10 + Members	55	0.3%
Total	<u>17,689</u>	<u>100.0%</u>

Number Bedrooms Per Household

<u>Categories</u>	<u>Households</u>	<u>Percent</u>
Studio	3,126	17.7%
1 Bedroom	5,423	30.7%
2 Bedrooms	5,302	30.0%
3 Bedrooms	2,824	15.9%
4 Bedrooms	850	4.8%
5 Bedrooms	146	0.8%
6 Bedrooms	16	0.1%
7 Bedrooms	2	0.0%
8 Bedrooms	0	0.0%
9 Bedrooms	0	0.0%
Total	<u>17,689</u>	<u>100.0%</u>



San Diego Housing Commission
Resident Income Information - Unaudited
Housing Choice Voucher Program

Income Ranges (All Sources)

<u>Annual Income Ranges</u>	<u>No. of Households</u>	<u>Percentage</u>
\$ 0-99	1,500	8.5%
\$ 100-9,999	977	5.5%
\$ 10,000-19,999	8,013	45.3%
\$ 20,000-29,999	2,829	16.0%
\$ 30,000-39,999	1,466	8.3%
\$ 40,000-49,999	1,152	6.5%
\$ 50,000 +	1,752	9.9%
Total	<u>17,689</u>	<u>100.0%</u>

Source: San Diego Housing Commission Statistics



San Diego Housing Commission
Years in Housing Choice Voucher Program

Length of Residency - Unaudited
Housing Choice Voucher Program

Years in Housing	Households	Percentage
<1	404	2.3%
1	995	5.6%
2	1,061	6.0%
3	1,210	6.8%
4	985	5.6%
5	1117	6.3%
6	1353	7.7%
7	668	3.8%
8	738	4.2%
9	478	2.7%
10	761	4.3%
11	588	3.3%
12	138	0.8%
13	500	2.8%
14	458	2.6%
15	215	1.2%
16	307	1.7%
17	254	1.4%
18	1196	6.8%
19	255	1.4%
20+	4,008	22.7%
Total	17,689	100.0%

Source: San Diego Housing Commission Statistics

OPERATING INFORMATION



**San Diego Housing Commission
Operating Information
Property Characteristics and Dwelling Units**

San Diego Housing Commission Owned

Address	No. Units	Year Built
4720 - 4722 34th Street	3	1982
4756 - 4758 35th Street	4	1982
3010 #A - B 39th Street	2	1975
3617 - 3619 42nd Street	4	1984
2716 - 2718 44th Street	4	1983
2734 - 2736 44th Street	4	1983
4078 #A - D 47th Street	4	1964
4286 - 4292 48th Street	4	1960
3280 A Street	2	1982
4207 - 4209 Altadena Avenue	2	1984
4123 Arey Drive	1	1970
4080 Arizona Street	4	1987
2766 Cardinal Road	2	1982
7410-7412 Cuvier Street	8	1977
4314 Darwin way	1	1970
2326 - 2332 East Jewett Street	4	1944
4334 Ebersole Drive	1	1970
4181 Enero Street	1	1970
2477 - 2477 1/2 Fairmount Avenue	4	1967
2479 - 2481 Hawthorn Street	4	1983
1170 Ilexey Avenue	1	1970
1366 Ilexey Avenue	1	1970
4230 Kimsue Way	1	1970
1255 Kostner Drive	1	1970
4259 Layla Court	1	1970
4276 Layla Court	1	1970
4256 Layla Way	1	1970
4269 Layla Way	1	1970
4274 Layla Way	1	1970
4339 Marcia Court	1	1970
4074 Marcwade Drive	1	1970
4150 Marcwade Drive	1	1970
4186 Marcwade Drive	1	1970
4293 Marcwade Drive	1	1970
4239 Marge Way	1	1971
4331 Marge Way	1	1970
4334 Marge Way	1	1970
4890 Naples Street	4	1982
1152 Nevin Street	1	1970
8505 Noeline Avenue	1	1975
4050 - 4056 Oakcrest Drive	4	1960
5974 Old Memory Lane	1	1941
4034 Peterlynn Court	1	1970
1327 Peterlynn Drive	1	1970
1405 Peterlynn Drive	1	1970
1530 Peterlynn Drive	1	1970


San Diego Housing Commission Owned - Continued

Address	No. Units	Year Built
4024 Peterlynn Way	1	1970
2325 Rachel Avenue	3	1982
1128 Ransom Street	1	1970
1145 Ransom Street	1	1970
1169 Ransom Street	1	1970
5955 #1 - 4 Streamview Drive	4	1963
3755 - 3757 Swift Avenue	4	1997
6511 - 6517 Tait Street	4	1952
1041 Twining Avenue	1	1970
1317 Twining Avenue	1	1970
3630 - 3632 Van Dyke Avenue	4	1982
10101 - 10191 Maya Linda Road	132	1978
2052 - 2098 Via Las Cumbres	84	1984
4262-4268 44th Street	4	2009
4395 El Cajon Boulevard	33	2009
1301 Fifth Avenue	130	1914
5330 Orange Avenue	71	1985
3754 Fifth Avenue - Hillcrest	46	1988
1865 Hotel Circle South - Valley Vista	192	1990
2087 Hotel Circle South - Presidio Palms	163	1999
5400 Kearny Mesa Rd - Kearny Vista	144	1990
3737 Midway Drive - Pacific Village	63	1959
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
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 Oregon Street	8	1960
4352 #1 - 8 Wilson Avenue	5	1986
Total SDHC Owned	1,367	



Belden SDHC FNMA, LLC

Address	No. Units	Year Built
7705 - 7795 Belden Street	243	1983
Total Belden SDHC FNMA, LLC	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 SDHC FNMA, LLC	138	

Northern SDHC FHA, LLC

Address	No. Units	Year Built
12643 - 12687 El Camino Real	45	1995
2701 - 2711 Figueroa Boulevard	6	1966
8637 - 8643 Glenhaven Street	4	1971
8649 - 8655 Glenhaven Street	4	1962
8661 - 8667 Glenhaven Street	4	1962
8701 - 8707 Glenhaven Street	4	1962
2045 - 2049 Grand Avenue	6	1990
2644 Hornblend Street	5	1989
8714 - 8720 Hurlbut Street	4	1962
8726 - 8732 Hurlbut Street	4	1971
8792 Mira Mesa Boulevard	5	1978
8816 Mira Mesa Boulevard	5	1978
5071 - 5077 1/2 Muir Avenue	8	1960
4055 - 4083 Pulitzer Place	50	1985
Total Northern SDHC FHA, LLC	154	

Southern SDHC FHA, LLC

Address	No. Units	Year Built
2005 - 2065 Alaquinas Drive	66	1983
121-125 Averil Road	14	1993
178 - 190 Calle Primera	71	1984
2381 - 2389 Grove Avenue	41	1985
1351 - 1359 Hollister Street	20	1983
402 - 412 Sycamore Road (East)	24	1985
281 - 289 Sycamore Road (North)	24	1985
391 - 417 Sycamore Road (West)	41	1985
Total Southern SDHC FHA, LLC	301	



Central SDHC FHA, LLC

Address	No. Units	Year Built
2628 - 2630 44th street	8	1983
4225 44th street	6	1990
4261 45th street	6	1989
4566 51st street	5	1988
3051 54th street	7	1989
4164 Altadena Avenue	6	1961
4479 - 4481 Altadena Avenue	8	1989
4560 Altadena Avenue	8	1960
2883 Boston Avenue	5	1993
2955 Boston Avenue	5	1993
4147 - 4157 Chamoune Avenue	6	1983
4416 #1 - 8 Highland Avenue	8	1980
4205 - 4215 Juniper Street	20	1983
4273 - 4283 Juniper Street	24	1982
4390 Maple Street	6	1983
4451 - 4459 Market Street	20	1989
5316 Meade Avenue	30	1981
4180 - 4182 Poplar Street	9	1985
5326 - 5328 Rex Avenue	4	1984
5330 - 5332 1/2 Rex Avenue	4	1967
5359 - 5389 Santa Margarita	32	1983
7281 - 7289 Saranac Street	7	1996
Total Central SDHC FHA, LLC	234	

Public Housing Units

Address	No. Units	Year Built
2420 #A - H 44th Street	8	1982
3222 - 24 Camulos Street	12	1982
3919 #1 - 8 Mason Street	8	1982
5385 - 5389 Trojan Avenue	3	1982
4095 #A - D Valeta Street	4	1982
605 - 695 Picador Boulevard	78	1984
325-415 South 33rd Street	40	1999
2055 - 2095 Via Las Cumbres	36	1984
Total Public Housing	189	


Housing Development Partners (HDP)

Address		No. Units	Year Built
5207	52nd Place*	75	1978
1345	5th Ave	17	1913
4754	Logan Avenue	54	1996
2170-2172	Front Street*	34	1913
827	C Street*	73	1910
1055	9th Ave*	156	1980
4066	Messina Drive	145	1981/85
1814	5th Avenue	80	1912
7720-7780	Belden Street*	120	1986
1830	Fourth Avenue*	92	1990
1840	Fourth Avenue*	47	1989
6847	Potomac Street*	172	1989
1232	Peterlynn Drive	1	1970
1506	Peterlynn Drive	1	1970
4233	Stu Court	1	1970
1144	Twining Avenue	1	1970
1250	Twining Avenue	1	1970
1234	Peterlynn Drive	1	2021
4095	Marzo St	1	2021
1070	Kostner Dr	1	2021
4127	Kimsue Way	1	2021
4124	Enero St	1	2021
Total Housing Development Partners		1,075	

Total SDHC, LLC, Public Housing Units and HDP **3,701**

Other Program Housing Units - Partnerships

Address		No. Units	Development/Partner
1245	Market Street	281	Island Village/HDP
1475	Imperial Ave	275	Studio 15/HDP/Affirmed
4321	52nd Street	88	Dawson/HDP/Chelsea
4914-98	Logan Avenue*	112	Arbor Village/LINC Housing
1194	Hollister St *	50	Riverwalk Apts/Affirmed Housing Group
5391 & 5411-25	Santa Margarita St*	49	Vista Grande/Wakeland
1985	National Ave*	92	Estrella del Mercado/Chelsea
1815-1874	Hancock Street *	85	Mission Apts/AMCAL Multi Housing Inc.
13481-13483	Silver Ivy Lane*	21	Park Terramar/Chelsea
Total Partnership Units		1,053	
Combined Total Units		4,754	

* SDHC retains ownership in the land



**San Diego Housing Commission
Employee Demographics - Unaudited
As of June 30, 2025**

Seniority of Employees				Racial Composition			
Categories	Number	Percent	Categories	Number	Percent		
Less than 3 years	98	26.27%	American Indian or Alaska Native, White geo	3	0.80%		
3 to 5 years	68	18.23%	Asian	19	5.09%		
6 to 9 years	86	23.06%	Black or African American	38	10.19%		
10 to 19 years	79	21.18%	Hispanic or Latino	159	42.63%		
20 to 29 years	25	6.70%	Native Hawaiian or Other Pacific Islander	14	3.75%		
30 years and over	<u>17</u>	4.56%	Two or More Races	13	3.49%		
Grand Total	<u><u>373</u></u>		White	114	30.56%		
			Other	<u>13</u>	3.49%		
			Grand Total	<u><u>373</u></u>			

Source: Information provided by San Diego Housing Commission HR Department

Statistical Section (Unaudited)



San Diego Housing Commission Number of Employees by Department

Department:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Board & Executive Functions	10	9	8	4	6	6	9	8	9	7
Business Services	43	45	46	47	46	39	38	37	40	44
Community Relations & Communications	8	8	0	6	6	7	7	7	7	8
Financial Services	31	29	27	24	28	25	25	26	26	22
Housing Finance	15	16	16	16	15	15	16	16	16	12
Housing Innovations	48	44	30	35	33	31	32	25	20	12
Housing Development Partners	6	7	6	9	9	8	8	5	5	4
Policy & Public Affairs	8	8	5	4	4	5	0	0	0	0
Real Estate Development	77	70	69	71	72	67	74	77	77	70
Rental Assistance Program	127	122	113	115	100	112	114	114	106	115
	373	358	320	331	319	315	323	315	306	294

Source: Information provided by San Diego Housing Commission Payroll Department

San Diego Housing Commission

**Reports of Independent Auditor in Accordance with
Government Auditing Standards and Uniform
Guidance, and Schedule of Expenditures of Federal
Awards**

Year Ended June 30, 2025

San Diego Housing Commission

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

To the Board of Commissioners
San Diego Housing Commission

We have audited, 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 (*Government Auditing Standards*), the financial statements of the business-type activities, the aggregate discretely presented component units and the fiduciary fund of the San Diego Housing Commission ("SDHC"), a component unit of the City of San Diego, California, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise SDHC's basic financial statements, and have issued our report thereon dated November 19, 2025. Our report includes a reference to the other auditor who audited the financial statements of SDHC's fiduciary fund, as described in our report on SDHC's financial statements. The financial statements of the aggregate discretely presented component units and the fiduciary fund were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the aggregate discretely presented component units and the fiduciary fund of SDHC.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SDHC's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SDHC's internal control. Accordingly, we do not express an opinion on the effectiveness of SDHC's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Sacramento, California
November 19, 2025

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on
Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

To the Board of Commissioners
San Diego Housing Commission

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the San Diego Housing Commission's ("SDHC"), a component unit of the City of San Diego, California, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of SDHC's major federal programs for the year ended June 30, 2025. SDHC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

SDHC's financial statements include the operations of Southern SDHC FHA LLC, Northern SDHC FHA LLC, and Central SDHC FHA LLC ("Blended Component Units"), which expended \$18,215,448, \$12,742,244, and \$11,420,100, respectively, in federal awards which is not included in SDHC's schedule of expenditures of federal awards during the year ended June 30, 2025. Our compliance audit, described below, did not include the operations of the Blended Component Units because their federal expenditures have been separately audited and reported to HUD.

In our opinion, SDHC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SDHC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of SDHC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to SDHC's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SDHC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SDHC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SDHC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SDHC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SDHC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units and the fiduciary fund of SDHC, a component unit of the City of San Diego, California, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise SDHC's basic financial statements. We issued our report thereon, dated November 19, 2025, which contained unmodified opinions on those financial statements. Our report includes a reference to the other auditor who audited the financial statements of the fiduciary fund of SDHC, as described in our report on SDHC's basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "CohnReznick LLP".

Sacramento, California
December 19, 2025

San Diego Housing Commission

Schedule of Expenditures of Federal Awards Year Ended June 30, 2025

Federal Grantor / Pass - Through Grantor / Pass-through Entity Identifying Number / Program and / or Cluster Title	Federal Assistance Listing Number	Direct Programs	Passed Through Programs	Federal Expenditures Amount	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development					
<u>CDBG Cluster - Entitlement/Special Purpose Grants</u>					
CDBG (City) - Passed through the City of San Diego B-24-MC-06-0542	14.218	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 909,091
CDBG (County) - Passed-through the County of San Diego Contract: 573178	14.218	-	75,000	75,000	-
Subtotal - CDBG Cluster - Entitlement/Special Purpose Grants	14.218	-	1,075,000	1,075,000	909,091
<u>Emergency Solutions Grant Program</u>					
Passed through the City of San Diego E-24-MC-06-0542	14.231	-	1,007,578	1,007,578	797,244
Subtotal - ESG	14.231	-	1,007,578	1,007,578	797,244
<u>Continuum of Care Program</u>					
Special Needs Assistance					
CA0534L9D012316	14.267	4,695,519	-	4,695,519	4,231,255
CA1208L9D012310	14.267	642,995	-	642,995	608,708
CA1602L9D012307	14.267	678,974	-	678,974	650,618
CA2168L9D012301	14.267	1,863,135	-	1,863,135	-
CA2285L9D012300	14.267	450,729	-	450,729	416,853
CA2288L9D012300	14.267	481,651	-	481,651	442,126
Subtotal - Continuum of Care Program	14.267¹	8,813,004	-	8,813,004	6,349,560
<u>HOME Investment Partnerships Program</u>					
Passed through the City of San Diego					
M-20-MC-06-0533	14.239	-	1,153,000	1,153,000	-
M-24-MC-06-0533	14.239	-	295,991	295,991	-
HOME-American Rescue Plan - Passed through the City of San Diego					
Presidio Palms - M-21-MP-06-0533	14.239	-	17,717,856	17,717,856	-
Pacific Village - M-21-MP-06-0533	14.239	-	625,051	625,051	-
Subtotal - HOME Investment Partnerships Program	14.239¹	-	19,791,898	19,791,898	-
<u>Resident Opportunity and Supportive Services - Service Coordinators (ROSS)</u>					
ROSS221679	14.870	75,074	-	75,074	-
Subtotal - ROSS Program	14.870	75,074	-	75,074	-
<u>Family Self-Sufficiency Program</u>					
FSS23CA5447-01-01	14.896	486,546	-	486,546	-
FSS25CA5908-01-00	14.896	163,360	-	163,360	-
Subtotal - FSS Program	14.896	649,906	-	649,906	-

San Diego Housing Commission

Schedule of Expenditures of Federal Awards Year Ended June 30, 2025

Federal Grantor / Pass - Through Grantor / Pass-through Entity Identifying Number / Program and / or Cluster Title	Federal Assistance Listing Number	Direct Programs	Passed Through Programs	Federal Expenditures Amount	Passed Through to Subrecipients
<u>Moving to Work Demonstration Program (MTW)</u>					
Housing Assistance Payments Program:					
Section 8 Housing Choice Vouchers					
For Low Income Families - CA06VOW131--/CA063VOW139	14.HCV	256,653,082	-	256,653,082	-
For Low Income Families - CA063AF0282---/CA063AF0289	14.HCV	21,202,116	-	21,202,116	-
VASH Program - CA063VO487--/CA063VO488	14.HCV	26,744,715	-	26,744,715	-
Subtotal - Housing Assistance Payments Program		304,599,913	-	304,599,913	-
Public Housing Capital Fund					
CA16P06350123	14.CFP	271,309	-	271,309	-
CA16P06350124	14.CFP	52,472	-	52,472	-
Subtotal - Public Housing Capital Fund		323,781	-	323,781	-
Public Housing Operating Fund					
CA06300000725D	14.OPS	44,824	-	44,824	-
CA06300000825D	14.OPS	101,639	-	101,639	-
CA06300000925D	14.OPS	239,607	-	239,607	-
CA06300001025D	14.OPS	80,590	-	80,590	-
Subtotal - Public Housing Operating Fund		466,660	-	466,660	-
Subtotal - Moving to Work Demonstration Program	14.881¹	305,390,354	-	305,390,354	-
<u>Housing Voucher Cluster</u>					
Section 8 Housing Choice Vouchers					
Emergency Housing Voucher CA063EH0014--/CA063EF007	14.871	12,662,211	-	12,662,211	-
Family Unification Program CA063VO0477--/CA063VO0490	14.871	3,885,906	-	3,885,906	-
Foster to Youth Independence CA063VO0484	14.871	41,843	-	41,843	-
Foster to Youth Independence CA063AF0073	14.871	7,500	-	7,500	-
Subtotal - Section 8 Housing Choice Vouchers	14.871	16,597,460	-	16,597,460	-
Mainstream Voucher Program					
CA063DV0039-CA063DV0045	14.879	5,281,150	-	5,281,150	-
CA0638F0035-CA0638F0039	14.879	412,230	-	412,230	-
Subtotal - Mainstream Vouchers	14.879	5,693,380	-	5,693,380	-
Subtotal - Housing Voucher Cluster	14.871/14.879	22,290,840	-	22,290,840	-
<u>Economic Development Initiative, Community Project Funding, and Miscellaneous Grants</u>					
Passed through the City of San Diego					
B-24-CP-CA-0309	14.251	-	1,500,000	1,500,000	-
Subtotal - EDICPFG Program	14.251	-	1,500,000	1,500,000	-
Total - U.S. Department of Housing and Urban Development		337,219,178	23,374,476	360,593,654	8,055,895

San Diego Housing Commission

Schedule of Expenditures of Federal Awards Year Ended June 30, 2025

Federal Grantor / Pass - Through Grantor / Pass-through Entity Identifying Number / Program and / or Cluster Title	Federal Assistance Listing Number	Direct Programs	Passed Through Programs	Federal Expenditures Amount	Passed Through to Subrecipients
U.S. Department of the Treasury					
<u>Emergency Rental Assistance Program</u>					
Passed through the City of San Diego					
State ERA ERAE0321	21.023	-	41,094	41,094	-
City ERA ERA2	21.023	-	2,037,427	2,037,427	-
Subtotal - Emergency Rental Assistance Program	21.023	-	2,078,521	2,078,521	-
<u>Coronavirus State and Local Fiscal Recovery Funds</u>					
Passed through the State of California					
Homekey 3 - Pacific Village 23-HK-17989	21.027	-	1,466,489	1,466,489	-
Homekey 3 - Presidio Palms 23-HK-18083	21.027	-	35,000,000	35,000,000	-
Passed through the County of San Diego					
ARPA - Presidio Palms - Loan	21.027	-	14,708,744	14,708,744	-
Subtotal - Coronavirus State and Local Fiscal Recovery Funds	21.027	-	51,175,233	51,175,233	-
Total - U.S. Department of the Treasury		-	53,253,754	53,253,754	-
TOTAL		\$ 337,219,178	\$ 76,628,230	\$ 413,847,408	\$ 8,055,895

1 – audited as a major program

See notes to Schedule of Expenditures of Federal Awards

San Diego Housing Commission

Notes to Schedule of Expenditures of Federal Awards June 30, 2025

Note 1 - Reporting Entity

San Diego Housing Commission ("SDHC") is a government agency formed by the City of San Diego (the "City") under Ordinance No. 2515 on December 5, 1978 in accordance with the Housing Authority Law of the State of California. SDHC is an integral part (component unit) of the reporting entity of the City. SDHC primarily serves low-income families by providing housing assistance payments, rental housing, loans and grants to individuals and not-for-profit organizations and other services.

Note 2 - Indirect Cost Rate

SDHC has elected not to use the de minimis indirect cost rate allowed under the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance").

Note 3 - Summary of Significant Accounting Policies

Basis of Presentation

The Schedule of Expenditures of Federal Awards (the "Schedule") presents the federal awards activity of SDHC under programs of the federal government for the year ended June 30, 2025. Federal awards received directly from federal agencies, as well as federal awards passed through from nonfederal agencies or other organizations are included in the Schedule. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. As the Schedule presents only the federal awards activity of SDHC, it is not intended to and does not present the financial position, change in net position or cash flows of SDHC as a whole.

Significant Accounting Policies

The expenditures included in the Schedule are reported under the accrual basis of accounting. Such expenditures are recognized in accordance with the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

San Diego Housing Commission

Notes to Schedule of Expenditures of Federal Awards June 30, 2025

Note 4 - Blended Component Units Federal Expenditures

SDHC has three blended component units: Southern SDHC FHA LLC, Northern SDHC FHA LLC and Central SDHC FHA LLC whose federal expenditures are excluded from the Schedule because their federal expenditures have been separately audited and reported to HUD. The federal expenditures for the programs of Southern SDHC FHA LLC, Northern SDHC FHA LLC and Central SDHC FHA LLC for the year ended June 30, 2025 are as follows:

<u>Federal Grantor / Passthrough Grantor / Program Title:</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures Amount</u>
<u>Direct Programs</u>			
U.S. Department of Housing and Urban Development			
<u>Federal Housing Administration - Insured loans under Section 223(f) - Mortgage Insurance Rental Housing</u>			
FHA Insured Loan - Southern SDHC FHA LLC	14.134	FHA # 12911055	\$18,215,448
FHA Insured Loan - Northern SDHC FHA LLC	14.134	FHA # 12911053	12,742,244
FHA Insured Loan - Central SDHC FHA LLC	14.134	FHA # 12911054	<u>11,420,099</u>
TOTAL			<u>\$42,377,791</u>

San Diego Housing Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

A. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified opinion

Internal control over financial reporting:

*Material weakness(es) identified? Yes x No

*Significant deficiency(ies) identified? Yes x None reported

Noncompliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major federal programs:

*Material weakness(es) identified? Yes x No

*Significant deficiency(ies) identified? Yes x None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? Yes x No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.267	Continuum of Care Program
14.239	HOME Investment Partnerships Program
14.881	Moving to Work Demonstration Program

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee x Yes No

San Diego Housing Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

B. Findings - Financial Statement Audit

None reported.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None reported.



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Attachment 3

San Diego Housing Commission

**Report to the Audit Committee
of the Board of Commissioners**

June 30, 2025

November 19, 2025

To the Audit Committee of the Board of Commissioners
San Diego Housing Commission

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units, and the fiduciary fund of San Diego Housing Commission ("SDHC"), a component unit of the City of San Diego, California as of and for the year ended June 30, 2025, and have issued our report thereon dated November 19, 2025. The financial statements of the fiduciary fund have been audited by other auditors, and we have made a reference to the reports of those auditors in our report on SDHC's financial statements. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 30, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of SDHC solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risk Identified

We have identified the following significant risks:

- Management override
- Revenue recognition

Qualitative Aspects of the Entity's Significant Accounting Practices**Significant Accounting Policies**

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by SDHC is included in Note 2 to the financial statements. SDHC adopted GASB Statements No. 101 "*Compensated Absences*" and No. 102 "*Certain Risk Disclosures*" during the year and such adoption did not have a significant impact on the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive estimates affecting the financial statements were:

- The collectability of notes, mortgages and accounts receivable and the allowances for losses and forgiveness on notes, mortgages and accounts receivable

Management's estimates and judgments were based on the following:

- Estimated allowances for losses on notes, mortgages and accounts receivable were based upon historical collection experience for loans and accounts receivable and management's assessment of the likelihood of collectability on the notes and mortgages receivable

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are included in Notes 1 through 20 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected financial statement misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to SDHC's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated November 19, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with SDHC, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as SDHC's auditor.

No matters were brought to our attention by the auditor of the fiduciary fund that we consider significant to the responsibilities of those charged with governance. No instances or limitations in which the evaluation of the work of the auditor of the fiduciary fund raised concerns about the quality of the work.

This report is intended solely for the information and use of the Audit Committee, Board of Commissioners, and management of SDHC and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

CohnReznick LLP

Sacramento, California



Independent Member of Nexia

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Attachment 4

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2025 and 2024

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

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**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

June 30, 2025

Certificate of Owner

I, as an officer of the San Diego Housing Commission, owner of Otay Villas Housing Development, hereby certify that I have examined the accompanying financial statements and supplementary information of Otay Villas Housing Development as of and for the year ended June 30, 2025 and, to the best of my knowledge and belief, these financial statements and supplementary information are complete and accurate.

San Diego Housing Commission

Signed by:

Suket Dayal

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Suket Dayal, E. Vice President of Business
Administration and Chief Financial Officer

Employer Identification Number: 95-3390896

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

June 30, 2025

Managing Agent's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Otay Villas Housing Development as of and for the year ended June 30, 2025, to the best of my knowledge and belief, the same are complete and accurate.

Signed by:



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San Diego Housing Commission
Suket Dayal, E. Vice President of Business
Administration and Chief Financial Officer

Independent Auditor's Report

To the Board of Commissioners
San Diego Housing Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Otay Villas Housing Development Project No. 12-HLCP-0003 (the "Project") owned by San Diego Housing Commission ("SDHC"), which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenue, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of San Diego Housing Commission's Otay Villas Housing Development Project No. 12-HLCP-0003 as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Diego Housing Commission's Otay Villas Housing Development Project No. 12-HLCP-0003 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2, the financial statements referred to above are intended to present the financial position, the changes in financial position, and cash flows of only the Project. They do not purport to, and do not, present fairly the financial position of SDHC as of June 30, 2025 and 2024, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Housing Commission's Otay Villas Housing Development Project No. 12-HLCP-0003's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Diego Housing Commission's Otay Villas Housing Development Project No. 12-HLCP-0003's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Housing Commission's Otay Villas Housing Development Project No. 12-HLCP-0003's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The financial data templates as required by the California Department of Housing and Community Development ("RHCP"), are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the financial data templates as required by the RHCP are fairly stated in all material respects in relation to the financial statements as whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025, on our consideration of San Diego Housing Commission's Otay Villas Housing Development Project No. 12-HLCP-0003's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Diego Housing Commission's Otay Villas Housing Development Project No. 12-HLCP-0003's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Diego Housing Commission's Otay Villas Housing Development Project No. 12-HLCP-0003's internal control over financial reporting and compliance.



Sacramento, California
September 29, 2025

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Statements of Net Position
June 30, 2025 and 2024**

	<u>Assets</u>	
	2025	2024
Current assets		
Cash and cash equivalents	\$ 807,667	\$ 245,217
Tenants' accounts receivable, net	1,662	6,733
Accounts receivable - grants	17,808	-
Accounts receivable - other	6,396	5,779
Total current assets	833,533	257,729
Other assets		
Investments - operations	198,344	653,890
Restricted deposits and funded reserves	1,176,459	1,117,809
Total other assets	1,374,803	1,771,699
Capital assets		
Buildings and improvements	6,308,558	6,308,558
Accumulated depreciation	(5,104,376)	(4,817,729)
	1,204,182	1,490,829
Land	1,087,727	1,087,727
Total capital assets	2,291,909	2,578,556
Total assets	\$ 4,500,245	\$ 4,607,984

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Statements of Net Position
June 30, 2025 and 2024**

Liabilities and Net Position

	<u>2025</u>	<u>2024</u>
Current liabilities		
Accounts payable - operations	\$ 94,683	\$ 37,242
Accrued expenses	10,685	14,824
Accrued interest payable - first mortgage, current portion	13,230	13,230
Prepaid rent	20,052	16,414
	<u>138,650</u>	<u>81,710</u>
Total current liabilities		
Deposits and prepaid liability		
Tenants' security deposits liability	41,688	37,438
	<u>41,688</u>	<u>37,438</u>
Total deposits and prepaid liability		
Long-term liabilities		
Mortgage payable - first mortgage	3,150,000	3,150,000
Accrued interest payable - first mortgage, net of current portion	720,214	726,922
	<u>3,870,214</u>	<u>3,876,922</u>
Total long-term liabilities		
Total liabilities	<u>4,050,552</u>	<u>3,996,070</u>
Net Position		
Net investment in capital assets	(858,091)	(571,444)
Restricted for operating and replacement reserves	1,134,771	1,080,371
Unrestricted	173,013	102,987
	<u>449,693</u>	<u>611,914</u>
Total net position		
Total liabilities and net position	<u>\$ 4,500,245</u>	<u>\$ 4,607,984</u>

See Notes to Financial Statements.

Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission

Statements of Revenue, Expenses and Changes in Net Position
Years Ended June 30, 2025 and 2024

	2025	2024
Operating revenue		
Rental income	\$ 664,266	\$ 594,762
Subsidy income	239,607	293,847
Other operating income	47,386	8,054
	<u>951,259</u>	<u>896,663</u>
Total operating revenue		
Operating expenses		
Administrative	235,703	241,254
Utilities	141,563	122,678
Operating and maintenance	321,592	246,457
Taxes and insurance	93,448	87,829
Depreciation	286,647	332,639
	<u>1,078,953</u>	<u>1,030,857</u>
Total operating expenses		
Net operating loss	<u>(127,694)</u>	<u>(134,194)</u>
Nonoperating revenue (expense)		
Financial revenue - investments	59,973	44,340
Realized and unrealized gain on investments	-	1,243
Interest expense - first mortgage	(94,500)	(94,500)
	<u>(34,527)</u>	<u>(48,917)</u>
Total nonoperating expense		
Change in net position before capital transactions	(162,221)	(183,111)
Contributions	<u>-</u>	<u>5,605</u>
Change in net position	(162,221)	(177,506)
Net position		
Beginning of year	<u>611,914</u>	<u>789,420</u>
End of year	<u>\$ 449,693</u>	<u>\$ 611,914</u>

See Notes to Financial Statements.

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Statements of Cash Flows
Years Ended June 30, 2025 and 2024**

	2025	2024
Cash flows from operating activities		
Cash received from tenants and operations	\$ 901,034	\$ 898,929
Less cash payments for operations and administration		
Administrative expenses paid	(42,126)	(32,230)
Management fee and sponsor overhead paid	(73,008)	(73,008)
Utilities paid	(138,378)	(140,788)
Salaries and wages paid	(175,199)	(127,076)
Operating and maintenance paid	(175,719)	(173,013)
Property insurance paid	(30,875)	(28,775)
Net tenant security deposits received	4,250	-
Other operating expenses paid	(62,573)	(63,529)
Cash payments for operations and administration	(693,628)	(638,419)
Net cash provided by operating activities	207,406	260,510
Cash flows from capital and related financing activities		
Contributions from owner	-	5,605
Purchase of fixed assets	-	(22,611)
Interest paid	(101,208)	(153,485)
Net cash used by capital and related financing activities	(101,208)	(170,491)
Cash flows from investing activities		
Net deposits to replacement reserve	(52,887)	(53,172)
Net deposits to operating reserve	(1,513)	(1,670)
Interest on investments	59,356	42,862
Net (purchases) sales of investments	451,296	(89,413)
Net cash (used in) provided by investing activities	456,252	(101,393)
Net increase (decrease) in cash and cash equivalents	562,450	(11,374)
Cash and cash equivalents, beginning	245,217	256,591
Cash and cash equivalents, end	\$ 807,667	\$ 245,217

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Statements of Cash Flows
Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Reconciliation of net operating loss to net cash provided by operating activities		
Net operating loss	\$ (127,694)	\$ (134,194)
Adjustments to reconcile net operating loss to net cash provided by operating activities		
Depreciation	286,647	332,639
Bad debt	25,142	52,510
Changes in:		
Tenants' accounts receivable	(20,071)	(46,391)
Accounts receivable - other	(13,558)	60,553
Prepaid revenue	3,638	(2,805)
Accounts payable - operations	57,441	(9,689)
Accrued expenses	<u>(4,139)</u>	<u>7,887</u>
Net cash provided by operating activities	<u>\$ 207,406</u>	<u>\$ 260,510</u>

See Notes to Financial Statements.

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Notes to Financial Statements
June 30, 2025 and 2024**

Note 1 - The financial reporting entity

The San Diego Housing Commission ("SDHC")'s Otay Villas Housing Development Project consists of 78 rental housing units (the "Project") located in San Diego, California. SDHC entered into a regulatory agreement and permanent loan agreement with the California Department of Housing and Community Development ("RHCP"). Under the terms of the agreements, SDHC is to submit to RHCP an annual budget of the operating revenue and operating expenses for the Project. In May 2013, SDHC and RHCP amended the original agreements and entered into a new regulatory and loan agreement under which the previous loan was refinanced and the new permanent loan was extended for a period of 55 years.

Note 2 - Significant accounting policies

Basic financial statements

The basic financial statements (i.e. the statements of net position, the statements of revenue, expenses and changes in net position and the statements of cash flows) report information on all of the activities of the Project. These basic financial statements are presented in accordance with the Governmental Accounting Standards Board standards. The accompanying financial statements are not intended to present fairly the financial position or changes in financial position and cash flows of SDHC in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Measurement focus, basis of accounting and financial statement presentation

The basic financial statements of the Project are prepared using the economic resource measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources and liabilities and deferred inflows of resources are included on the statements of net position. The statement of revenue, expenses and changes in net position presents increases (revenue) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The Project distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with the Project's ongoing operations. The principal operating revenue of the Project is rental income from the tenants of its housing units and the operating subsidy income. Operating expenses for the Project include the cost of services and general and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. When both restricted and unrestricted resources are available for use, it is the Project's policy to use restricted resources first, then unrestricted resources as needed.

Cash and cash equivalents

The Project cash and cash equivalents are maintained within the general operating bank account of SDHC. The ending balance of the operating account is allocated between several projects of SDHC based upon each project's relative cash activities. The reconciled balance of SDHC general cash account is \$49,800,280 and \$21,179,970 of which \$807,667 and \$245,217 belongs to the Project as of June 30, 2025 and 2024, respectively.

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Notes to Financial Statements
June 30, 2025 and 2024**

Restricted deposits and funded reserves

The Project's restricted deposits and reserves represent deposits to lender required reserves for replacements, operating reserve and tenant security deposits. The Project's restricted deposits and reserves are invested along with other SDHC funds to maximize income consistent with safe and prudent investment practices within the guidelines of SDHC's investment policy.

In accordance with California state statute and U.S. Department of Housing and Urban Development ("HUD") regulations, SDHC has authorized the Chief Financial Officer or designee to invest in obligations of the U.S. Treasury, U.S. Government agencies or other investments as outlined in SDHC's Investment Policy. An Investment Committee, consisting of two SDHC Board members, monitors the management of funds and compliance with SDHC's Investment Policy. SDHC utilizes the services of an experienced financial advisor to aid in making investment decisions. Working with the Investment Committee and staff, the advisor provides guidance on creating a diversified portfolio and a secure investment mix. The advisor's ongoing role is to provide staff with sound investment opportunities that will maximize liquidity and yield without sacrificing principal value and safety of the investment securities.

All investments are stated at fair value, except for money market investments with remaining maturities 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.

Detailed disclosures, including investment policies and associated risk policies, regarding the Project's cash and cash equivalents, restricted deposits and reserves, and investments are included in the notes to SDHC's basic financial statements.

Fair value

Authoritative guidance establishes hierarchy for ranking the quality and reliability of the information used to determine fair values, requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets.

Level 2: Unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Significant unobservable inputs for the asset or liability.

Tenant accounts receivable

Resident accounts receivable are due from tenants and reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of the receivables. It is reasonably possible that management's estimate of the allowance will change. The allowance for doubtful accounts was \$468 and \$936 as of June 30, 2025 and 2024, respectively.

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Notes to Financial Statements
June 30, 2025 and 2024**

Capital assets

Capital assets are stated at cost. The capitalization threshold for all capital assets is \$5,000. Expenditures for repairs and maintenance are charged to operations as incurred while major renewals and betterments are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	5 - 40 years
---------------------------	--------------

Impairment of capital assets

SDHC reviews the capital assets of the Project 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. There has been no impairment of the capital assets as of June 30, 2025 and 2024.

Rental income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between SDHC and the tenants of the Project are operating leases.

HUD public housing operating subsidy

Effective with the fiscal year ended June 30, 2015, the Project converted to public housing and receives an operating subsidy from HUD. The Project received \$239,607 and \$293,847 of operating subsidy income which is included in the statements of revenue, expenses and changes in net position for the years ended June 30, 2025 and 2024, respectively. Due to the receipt of the HUD operating subsidy, the Project no longer receives annuity income from RHCP.

Net position

In the statements of net position, net assets are classified in the following categories:

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

Unrestricted - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Notes to Financial Statements
June 30, 2025 and 2024**

Note 3 - Restricted deposits and funded reserves

As of June 30, 2025 and 2024, the restricted deposits and reserves consist of the following:

Tenant security deposits

The Project collects security deposits from tenants at the inception of the tenant lease. These deposits, which are reported in the basic financial statements as restricted cash, are refundable to the tenants to the extent there are no unpaid rents or damages to the housing unit. Tenant security deposits held amounted to \$41,688 and \$37,438 as of June 30, 2025 and 2024, respectively.

Replacement reserve

The Project established and will continue to fund a replacement reserve account for the term of the regulatory agreement. The replacement reserve was funded in the initial amount of \$78,000 to provide for future major additions, repairs or replacements. The Project shall make annual deposits of \$46,800 per year. The replacement reserve balance is \$908,939 and \$856,052 as of June 30, 2025 and 2024, respectively. During the years ended June 30, 2025 and 2024, the replacement reserve activity was as follows:

	2025	2024
Beginning balance	\$ 856,052	\$ 802,880
Deposits (\$600 x 78 units)	46,800	46,800
Interest earned	6,087	6,372
Ending balance	<u>\$ 908,939</u>	<u>\$ 856,052</u>

Operating reserve

The Project established and will continue to fund an operating reserve account pursuant to the regulatory agreement. The operating reserve was funded by previous project cash flow and RHCP annuity payments. The operating reserve balance is \$225,832 and \$224,319 as of June 30, 2025 and 2024, respectively.

Other investments

The Project has other investments with a balance of \$198,344 and \$653,890 as of June 30, 2025 and 2024, respectively.

In accordance with SDHC's investment policy, the restricted deposits and reserves above are invested in the State's Local Agency Investment Fund ("LAIF"), the San Diego County Investment Pool ("SDCIP") and other investments such as bonds, government agency securities and demand deposit accounts safe kept with commercial banking institutions. The detailed disclosures including investment policies and associated risk for each of these investments are included in the notes to SDHC's basic financial statements.

**Otay Villas Housing Development
Project No. 12-HLCP-0003
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**Notes to Financial Statements
June 30, 2025 and 2024**

Note 4 - Mortgage payable

Mortgage payable to RHCP associated with the acquisition of the Project is in the amount of \$3,150,000. Repayment of the interest and any outstanding principal balance is due in its entirety on the maturity date of May 10, 2068. The note bears interest at 3.00% and is payable in the annual amount of 0.42% of the outstanding principal balance (\$13,230 per year). Interest expense was \$94,500 and \$94,500 for the years ended June 30, 2025 and 2024, respectively. Outstanding principal and accrued interest is \$3,150,000 and \$733,444, respectively, as of June 30, 2025 and \$3,150,000 and \$740,152, respectively, as of June 30, 2024.

Note 5 - Management fee and sponsor overhead

The Project incurs management fees and overhead costs from SDHC for central office services which includes but is not limited to clerical and management overhead expenses, such as salaries and benefits, office supplies and equipment, data processing or computer services, postage, training and telephone services. This does not include the salary of the project manager whether onsite or offsite. SDHC allocated to the Project management fees and overhead expenses in the amount of \$73,008 and \$73,008 for the years ended June 30, 2025 and 2024, respectively.

Note 6 - Concentration of credit risk

The Project maintains its cash and cash equivalents with various financial institutions. At times, these balances may exceed the federal insurance limits; however, the Project has not experienced any losses with respect to its bank balances in excess of government provided insurance. The Project Owner believes that no significant concentration of credit risks exists with respect to these cash balances at June 30, 2025.

Note 7 - Current vulnerability due to certain concentrations

The Project's principal assets consist of 78 units within various apartment projects. The Project's operations are concentrated in the multifamily real estate market. In addition, the Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives, rules and regulations of governmental agencies, including, but not limited to RHCP. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD or RHCP. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Note 8 - Subsequent events

Events that occur after the date of the statement of net position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the statement of net position require disclosure in the accompanying notes. Management evaluated the activity of the Project through September 29, 2025, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information
Supporting Data Required by RHCP

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Supplementary Information
Years Ended June 30, 2025 and 2024**

Schedules of Operating Revenue

<u>Account No.</u>	<u>2025</u>	<u>2024</u>
Rental revenue		
5120 Rent revenue - gross potential	\$ 664,266	\$ 594,762
5121 Tenant assistance payments	<u>239,607</u>	<u>293,847</u>
5100T Total rental revenue	<u>903,873</u>	<u>888,609</u>
5152N Net rental revenue	<u>903,873</u>	<u>888,609</u>
Financial revenue		
5410 Financial revenue - project operations	52,373	36,297
5440 Revenue from investments - replacement reserve	6,087	6,373
5490 Revenue from investments - miscellaneous	<u>1,513</u>	<u>2,913</u>
5400T Total financial revenue	<u>59,973</u>	<u>45,583</u>
Other revenue		
5910 Laundry and vending	5,493	4,629
5920 Tenant charges	2,225	3,425
5990 Miscellaneous revenue	<u>39,668</u>	<u>-</u>
5900T Total other revenue	<u>47,386</u>	<u>8,054</u>
5000T Total revenue	<u>1,011,232</u>	<u>942,246</u>

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Supplementary Information
Years Ended June 30, 2025 and 2024**

Schedules of Operating Expenses

<u>Account No.</u>	<u>2025</u>	<u>2024</u>
Administrative expenses		
6250 Other renting expenses	1,532	2,110
6310 Office salaries	78,551	61,519
6311 Office expenses	11,442	11,112
6320 Management fee	73,008	73,008
6331 Administrative rent free unit	15,984	13,566
6340 Legal expense - project	7,036	7,824
6350 Auditing expense	11,689	7,900
6351 Bookkeeping fees/accounting services	8,892	8,892
6370 Bad debts	25,142	52,510
6390 Miscellaneous administrative expenses	2,427	2,813
6263T Total administrative expenses	<u>235,703</u>	<u>241,254</u>
Utilities expense		
6450 Electricity	18,551	16,274
6451 Water	77,401	63,283
6452 Gas	17,475	18,415
6453 Sewer	28,136	24,706
6400T Total utilities expense	<u>141,563</u>	<u>122,678</u>
Operating and maintenance expenses		
6510 Payroll	62,012	58,380
6515 Supplies	21,515	25,979
6520 Contracts	174,424	122,612
6525 Garbage and trash removal	32,670	23,267
6530 Security payroll/contract	30,497	15,064
6570 Vehicle and maintenance equipment operation and repairs	474	1,155
6500T Total operating and maintenance expenses	<u>321,592</u>	<u>246,457</u>

**Otay Villas Housing Development
Project No. 12-HLCP-0003
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**Supplementary Information
Years Ended June 30, 2025 and 2024**

<u>Account No.</u>	<u>2025</u>	<u>2024</u>
Taxes and insurance		
6720 Property and liability insurance	30,875	28,775
6722 Workmen's compensation	4,090	7,262
6723 Health insurance and other employee benefits	<u>58,483</u>	<u>51,792</u>
6700T Total taxes and insurance	93,448	87,829
Financial expenses		
6820 Interest on first mortgage payable	<u>94,500</u>	<u>94,500</u>
6800T Total financial expenses	<u>94,500</u>	<u>94,500</u>
6000T Total cost of operations before depreciation	<u>886,806</u>	<u>792,718</u>
5060T Income (loss) before depreciation	<u>124,426</u>	<u>149,528</u>
Depreciation		
6600 Depreciation expense	<u>286,647</u>	<u>332,639</u>
Total depreciation	<u>286,647</u>	<u>332,639</u>
5060N Operating income (loss)	<u>(162,221)</u>	<u>(183,111)</u>
Total expenses	<u>1,173,453</u>	<u>1,125,357</u>
3250 Change in net assets	<u><u>\$ (162,221)</u></u>	<u><u>\$ (183,111)</u></u>

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Supplementary Information
Years Ended June 30, 2025 and 2024**

Schedules of Miscellaneous Account Details

	<u>2025</u>	<u>2024</u>
Revenue from Investments - Miscellaneous (Account No. 5490)		
Interest from investments - operating reserve	\$ 1,513	\$ 1,670
Realized gain\ (loss) on investments	<u>-</u>	<u>1,243</u>
	<u><u>\$ 1,513</u></u>	<u><u>\$ 2,913</u></u>
Miscellaneous Other Revenue (Account No. 5990)		
Insurance proceeds	<u>\$ 39,668</u>	<u>\$ -</u>
	<u><u>\$ 39,668</u></u>	<u><u>\$ -</u></u>
Miscellaneous Administrative Expenses (Account No. 6390)		
Professional consultants	\$ -	\$ 169
Business expense	706	824
Mileage reimbursement	1,338	1,483
Parking fees and permits	19	11
Training - local	75	25
Education and training classes	39	37
Parking garage	<u>250</u>	<u>264</u>
	<u><u>\$ 2,427</u></u>	<u><u>\$ 2,813</u></u>

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Supplementary Information
June 30, 2025**

Cash on Hand and in Banks

Unrestricted cash operating accounts	
Operating account	\$ 807,667
	<u>\$ 807,667</u>
Restricted cash accounts	
Tenant security deposits	\$ 41,688
Replacement reserve	908,939
Operating reserve	225,832
	<u>\$ 1,176,459</u>

Mortgage Impound Accounts

None.

Reserves for Replacement and Operating Expenses

	<u>Replacement</u>	<u>Operating</u>
Beginning balance	\$ 856,052	\$ 224,319
Deposits (\$600 x 78 units)	46,800	-
Interest earned	6,087	1,513
	<u>908,939</u>	<u>225,832</u>
Ending balance	<u>\$ 908,939</u>	<u>\$ 225,832</u>

Property, Equipment and Improvements

Following are the details of property, equipment and improvements:

	<u>Property, equipment and improvements</u>			
	<u>Balance 6/30/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/25</u>
Land	\$ 1,087,727	\$ -	\$ -	\$ 1,087,727
Buildings	6,302,952	-	-	6,302,952
Office furniture and equipment	5,606	-	-	5,606
	<u>\$ 7,396,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,396,285</u>

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Supplementary Information
June 30, 2025**

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses payable to suppliers are due as follows:

Current	\$ 94,683
Total	<u>\$ 94,683</u>

Accounts Receivable

Accounts receivable consist of the following:

Tenant accounts receivable	\$ 2,130
Operating subsidy receivable	17,808
Interest receivable	<u>6,396</u>
	<u>\$ 26,334</u>

Gross Potential Rents

Gross potential rents includes the following:

Tenant rental payments	\$ 623,140
Operating subsidy payments	239,607
Employee unit shown as an expense	15,984
Bad debt	<u>25,142</u>
Total gross potential rents	<u>\$ 903,873</u>

Management Fee

The management fee and sponsor overhead authorized by RHCP totals \$73,008 for the year ended June 30, 2025.

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Supplementary Information
Year Ended June 30, 2025**

Operating Cash Flow/Surplus Cash Computation

Operating income	
Total income	\$ 1,011,232
Interest earned on restricted reserve accounts	(7,600)
	<hr/>
Adjusted operating income	1,003,632
Operating expenses	(792,306)
	<hr/>
Adjusted net income	211,326
Other activity	
Deposits into replacement reserve account	(46,800)
HCD required annual payment	(13,230)
	<hr/>
Total other activity	(60,030)
	<hr/>
Operating cash flow/surplus cash	151,296
	<hr/>
Total cash available for distributions (net cash flow)	\$ 151,296
	<hr/> <hr/>

Reconciliation to RHCP Form 181

Total operating revenue	\$ 951,259
Interest income	59,973
Less interest on reserves	(7,600)
Other difference	2,382
	<hr/>
Effective gross rent per RHCP Form 181	\$ 1,006,014
	<hr/> <hr/>

Reconciliation to RHCP Form 180

Total operating expenses	\$ 1,078,953
Less depreciation	(286,647)
Other difference	2,382
	<hr/>
Total operating costs per RHCP Form 180	\$ 794,688
	<hr/> <hr/>

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Supplementary Information
Year Ended June 30, 2025**

Rental Housing Construction Program -- Original

6. AMC 180a - ACTUAL COST OF OPERATIONS - Operating Budget/Annual Report

Contract No: 80-RHC-026

Reporting Period: 7/1/24 to 6/30/25

Project Name: OTAY VILLAS

Prepared by: Maria Gimutao

Date Prepared: 8/7/25

Rev 9/28/16

ACCOUNT NAME	ACCOUNT CODES	UNIT EXPENSES					
		Approved Assisted (A)	Actual Assisted	Approved Non-Assisted	Actual Non-Assisted	Proposed Commercial	Actual Commercial
MANAGEMENT FEE: 6200/6300							
1 Management Fee or Sponsor Overhead	6320	14,040	14,040	58,968	58,968	0	0
ADMINISTRATIVE EXPENSES: 6200/6300							
2 Advertising	6210	0	0	0	0	0	0
3 Apartment Resale Expense (Cooperatives)	6235	0	0	0	0	0	0
4 Other Renting Expenses	6250	513	309	2,156	1,297	0	0
5 Office Salaries	6310	10,950	15,053	45,988	63,222	0	0
6 Office Supplies	6311	1,953	2,087	8,202	8,767	0	0
7 Office or Model Apartment Rent	6312	0	0	0	0	0	0
8 Manager and Superintendent Salaries	6330	0	0	0	0	0	0
9 Manager's or Superintendent's Rent Free Unit	6331	3,074	3,074	12,910	12,910	0	0
10 Legal Expense - Project	6340	873	1,811	3,665	7,605	0	0
11 Audit Expense - Project	6350	1,731	2,248	7,269	9,441	0	0
12 Bookkeeping Fees/Accounting Services	6351	1,710	1,710	7,182	7,182	0	0
13 Telephone and Answering Service Expenses	6360	0	0	0	0	0	0
14 Bad Debt Expense	6370	0	0	16,000	22,788	0	0
15 Miscellaneous Administrative Expenses (specify)	6390	536	580	2,249	2,436	0	0
16 TOTAL ADMINISTRATIVE EXPENSES	6200/6300T	21,339	26,872	105,622	135,648	0	0
UTILITIES EXPENSES: 6400							
17 Fuel Oil/Coal	6420	0	0	0	0	0	0
18 Electricity	6450	4,287	3,568	18,004	14,984	0	0
19 Water	6451	15,376	14,885	64,578	62,516	0	0
20 Gas	6452	4,533	3,361	19,037	14,114	0	0
21 Sewer	6453	6,282	5,411	26,386	22,725	0	0
22 TOTAL UTILITIES EXPENSES	6400T	30,477	27,225	128,005	114,339	0	0
OPERATING AND MAINTENANCE EXPENSES: 6500							
23 Janitor and Cleaning Payroll	6510	7,628	11,826	32,037	49,670	0	0
24 Janitor and Cleaning Supplies	6515	3,864	4,137	16,228	17,378	0	0
25 Janitor and Cleaning Contracts	6517	0	0	0	0	0	0
26 Exterminating Payroll/Contract	6519	0	0	0	0	0	0
27 Exterminating Supplies	6520	25,177	34,559	105,743	145,149	0	0
28 Garbage and Trash Removal	6525	5,228	5,705	21,960	23,959	0	0
29 Security Payroll/Contract	6530	5,626	5,865	23,630	24,632	0	0
30 Grounds Payroll	6535	0	0	0	0	0	0
31 Grounds Supplies	6536	0	0	0	0	0	0
32 Grounds Contract	6537	0	0	0	0	0	0
33 Repairs Payroll	6540	0	0	0	0	0	0
34 Repairs Material	6541	0	0	0	0	0	0
35 Repairs Contract	6542	0	0	0	0	0	0
36 Elevator Maintenance/Contract	6545	0	0	0	0	0	0
37 Heating/Cooling Repairs and Maintenance	6546	0	0	0	0	0	0
38 Swimming Pool Maintenance/Contract	6547	0	0	0	0	0	0
39 Snow Removal	6548	0	0	0	0	0	0
40 Decorating/Payroll Contract	6560	0	0	0	0	0	0
41 Decorating Supplies	6561	0	0	0	0	0	0
42 Vehicle and Maint. Equipment Operation/Repairs	6570	194	91	817	383	0	0
43 Misc. Operating and Maintenance Expenses (specify)	6590	0	0	0	0	0	0
44 TOTAL OPERATING & MAINTENANCE EXPENSES	6500T	47,718	62,183	200,414	261,171	0	0
TAXES AND INSURANCE: 6700							
45 Real Estate Taxes	6710	0	0	0	0	0	0
46 Payroll Taxes (Project's Share)	6711	0	0	0	0	0	0
47 Misc. Taxes, Licenses and Permits	6719	0	0	0	0	0	0
48 Property and Liability Insurance (Hazard)	6720	7,636	5,937	32,073	24,938	0	0
49 Fidelity Bond Insurance	6721	0	0	0	0	0	0
50 Worker's Compensation	6722	1,227	787	5,155	3,304	0	0
51 Health Insurance and Other Employee Benefits	6723	8,320	11,399	34,944	47,877	0	0
52 Other Insurance	6729	0	0	0	0	0	0
53 TOTAL TAXES AND INSURANCE	6700T	17,184	18,123	72,171	76,119	0	0
ASSISTED LIVING/BOARD & CARE EXPENSES: 6900							
54 Food	6932	0	0	0	0	0	0
55 Recreation and Rehabilitation	6980	0	0	0	0	0	0
56 Rehabilitation Salaries	6983	0	0	0	0	0	0
57 Other Service Expenses	6990	0	0	0	0	0	0
58 TOTAL ASSISTED LIVING EXPENSES	6900T	0	0	0	0	0	0
61 TOTAL OPERATING COSTS		130,757	148,443	565,181	646,245	0	0

Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission

Supplementary Information
Year Ended June 30, 2025

Rental Housing Construction Program -- Original
7. AMC 181a - ACTUAL CASH FLOW ANALYSIS - Operating Budget/Annual Report

Contract No: 80-RHC-026
Project Name: OTAY VILLAS
Prepared by: Maria Gimutao
Date Prepared: 8/7/25

Reporting Period: 7/1/24 to 6/30/25

Units/Sq. Ft. - Assisted: 15
Units/Sq. Ft. - Total: 78

Rev 9/28/16

Unit Months: 936

ACCOUNT NAME		ASSISTED UNITS		NON-ASSISTED UNITS		COMMERCIAL		TOTAL PROJECT		PROJECT VARIANCE
	Account Codes	Approved Cashflow (A)	Actual Cashflow (B)	Approved Cashflow (C)	Actual Cashflow (D)	Proposed Cashflow (E)	Actual Cashflow (F)	Approved Cashflow (G)	Actual Cashflow (H)	Cashflow Variance (I)
REVENUE ACCOUNTS/RENT REVENUE: 5100										
1 Rent Revenue	5120	122,651	127,743	463,584	536,523	0	0	586,235	664,266	78,031
2 Tenant Assistance Payments	5121	54,710	46,078	229,783	193,529	0	0	284,493	239,607	(44,886)
3 Rent revenue - Stores and Commercial	5140	0	0	0	0	0	0	0	0	0
4 Garage and Parking Spaces	5170	0	0	0	0	0	0	0	0	0
5 Flexible Subsidy Revenue	5185	0	0	0	0	0	0	0	0	0
6 Miscellaneous Rent Revenue	5190	0	0	0	0	0	0	0	0	0
7 Excess Rent	5191	0	0	0	0	0	0	0	0	0
8 Rent Revenue/Insurance	5192	0	0	0	0	0	0	0	0	0
9 Special Claims Revenue	5193	0	7,629	0	32,040	0	0	0	39,669	39,669
10 Retained Excess Income	5194	0	0	0	0	0	0	0	0	0
11 GROSS RENT REVENUE	5100T	177,361	181,450	693,367	762,092	0	0	870,728	943,542	72,814
VACANCIES: 5200										
Vacancy Percentage:										
11 Apartments -	5220	0	0	0	0	0	0	0	0	0
12 Stores and Commercial	5240	0	0	0	0	0	0	0	0	0
13 Rental Concessions	5250	0	0	0	0	0	0	0	0	0
14 Garage and Parking Spaces	5270	0	0	0	0	0	0	0	0	0
15 Miscellaneous	5290	0	0	0	0	0	0	0	0	0
Total Vacancies (HCD Use Only)	5200T	0	0	0	0	0	0	0	0	0
ASSISTED LIVING/BOARD & CARE REVENUES: 5300										
17 Food	5332	0	0	0	0	0	0	0	0	0
18 Recreation (Activities) and Rehabilitation	5380	0	0	0	0	0	0	0	0	0
19 Rehabilitation	5385	0	0	0	0	0	0	0	0	0
20 Other Service Revenue	5390	0	0	0	0	0	0	0	0	0
Total Living Revenue	6300T	0	0	0	0	0	0	0	0	0
FINANCIAL REVENUE: 5400										
21 Financial Revenue - Project Operations	5410	5,000	10,072	21,001	42,302	0	0	26,001	52,374	26,373
Total Financial Revenue	5400T	5,000	10,072	21,001	42,302	0	0	26,001	52,374	26,373
OTHER REVENUE: 5900										
22 Laundry and Vending Revenue	5910	875	1,056	3,675	4,437	0	0	4,550	5,493	943
23 NSF and Late Charges	5920	692	886	2,908	3,719	0	0	3,600	4,605	1,005
24 Damages and Cleaning Fees	5930	0	0	0	0	0	0	0	0	0
25 Forfeited Tenant Security Deposits	5940	0	0	0	0	0	0	0	0	0
26 Other Revenue	5990	0	0	0	0	0	0	0	0	0
Total Other Revenue	5900T	1,567	1,942	6,583	8,156	0	0	8,150	10,098	1,948
27 EFFECTIVE GROSS RENT (EGR)	5152T	183,928	193,464	720,951	812,550	0	0	904,879	1,006,014	101,135
28 TOTAL OPERATING EXPENSES										
	6000T	134,680	148,443	561,258	646,245	0	0	695,938	794,688	(98,750)
29 NET OPERATING INCOME (NOI)	5000T	49,248	45,021	159,693	166,305	0	0	208,941	211,326	2,385
FINANCIAL EXPENSES: 6800										
30 Non-Contingent Debt Service (specify lender)	6895									
1st Mortgage=		0	0	0	0	0	0	0	0	0
2nd Mortgage=		0	0	0	0	0	0	0	0	0
3rd Mortgage=		0	0	0	0	0	0	0	0	0
31 HCD Required Payments	6890	0	0	13,230	13,230	0	0	13,230	13,230	0
32 Lease Payment	6890	0	0	0	0	0	0	0	0	0
33 Miscellaneous Financial Expenses	6890	0	0	0	0	0	0	0	0	0
Total Financial Expenses	6800T	0	0	13,230	13,230	0	0	13,230	13,230	0
FUNDED RESERVES:										
34 Escrow Deposits	1300	0	0	0	0	0	0	0	0	0
35 Replacement Reserve-Deposit	1320	9,000	9,000	37,800	37,800	0	0	46,800	46,800	0
36 Operating Reserve-Deposit	1300	0	0	0	0	0	0	0	0	0
37 Other Reserves (specify)										
#1	1330	0	0	0	0	0	0	0	0	0
#2	1330	0	0	0	0	0	0	0	0	0
#3	1330	0	0	0	0	0	0	0	0	0
Total Reserve Deposits		9,000	9,000	37,800	37,800	0	0	46,800	46,800	0
38 PROJECT CASH FLOW (CF)		40,248	36,021	108,663	115,275	0	0	148,911	151,296	2,385
ADDITIONAL REVENUE:										
39 RHCP-O Annuity Fund Request (For Assisted Units Only)		0	0	0	0	0	0	0	0	0
40 Withdrawal from Operating Reserves		0	0	0	0	0	0	0	0	0
41 Borrower Contribution		0	0	0	0	0	0	0	0	0
42 Other (specify)		0	0	0	0	0	0	0	0	0
Total Additional Revenue		0	0	0	0	0	0	0	0	0
USE OF CASH FLOW:										
43 HCD Interest Payments		0	0	0	0	0	0	0	0	0
44 Asset Mgmt Fee (CHRP-R/SUHRP & HOME-pre-UMR Only)		0	0	0	0	0	0	0	0	0
45 Asset Mgmt Fee/Prtrshp Costs (MHP/HOME under UMR)		0	0	0	0	0	0	0	0	0
46 Borrower Distributions		0	0	0	0	0	0	0	0	0
47 Residual Receipt Loan Payments		0	0	0	0	0	0	0	0	0
48 Other (specify)		0	0	0	0	0	0	0	0	0
Total Use of Cash Flow		0	0	0	0	0	0	0	0	0

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

To the Board of Commissioners
San Diego Housing Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Diego Housing Commission's Otay Villas Housing Development Project No. 12-HLCP-0003, which comprise the statement of net position as of June 30, 2025, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2025 which included an emphasis of matter paragraph as indicated at page 4.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Diego Housing Commission's Otay Villas Housing Development Project No. 12-HLCP-0003's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Diego Housing Commission's Otay Villas Housing Development Project No. 12-HLCP-0003's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of San Diego Housing Commission's Otay Villas Housing Development Project No. 12-HLCP-0003's internal control over financial reporting.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Diego Housing Commission's Otay Villas Housing Development Project No. 12-HLCP-0003's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Sacramento, California
September 29, 2025

**Otay Villas Housing Development
Project No. 12-HLCP-0003
A Project of San Diego Housing Commission**

**Schedule of Finding and Responses
Year Ended June 30, 2025**

Our audit disclosed no findings that are required to be reported.



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Attachment 5

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2025 and 2024

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

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**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**


June 30,2025

Certificate of Owner

I, as an officer of the San Diego Housing Commission, owner of Adaptable Housing Development, hereby certify that I have examined the accompanying financial statements and supplementary information of Adaptable Housing Development as of and for the year ended June 30, 2025 and, to the best of my knowledge and belief, these financial statements and supplementary information are complete and accurate.

San Diego Housing Commission

Signed by:


4C3E9D2EACCE404...

Suket Dayal, E. Vice President of Business
Administration and Chief Financial Officer

Employer Identification Number: 95-3390896

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

June 30,2025

Managing Agent's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary information of Adaptable Housing Development as of and for the year ended June 30, 2025, to the best of my knowledge and belief, the same is complete and accurate.

Signed by:

Suket Dayal

4C3E9D2EACCE404...

San Diego Housing Commission
Suket Dayal, E. Vice President of Business
Administration and Chief Financial Officer

Independent Auditor's Report

To the Board of Commissioners
San Diego Housing Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Adaptable Housing Development Project No. 12-HLCP-0004, (the "Project") owned by San Diego Housing Commission ("SDHC"), which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenue, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of San Diego Housing Commission's Adaptable Housing Development Project No.12-HLCP-0004 as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Diego Housing Commission's Adaptable Housing Development Project No.12-HLCP-0004 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2, the financial statements referred to above are intended to present the financial position, the changes in financial position, and cash flows of only the Project. They do not purport to, and do not, present fairly the financial position of SDHC as of June 30, 2025 and 2024, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Housing Commission's Adaptable Housing Development Project No.12-HLCP-0004's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Diego Housing Commission's Adaptable Housing Development Project No.12-HLCP-0004's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Housing Commission's Adaptable Housing Development Project No.12-HLCP-0004's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The financial data templates as required by the California Department of Housing and Community Development ("RHCP"), are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the financial data templates as required by the RHCP are fairly stated in all material respects in relation to the financial statements as whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025, on our consideration of San Diego Housing Commission's Adaptable Housing Development Project No.12-HLCP-0004's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Diego Housing Commission's Adaptable Housing Development Project No.12-HLCP-0004's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Diego Housing Commission's Adaptable Housing Development Project No.12-HLCP-0004's internal control over financial reporting and compliance.



Sacramento, California
September 29, 2025

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Statements of Net Position
June 30, 2025 and 2024**

	<u>Assets</u>	
	<u>2025</u>	<u>2024</u>
Current assets		
Cash and cash equivalents	\$ 336,849	\$ 139,036
Tenants' accounts receivable, net	1,385	1,725
Accounts receivable - grants	5,101	-
Accounts receivable - other	2,268	2,381
	<u>345,603</u>	<u>143,142</u>
Total current assets		
Other assets		
Investments - operations	50,559	317,009
Restricted deposits and funded reserves	436,879	413,071
	<u>487,438</u>	<u>730,080</u>
Total other assets		
Capital assets		
Buildings and improvements	7,178,312	7,169,306
Accumulated depreciation	(4,132,659)	(3,710,532)
	<u>3,045,653</u>	<u>3,458,774</u>
Land	484,372	484,372
	<u>3,530,025</u>	<u>3,943,146</u>
Total capital assets		
Total assets	<u>\$ 4,363,066</u>	<u>\$ 4,816,368</u>

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Statements of Net Position
June 30, 2025 and 2024**

	<u>Liabilities and Net Position</u>	
	<u>2025</u>	<u>2024</u>
Current liabilities		
Accounts payable - operations	\$ 19,355	\$ 36,643
Accrued expenses	7,108	6,538
Accrued interest payable - first mortgage, current portion	5,900	5,900
Prepaid rent	17,573	6,137
	<u>49,936</u>	<u>55,218</u>
Total current liabilities		
Deposits and prepaid liability		
Tenants' security deposits liability	17,586	17,586
	<u>17,586</u>	<u>17,586</u>
Total deposits and prepaid liability		
Long-term liabilities		
Mortgage payable - first mortgage	1,404,849	1,404,849
Accrued interest payable - first mortgage, net of current portion	344,252	345,535
	<u>1,749,101</u>	<u>1,750,384</u>
Total long-term liabilities		
Total liabilities	<u>1,816,623</u>	<u>1,823,188</u>
Net Position		
Net investment in capital assets	2,125,176	2,538,297
Restricted for operating and replacement reserves	419,293	395,485
Unrestricted	1,974	59,398
	<u>2,546,443</u>	<u>2,993,180</u>
Total net position		
Total liabilities and net position	<u>\$ 4,363,066</u>	<u>\$ 4,816,368</u>

See Notes to Financial Statements.

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Statements of Revenue, Expenses and Changes in Net Position
Years Ended June 30, 2025 and 2024**

	2025	2024
Operating revenue		
Rental income	\$ 278,130	\$ 290,283
Subsidy income	80,590	98,214
Other operating income	5,942	6,481
	<hr/>	<hr/>
Total operating revenue	364,662	394,978
	<hr/>	<hr/>
Operating expenses		
Administrative	108,635	92,298
Utilities	74,652	58,334
Operating and maintenance	213,590	122,179
Taxes and insurance	46,637	34,913
Depreciation	422,127	409,098
	<hr/>	<hr/>
Total operating expenses	865,641	716,822
	<hr/>	<hr/>
Net operating loss	(500,979)	(321,844)
	<hr/>	<hr/>
Nonoperating revenue (expense)		
Financial revenue - investments	24,105	17,186
Realized and unrealized gain on investments	-	465
Interest expense - first mortgage	(42,145)	(42,145)
	<hr/>	<hr/>
Total nonoperating expense	(18,040)	(24,494)
	<hr/>	<hr/>
Change in net position before capital transactions	(519,019)	(346,338)
	<hr/>	<hr/>
Contributions	72,282	387,077
	<hr/>	<hr/>
Change in net position	(446,737)	40,739
	<hr/>	<hr/>
Net position		
Beginning of year	2,993,180	2,952,441
	<hr/>	<hr/>
End of year	\$ 2,546,443	\$ 2,993,180
	<hr/>	<hr/>

See Notes to Financial Statements.

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Statements of Cash Flows
Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Cash received from tenants and operations	\$ 376,299	\$ 389,711
Less cash payments for operations and administration		
Administrative expenses paid	(33,974)	(6,963)
Management fee and sponsor overhead paid	(32,760)	(32,761)
Utilities paid	(74,652)	(68,220)
Salaries and wages paid	(89,802)	(69,305)
Operating and maintenance paid	(187,369)	(67,075)
Property insurance paid	(11,129)	(10,588)
Net tenant security deposits received	-	100
Other operating expenses paid	<u>(35,508)</u>	<u>(24,325)</u>
Cash payments for operations and administration	<u>(465,194)</u>	<u>(279,137)</u>
Net cash (used in) provided by operating activities	<u>(88,895)</u>	<u>110,574</u>
Cash flows from capital and related financing activities		
Contributions from owner	72,282	387,077
Purchase of fixed assets	(9,006)	(366,496)
Interest paid	<u>(43,428)</u>	<u>(11,221)</u>
Net cash provided by capital and related financing activities	<u>19,848</u>	<u>9,360</u>
Cash flows from investing activities		
Net deposits to replacement reserve	(23,267)	(23,347)
Net deposits to operating reserve	(541)	(597)
Interest on investments	24,218	16,414
Net sales (purchases) of investments	<u>266,450</u>	<u>(97,347)</u>
Net cash provided by (used in) investing activities	<u>266,860</u>	<u>(104,877)</u>
Net increase in cash and cash equivalents	197,813	15,057
Cash and cash equivalents, beginning	<u>139,036</u>	<u>123,979</u>
Cash and cash equivalents, end	<u><u>\$ 336,849</u></u>	<u><u>\$ 139,036</u></u>

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Statements of Cash Flows
Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Reconciliation of net operating loss to net cash (used in) provided by operating activities		
Net operating loss	\$ (500,979)	\$ (321,844)
Adjustments to reconcile net operating loss to net cash (used in) provided by operating activities		
Depreciation	422,127	409,098
Bad debt	139	5,928
Changes in:		
Tenants' accounts receivable	201	(3,277)
Accounts receivable - grants	(5,101)	14,406
Prepaid revenue	11,436	(1,990)
Accounts payable - operations	(17,288)	6,958
Accrued expenses	570	1,195
Tenants' security deposits liability	-	100
	<u> </u>	<u> </u>
Net cash (used in) provided by operating activities	<u>\$ (88,895)</u>	<u>\$ 110,574</u>

See Notes to Financial Statements.

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Notes to Financial Statements
June 30, 2025 and 2024**

Note 1 - The financial reporting entity

The San Diego Housing Commission ("SDHC")'s Adaptable Housing Development Project consists of 35 rental housing units (the "Project") located in San Diego, California. SDHC entered into a regulatory agreement and permanent loan agreement with the California Department of Housing and Community Development ("RHCP"). Under the terms of the agreements, SDHC is to submit to RHCP an annual budget of the operating revenue and operating expenses for the Project. In May 2013, SDHC and RHCP amended the original agreements and entered into a new regulatory and loan agreement under which the previous loan was refinanced and the new permanent loan was extended for a period of 55 years.

Note 2 - Significant accounting policies

Basic financial statements

The basic financial statements (i.e. the statements of net position, the statements of revenue, expenses and changes in net position and the statements of cash flows) report information on all of the activities of the Project. These basic financial statements are presented in accordance with the Governmental Accounting Standards Board standards. The accompanying financial statements are not intended to present fairly the financial position or changes in financial position and cash flows of SDHC in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Measurement focus, basis of accounting and financial statement presentation

The basic financial statements of the Project are prepared using the economic resource measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources and liabilities and deferred inflows of resources are included on the statements of net position. The statement of revenue, expenses and changes in net position present increases (revenue) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenue is recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The Project distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with the Project's ongoing operations. The principal operating revenue of the Project is rental income from the tenants of its housing units and the operating subsidy income. Operating expenses for the Project include the cost of services and general and administrative expenses. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses. When both restricted and unrestricted resources are available for use, it is the Project's policy to use restricted resources first, then unrestricted resources as needed.

Cash and cash equivalents

The Project cash and cash equivalents are maintained within the general operating bank account of SDHC. The ending balance of the operating account is allocated between several projects of SDHC based upon each project's relative cash activities. As of June 30, 2025 and 2024, the reconciled balance of SDHC's general cash account is \$49,800,280 and \$21,179,970, respectively, of which \$336,849 and \$139,036 belong to the Project as of June 30, 2025 and 2024, respectively.

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Notes to Financial Statements
June 30, 2025 and 2024**

Restricted deposits and funded reserves

The Project's restricted deposits and reserves represent deposits to lender required reserves for replacements, operating reserve and tenant security deposits. The Project's restricted deposits and reserves are invested along with other SDHC funds to maximize income consistent with safe and prudent investment practices within the guidelines of SDHC's investment policy.

In accordance with California state statute and the U.S. Department of Housing and Urban Development ("HUD") regulations, SDHC has authorized the Chief Financial Officer or designee to invest in obligations of the U.S. Treasury, U.S. Government agencies or other investments as outlined in SDHC's Investment Policy. An Investment Committee, consisting of two SDHC Board members, monitors the management of funds and compliance with SDHC's Investment Policy. SDHC utilizes the services of an experienced financial advisor to aid in making investment decisions. Working with the Investment Committee and staff, the advisor provides guidance on creating a diversified portfolio and a secure investment mix. The advisor's ongoing role is to provide staff with sound investment opportunities that will maximize liquidity and yield without sacrificing principal value and safety of the investment securities.

All investments are stated at fair value, except for money market investments with remaining maturities 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.

Detailed disclosures, including investment policies and associated risk policies, regarding the Project's cash and cash equivalents, restricted deposits and reserves, and investments are included in the notes to SDHC's basic financial statements.

Fair value

Authoritative guidance establishes hierarchy for ranking the quality and reliability of the information used to determine fair values, requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets.

Level 2: Unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Significant unobservable inputs for the asset or liability.

Tenants' accounts receivable

Resident accounts receivable are due from tenants and reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of the receivables. It is reasonably possible that management's estimate of the allowance will change. The allowance for doubtful accounts was \$406 and \$266 as of June 30, 2025 and 2024, respectively.

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Notes to Financial Statements
June 30, 2025 and 2024**

Capital assets

Capital assets are stated at cost. The capitalization threshold for all capital assets is \$5,000. Expenditures for repairs and maintenance are charged to operations as incurred while major renewals and betterments are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Furnishing and equipment	5 years
Building and improvements	12 - 40 years

Impairment of capital assets

SDHC reviews the capital assets of the Project 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. There has been no impairment of the capital assets during the years ended June 30, 2025 and 2024.

Rental income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between SDHC and the tenants of the Project are operating leases.

HUD public housing operating subsidy

The Project converted to Public Housing and receives an operating subsidy from HUD. The Project recognized \$80,590 and \$98,214 of operating subsidy income during the years ended June 30, 2025 and 2024, respectively, of which \$5,101 and \$0 is receivable as of June 30, 2025 and 2024, respectively.

Net position

In the statements of net position, net assets are classified in the following categories:

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

Unrestricted - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Notes to Financial Statements
June 30, 2025 and 2024**

Note 3 - Restricted deposits and funded reserves

As of June 30, 2025 and 2024, the restricted deposits and reserves consist of the following:

Tenant security deposits

The Project collects security deposits from tenants at the inception of the tenant lease. These deposits, which are reported in the basic financial statements as restricted cash, are refundable to the tenants to the extent there are no unpaid rents or damages to the housing unit. Tenant security deposits held amounted to \$17,586 and \$17,586 as of June 30, 2025 and 2024, respectively.

Replacement reserve

The Project established and will continue to fund a replacement reserve account for the term of the regulatory agreement. The replacement reserve was funded in the initial amount of \$35,000 to provide for future major additions, repairs or replacements. The Project shall make annual deposits of \$21,000 per year. The replacement reserve balance is \$338,533 and \$315,266 as of June 30, 2025 and 2024, respectively. During the years ended June 30, 2025 and 2024, the replacement reserve activity was as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 315,266	\$ 291,919
Deposits (\$600 x 35 units)	21,000	21,000
Interest earned	<u>2,267</u>	<u>2,347</u>
Ending balance	<u><u>\$ 338,533</u></u>	<u><u>\$ 315,266</u></u>

Operating reserve

The Project established and will continue to fund an operating reserve account pursuant to the regulatory agreement. The operating reserve was funded by previous project cash flow and RHCP annuity payments. The operating reserve balance is \$80,760 and \$80,219 as of June 30, 2025 and 2024, respectively.

Other investments

The Project has other investments with a balance of \$50,559 and \$317,009 as of June 30, 2025 and 2024, respectively.

In accordance with SDHC's investment policy, the restricted deposits and reserves above are invested in the State's Local Agency Investment Fund, the San Diego County Investment Pool and other investments such as bonds, government agency securities and demand deposit accounts safe kept with commercial banking institutions. The detailed disclosures including investment policies and associated risk for each of these investments are included in the notes to SDHC's basic financial statements.

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Notes to Financial Statements
June 30, 2025 and 2024**

Note 4 - Mortgage payable

The mortgage payable to RHCP associated with the acquisition of the Project is in the amount of \$1,404,849. Repayment of the interest and any outstanding principal balance is due in its entirety on the maturity date of May 10, 2068. The note bears interest at 3.00% and is payable in the annual amount of 0.42% of the outstanding principal balance. Interest expense was \$42,145 and \$42,145 for the years ended June 30, 2025 and 2024, respectively. Outstanding principal and accrued interest is \$1,404,849 and \$350,152, respectively, as of June 30, 2025, and \$1,404,849 and \$351,435, respectively, as of June 30, 2024.

Note 5 - Management fee and sponsor overhead

The Project incurs a management fee and overhead costs from SDHC for central office services which includes but is not limited to clerical and management overhead expenses, such as salaries and benefits, office supplies and equipment, data processing or computer services, postage, training and telephone services. This does not include the salary of the project manager whether onsite or offsite. SDHC allocated to the Project management fees and overhead expenses in the amount of \$32,760 and \$32,761 for the years ended of June 30, 2025 and 2024, respectively.

Note 6 - Concentration of credit risk

The Project maintains its cash and cash equivalents with various financial institutions. At times, these balances may exceed the federal insurance limits; however, the Project has not experienced any losses with respect to its bank balances in excess of government provided insurance. SDHC believes that no significant concentration of credit risks exists with respect to these cash balances at June 30, 2025.

Note 7 - Current vulnerability due to certain concentrations

The Project's principal assets consist of 35 units within various apartment projects. The Project's operations are concentrated in the multifamily real estate market. In addition, the Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives, rules and regulations of governmental agencies, including, but not limited to HUD or RHCP. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD or RHCP. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Note 8 - Subsequent events

Events that occur after the date of the statement of net position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the statement of net position require disclosure in the accompanying notes. Management evaluated the activity of the Project through September 29, 2025, the date the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information
Supporting Data Required by RHCP

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Supplementary Information
Years Ended June 30, 2025 and 2024**

Schedules of Operating Revenue

<u>Account No.</u>	<u>2025</u>	<u>2024</u>
Rental revenue		
5120 Rent revenue - gross potential	\$ 278,130	\$ 290,283
5121 Tenant assistance payments	80,590	98,214
	<hr/>	<hr/>
5100T Total rental revenue	358,720	388,497
	<hr/>	<hr/>
5152N Net rental revenue	358,720	388,497
	<hr/>	<hr/>
Financial revenue		
5410 Financial revenue - project operations	21,297	14,242
5440 Revenue from investments - replacement reserve	2,267	2,347
5490 Revenue from investments - miscellaneous	541	1,062
	<hr/>	<hr/>
5400T Total financial revenue	24,105	17,651
	<hr/>	<hr/>
Other revenue		
5910 Laundry and vending	4,767	4,231
5920 Tenant charges	1,175	2,250
	<hr/>	<hr/>
5900T Total other revenue	5,942	6,481
	<hr/>	<hr/>
5000T Total revenue	388,767	412,629
	<hr/>	<hr/>

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Supplementary Information
Years Ended June 30, 2025 and 2024**

Schedules of Operating Expenses

<u>Account No.</u>	<u>2025</u>	<u>2024</u>
Administrative expenses		
6250 Other renting expenses	2,989	3,012
6310 Office salaries	46,863	32,240
6311 Office expenses	6,998	2,800
6320 Management fee	32,760	32,761
6340 Legal expense - project	1,760	2,453
6350 Auditing expense	12,578	7,900
6351 Bookkeeping fees/accounting services	3,990	3,990
6370 Bad debts	139	5,928
6390 Miscellaneous administrative expenses	558	1,214
	<hr/>	<hr/>
6263T Total administrative expenses	108,635	92,298
	<hr/>	<hr/>
Utilities expense		
6450 Electricity	4,582	3,306
6451 Water	29,538	15,093
6452 Gas	21,711	29,588
6453 Sewer	18,821	10,347
	<hr/>	<hr/>
6400T Total utilities expense	74,652	58,334
	<hr/>	<hr/>
Operating and maintenance expenses		
6510 Payroll	37,809	21,928
6515 Supplies	2,431	3,971
6520 Contracts	166,948	79,488
6530 Security payroll/contract	5,700	16,332
6570 Vehicle and maintenance equipment operation and repairs	702	460
	<hr/>	<hr/>
6500T Total operating and maintenance expenses	213,590	122,179
	<hr/>	<hr/>

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Supplementary Information
Years Ended June 30, 2025 and 2024**

<u>Account No.</u>	<u>2025</u>	<u>2024</u>
Taxes and insurance		
6710 Real estate taxes	34	34
6720 Property and liability insurance	11,129	10,588
6722 Workmen's compensation	2,027	2,153
6723 Health insurance and other employee benefits	33,447	22,138
6700T Total taxes and insurance	46,637	34,913
Financial expenses		
6820 Interest on first mortgage payable	42,145	42,145
6800T Total financial expenses	42,145	42,145
6000T Total cost of operations before depreciation	485,659	349,869
5060T Income (loss) before depreciation	(96,892)	62,760
Depreciation		
6600 Depreciation expense	422,127	409,098
Total depreciation	422,127	409,098
5060N Operating income (loss)	(519,019)	(346,338)
Total expenses	907,786	758,967
3250 Change in net assets	\$ (519,019)	\$ (346,338)

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Supplementary Information
Years Ended June 30, 2025 and 2024**

Schedules of Miscellaneous Account Details

	<u>2025</u>	<u>2024</u>
Revenue from Investments - Miscellaneous (Account No. 5490)		
Realized gain	\$ -	\$ 465
Interest on investments	<u>541</u>	<u>597</u>
	<u>\$ 541</u>	<u>\$ 1,062</u>
Miscellaneous Administrative Expenses (Account No. 6390)		
Professional consultants	\$ -	\$ 75
Business expense	312	349
Mileage reimbursement	8	27
Parking fees and permits	200	137
Training	38	54
Tenant relocation due to maintenance	<u>-</u>	<u>572</u>
	<u>\$ 558</u>	<u>\$ 1,214</u>

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Supplementary Information
June 30, 2025**

Cash on Hand and in Banks

Operating account	\$ 336,849
	<u>\$ 336,849</u>
Restricted cash accounts	
Tenant security deposits	\$ 17,586
Replacement reserve	338,533
Operating reserve	80,760
Investments	50,559
	<u>\$ 487,438</u>

Mortgage Impound Accounts

None.

Reserves for Replacements and Operating Expenses

	<u>Reserve for replacements</u>	<u>Operating expense reserve</u>
Balance, June 30, 2024	\$ 315,266	\$ 80,219
Deposits (\$1,750 x 12 months)	21,000	-
Interest earned	2,267	541
	<u>\$ 338,533</u>	<u>\$ 80,760</u>
Balance, June 30, 2025	<u>\$ 338,533</u>	<u>\$ 80,760</u>

Property, Equipment and Improvements

Following are the details of property, equipment and improvements:

	<u>Property, equipment and improvements</u>			
	<u>Balance 6/30/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/25</u>
Land	\$ 484,372	\$ -	\$ -	\$ 484,372
Buildings	7,144,985	-	-	7,144,985
Office furniture and equipment	24,321	9,006	-	33,327
	<u>\$ 7,653,678</u>	<u>\$ 9,006</u>	<u>\$ -</u>	<u>\$ 7,662,684</u>

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Supplementary Information
June 30, 2025**

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses payable to suppliers are due as follows:

Current	\$ 19,355
	<hr/>
Total	\$ 19,355
	<hr/> <hr/>

Accounts Receivable

Accounts receivable consist of the following:

Tenant accounts receivable	\$ 1,791
Operating subsidy receivable	5,101
Interest receivable	2,268
	<hr/>
	\$ 9,160
	<hr/> <hr/>

Gross Potential Rents

Gross potential rents includes the following:

Tenant rental payments	\$ 277,991
Operating subsidy payments	80,590
Bad debt	139
	<hr/>
Total gross potential rents	\$ 358,720
	<hr/> <hr/>

Management Fee

The management fee and sponsor overhead authorized by RHCP totals \$32,760 for the year ended June 30, 2025.

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Supplementary Information
Year Ended June 30, 2025**

Operating Cash Flow/Surplus Cash Computation

Operating income	
Total income	\$ 388,767
Interest earned on restricted reserve accounts	(2,808)
	<hr/>
Adjusted operating income	385,959
Operating expenses	(443,514)
	<hr/>
Adjusted net income	(57,555)
Other activity	
Mandatory debt service	(5,900)
Deposits into replacement reserve account	(21,000)
	<hr/>
Total other activity	(26,900)
	<hr/>
Operating cash flow/surplus cash (deficit)	\$ (84,455)
	<hr/>
Total cash available for distributions (net cash flow)	\$ -
	<hr/>

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Supplementary Information
Year Ended June 30, 2025**

Reconciliation to RHCP Form 181

Total operating revenue	\$ 364,662
Interest income	24,105
Less interest on reserves	(2,808)
Other difference	1
	<hr/>
Effective gross rent per RHCP Form 181	<u><u>\$ 385,960</u></u>

Reconciliation to RHCP Form 180

Total operating expenses	\$ 865,641
Less depreciation	(422,127)
Other difference	1
	<hr/>
Total operating costs per RHCP Form 180	<u><u>\$ 443,515</u></u>

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Supplementary Information
Year Ended June 30, 2025**

Rental Housing Construction Program -- Original

6. AMC 180a - ACTUAL COST OF OPERATIONS - Operating Budget/Annual Report

Contract No: 80-RHC-002

Reporting Period: 7/1/24 to 6/30/25

Project Name: ADAPTABLE HOUSING

Prepared by: Maria Gimutao

Date Prepared: 8/7/25

Rev 9/28/16

ACCOUNT NAME		UNIT EXPENSES					
	ACCOUNT CODES	Approved Assisted (A)	Actual Assisted	Approved Non-Assisted	Actual Non-Assisted	Proposed Commercial	Actual Commercial
MANAGEMENT FEE: 6200/6300							
1 Management Fee or Sponsor Overhead	6320	11,232	11,232	21,528	21,528	0	0
ADMINISTRATIVE EXPENSES: 6200/6300							
2 Advertising	6210	0	0	0	0	0	0
3 Apartment Resale Expense (Cooperatives)	6235	0	0	0	0	0	0
4 Other Renting Expenses	6250	120	1,025	230	1,964	0	0
5 Office Salaries	6310	12,965	15,946	24,849	30,562	0	0
6 Office Supplies	6311	595	2,398	1,140	4,596	0	0
7 Office or Model Apartment Rent	6312	0	0	0	0	0	0
8 Manager and Superintendent Salaries	6330	0	0	0	0	0	0
9 Manager's or Superintendent's Rent Free Unit	6331	0	0	0	0	0	0
10 Legal Expense - Project	6340	1,130	604	2,166	1,157	0	0
11 Audit Expense - Project	6350	3,086	4,312	5,914	8,266	0	0
12 Bookkeeping Fees/Accounting Services	6351	1,368	1,368	2,622	2,622	0	0
13 Telephone and Answering Service Expenses	6360	0	0	0	0	0	0
14 Bad Debt Expense	6370	0	0	8,000	139	0	0
15 Miscellaneous Administrative Expenses (specify)	6390	330	192	632	367	0	0
16 TOTAL ADMINISTRATIVE EXPENSES	6200/6300T	19,593	25,845	45,554	49,673	0	0
UTILITIES EXPENSES: 6400							
17 Fuel Oil/Coal	6420	0	0	0	0	0	0
18 Electricity	6450	1,687	1,571	3,234	3,011	0	0
19 Water	6451	9,095	10,127	17,433	19,411	0	0
20 Gas	6452	10,898	7,444	20,889	14,267	0	0
21 Sewer	6453	6,058	6,453	11,611	12,368	0	0
22 TOTAL UTILITIES EXPENSES	6400T	27,739	25,595	53,166	49,057	0	0
OPERATING AND MAINTENANCE EXPENSES: 6500							
23 Janitor and Cleaning Payroll	6510	12,752	13,047	24,441	25,008	0	0
24 Janitor and Cleaning Supplies	6515	3,233	833	6,198	1,598	0	0
25 Janitor and Cleaning Contracts	6517	0	0	0	0	0	0
26 Exterminating Payroll/Contract	6519	0	0	0	0	0	0
27 Exterminating Supplies	6520	52,524	18,465	100,671	35,390	0	0
28 Garbage and Trash Removal	6525	3,394	5,563	6,506	10,662	0	0
29 Security Payroll/Contract	6530	0	35,166	0	67,401	0	0
30 Grounds Payroll	6535	0	0	0	0	0	0
31 Grounds Supplies	6536	0	0	0	0	0	0
32 Grounds Contract	6537	0	0	0	0	0	0
33 Repairs Payroll	6540	0	0	0	0	0	0
34 Repairs Material	6541	0	0	0	0	0	0
35 Repairs Contract	6542	0	0	0	0	0	0
36 Elevator Maintenance/Contract	6545	0	0	0	0	0	0
37 Heating/Cooling Repairs and Maintenance	6546	0	0	0	0	0	0
38 Swimming Pool Maintenance/Contract	6547	0	0	0	0	0	0
39 Snow Removal	6548	0	0	0	0	0	0
40 Decorating/Payroll Contract	6560	0	0	0	0	0	0
41 Decorating Supplies	6561	0	0	0	0	0	0
42 Vehicle and Maint. Equipment Operation/Repairs	6570	40	241	76	461	0	0
43 Misc. Operating and Maintenance Expenses (specify)	6590	0	0	0	0	0	0
44 TOTAL OPERATING & MAINTENANCE EXPENSES	6500T	71,943	73,315	137,892	140,520	0	0
TAXES AND INSURANCE: 6700							
45 Real Estate Taxes	6710	0	12	0	22	0	0
46 Payroll Taxes (Project's Share)	6711	0	0	0	0	0	0
47 Misc. Taxes, Licenses and Permits	6719	0	0	0	0	0	0
48 Property and Liability Insurance (Hazard)	6720	5,013	3,816	9,607	7,314	0	0
49 Fidelity Bond Insurance	6721	0	0	0	0	0	0
50 Worker's Compensation	6722	676	777	1,297	1,488	0	0
51 Health Insurance and Other Employee Benefits	6723	11,569	11,424	22,173	21,897	0	0
52 Other Insurance	6729	0	0	0	0	0	0
53 TOTAL TAXES AND INSURANCE	6700T	17,258	16,029	33,077	30,721	0	0
ASSISTED LIVING/BOARD & CARE EXPENSES; 6900							
54 Food	6932	0	0	0	0	0	0
55 Recreation and Rehabilitation	6980	0	0	0	0	0	0
56 Rehabilitation Salaries	6983	0	0	0	0	0	0
57 Other Service Expenses	6990	0	0	0	0	0	0
58 TOTAL ASSISTED LIVING EXPENSES	6900T	0	0	0	0	0	0
61 TOTAL OPERATING COSTS		147,765	152,016	291,217	291,499	0	0

Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission

Supplementary Information
Year Ended June 30, 2025

Rental Housing Construction Program -- Original
7. AMC 181a - ACTUAL CASH FLOW ANALYSIS - Operating Budget/Annual Report

Contract No: 80-RHC-002
Project Name: ADAPTABLE HOUSING
Prepared by: Maria Gimutao
Date Prepared: 8/7/25

Reporting Period: 7/1/24 to 6/30/25

Units/Sq. Ft. - Assisted: 12
Units/Sq. Ft. - Total: 35

Rev 9/28/16

Unit Months: 420

ACCOUNT NAME		ASSISTED UNITS		NON-ASSISTED UNITS		COMMERCIAL		TOTAL PROJECT		PROJECT VARIANCE
	Account Codes	Approved Cashflow (A)	Actual Cashflow (B)	Approved Cashflow (C)	Actual Cashflow (D)	Proposed Cashflow (E)	Actual Cashflow (F)	Approved Cashflow (G)	Actual Cashflow (H)	Cashflow Variance (I)
REVENUE ACCOUNTS/RENT REVENUE: 5100										
1 Rent Revenue	5120	81,768	95,359	221,052	182,771	0	0	302,820	278,130	(24,690)
2 Tenant Assistance Payments	5121	36,230	27,631	69,440	52,959	0	0	105,670	80,590	(25,080)
3 Rent revenue - Stores and Commercial	5140	0	0	0	0	0	0	0	0	0
4 Garage and Parking Spaces	5170	0	0	0	0	0	0	0	0	0
5 Flexible Subsidy Revenue	5185	0	0	0	0	0	0	0	0	0
6 Miscellaneous Rent Revenue	5190	0	0	0	0	0	0	0	0	0
7 Excess Rent	5191	0	0	0	0	0	0	0	0	0
8 Rent Revenue/Insurance	5192	0	0	0	0	0	0	0	0	0
9 Special Claims Revenue	5193	0	0	0	0	0	0	0	0	0
10 Retained Excess Income	5194	0	0	0	0	0	0	0	0	0
11 GROSS RENT REVENUE	5100T	117,998	122,990	290,492	235,730	0	0	408,490	358,720	(49,770)
VACANCIES: 5200										
Vacancy Percentage:										
11 Apartments -	5220	0	0	0	0	0	0	0	0	0
12 Stores and Commercial	5240	0	0	0	0	0	0	0	0	0
13 Rental Concessions	5250	0	0	0	0	0	0	0	0	0
14 Garage and Parking Spaces	5270	0	0	0	0	0	0	0	0	0
15 Miscellaneous	5290	0	0	0	0	0	0	0	0	0
Total Vacancies (HCD Use Only)	5200T	0	0	0	0	0	0	0	0	0
ASSISTED LIVING/BOARD & CARE REVENUES: 5300										
17 Food	5332	0	0	0	0	0	0	0	0	0
18 Recreation (Activities) and Rehabilitation	5380	0	0	0	0	0	0	0	0	0
19 Rehabilitation	5385	0	0	0	0	0	0	0	0	0
20 Other Service Revenue	5390	0	0	0	0	0	0	0	0	0
Total Living Revenue	6300T	0	0	0	0	0	0	0	0	0
FINANCIAL REVENUE: 5400										
21 Financial Revenue - Project Operations	5410	6,552	7,302	12,559	13,995	0	0	19,111	21,297	2,186
Total Financial Revenue	5400T	6,552	7,302	12,559	13,995	0	0	19,111	21,297	2,186
OTHER REVENUE: 5900										
22 Laundry and Vending Revenue	5910	1,502	1,635	2,878	3,133	0	0	4,380	4,768	388
23 NSF and Late Charges	5920	309	403	591	772	0	0	900	1,175	275
24 Damages and Cleaning Fees	5930	0	0	0	0	0	0	0	0	0
25 Forfeited Tenant Security Deposits	5940	0	0	0	0	0	0	0	0	0
26 Other Revenue	5990	0	0	0	0	0	0	0	0	0
Total Other Revenue	5900T	1,811	2,038	3,469	3,905	0	0	5,280	5,943	663
27 EFFECTIVE GROSS RENT (EGR)	5152T	126,361	132,330	306,520	253,630	0	0	432,881	385,960	(46,921)
28 TOTAL OPERATING EXPENSES	6000T	152,198	152,016	286,784	291,499	0	0	438,982	443,515	(4,533)
29 NET OPERATING INCOME (NOI)	5000T	(25,837)	(19,686)	19,736	(37,869)	0	0	(6,101)	(57,555)	(51,454)
FINANCIAL EXPENSES: 6800										
30 Non-Contingent Debt Service (specify lender)	6895									
1st Mortgage =		0	0	0	0	0	0	0	0	0
2nd Mortgage =		0	0	0	0	0	0	0	0	0
3rd Mortgage =		0	0	0	0	0	0	0	0	0
31 HCD Required Payments	6890	0	0	5,900	5,900	0	0	5,900	5,900	0
32 Lease Payment	6890	0	0	0	0	0	0	0	0	0
33 Miscellaneous Financial Expenses	6890	0	0	0	0	0	0	0	0	0
Total Financial Expenses	6800T	0	0	5,900	5,900	0	0	5,900	5,900	0
FUNDED RESERVES:										
34 Escrow Deposits	1300	0	0	0	0	0	0	0	0	0
35 Replacement Reserve-Deposit	1320	7,200	7,200	13,800	13,800	0	0	21,000	21,000	0
36 Operating Reserve-Deposit	1300	0	0	0	0	0	0	0	0	0
37 Other Reserves (specify)										
#1	1330	0	0	0	0	0	0	0	0	0
#2	1330	0	0	0	0	0	0	0	0	0
#3	1330	0	0	0	0	0	0	0	0	0
Total Reserve Deposits		7,200	7,200	13,800	13,800	0	0	21,000	21,000	0
38 PROJECT CASH FLOW (CF)		(33,037)	(26,886)	36	(57,569)	0	0	(33,001)	(84,455)	(51,454)
ADDITIONAL REVENUE:										
39 RHCP-O Annuity Fund Request (For Assisted Units Only)		0	0	0	0	0	0	0	0	0
40 Withdrawal from Operating Reserves		0	0	0	0	0	0	0	0	0
41 Borrower Contribution		0	0	0	0	0	0	0	0	0
42 Other (specify)		0	0	0	0	0	0	0	0	0
Total Additional Revenue		0	0	0	0	0	0	0	0	0
USE OF CASH FLOW:										
43 HCD Interest Payments		0	0	0	0	0	0	0	0	0
44 Asset Mgmt Fee (CHRP-R/SUHRP & HOME-pre-UMR Only)		0	0	0	0	0	0	0	0	0
45 Asset Mgmt Fee/Prtshp Costs (MHP/HOME under UMR)		0	0	0	0	0	0	0	0	0
46 Borrower Distributions		0	0	0	0	0	0	0	0	0
47 Residual Receipt Loan Payments		0	0	0	0	0	0	0	0	0
48 Other (specify)		0	0	0	0	0	0	0	0	0
Total Use of Cash Flow		0	0	0	0	0	0	0	0	0

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

To the Board of Commissioners
San Diego Housing Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of San Diego Housing Commission's Adaptable Housing Development Project No. 12-HLCP-0004, which comprise the statement of net position as of June 30, 2025, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2025 which included an emphasis of matter paragraph as indicated at page 4.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Diego Housing Commission's Adaptable Housing Development Project No. 12-HLCP-0004's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Diego Housing Commission's Adaptable Housing Development Project No. 12-HLCP-0004's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of San Diego Housing Commission's Adaptable Housing Development Project No. 12-HLCP-0004's internal control over financial reporting.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Diego Housing Commission's Adaptable Housing Development Project No. 12-HLCP-0004's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not

an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "CohnReznick LLP".

Sacramento, California
September 29, 2025

**Adaptable Housing Development
Project No. 12-HLCP-0004
A Project of San Diego Housing Commission**

**Schedule of Finding and Responses
Year Ended June 30, 2025**

Our audit disclosed no finding that are required to be reported.



Independent Member of Nexia

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Attachment 6

**Northern SDHC FHA LLC
HUD Project No.: 129-11053**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2025

Northern SDHC FHA LLC
HUD Project No.: 129-11053

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Northern SDHC FHA LLC
HUD Project No.: 129-11053

June 30, 2025

Mortgagor's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary data of Northern SDHC FHA LLC and, to the best of our knowledge and belief, the same are complete and accurate.

Sole Member

San Diego Housing Commission

Suket Dayal Date
Executive Vice President of Business Administration
and Chief Financial Officer
Telephone Number: (619) 578-7608

Beto Juarez Date
S. Vice President of Property and Asset Management

Northern SDHC FHA LLC
HUD Project No.: 129-11053

June 30, 2025

Managing Agent's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary data of Northern SDHC FHA LLC and, to the best of our knowledge and belief, the same are complete and accurate.

Managing Agent

San Diego Housing Commission

Beto Juarez Date
S. Vice President of Property and Asset Management

Suket Dayal
Executive Vice President of
Business Administration &
Chief Financial Officer

Managing Agent Taxpayer
Identification Number: 95-3390896

Independent Auditor's Report

To the Sole Member
Northern SDHC FHA LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Northern SDHC FHA LLC, which comprise the balance sheet as of June 30, 2025, and the related statements of operations, member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northern SDHC FHA LLC as of June 30, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northern SDHC FHA LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern SDHC FHA LLC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northern SDHC FHA LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern SDHC FHA LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The HUD-required financial data templates are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the HUD-required financial data templates are fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

The Schedule of the Status of Prior Audit Findings, Questioned Costs and Recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2025 on our consideration of Northern SDHC FHA LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northern SDHC FHA LLC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern SDHC FHA LLC's internal control over financial reporting and compliance.



Sacramento, California
September 22, 2025

Lead Auditor: Ahamadou Alainchar Bocar, CPA

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Balance Sheet
June 30, 2025

Assets

Current assets	
Cash - operations	\$ 812,302
Tenant accounts receivable	14,783
Allowance for doubtful accounts	(2,389)
Accounts and notes receivable - operations	254,931
Prepaid expenses	<u>19,243</u>
Total current assets	<u>1,098,870</u>
Deposits held in trust - funded	
Tenant deposits	<u>118,091</u>
Restricted deposits and funded reserves	
Escrow deposits	51,766
Reserve for replacements	<u>116,403</u>
Total restricted deposits and funded reserves	<u>168,169</u>
Rental property	
Land	3,690,974
Buildings	11,656,369
Building equipment - portable	<u>55,380</u>
	15,402,723
Less accumulated depreciation	<u>(6,425,091)</u>
Total rental property	<u>8,977,632</u>
Total assets	<u><u>\$ 10,362,762</u></u>

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Balance Sheet
June 30, 2025

Liabilities and Member's Equity (Deficit)

Current liabilities	
Accounts payable - operations	\$ 601,323
Accounts payable - entity	232,957
Accrued wages payable	25,927
Accrued management fee payable	14,900
Accrued interest payable - first mortgage	39,926
Mortgage payable - first mortgage, current maturities	428,068
Prepaid revenue	<u>68,256</u>
Total current liabilities	<u>1,411,357</u>
Deposits liability	
Tenant deposits held in trust (contra)	<u>118,082</u>
Long-term liabilities	
Mortgage payable - first mortgage, net	<u>12,081,813</u>
Total long-term liabilities	<u>12,081,813</u>
Total liabilities	<u>13,611,252</u>
Contingency	-
Member's equity (deficit)	<u>(3,248,490)</u>
Total liabilities and member's equity (deficit)	<u><u>\$ 10,362,762</u></u>

See Notes to Financial Statements.

**Northern SDHC FHA LLC
HUD Project No.: 129-11053**

**Statement of Operations
Year Ended June 30, 2025**

Rental revenue	
Rent revenue - gross potential	\$ 2,916,767
Tenant assistance payments	<u>806,672</u>
Total rental revenue	<u>3,723,439</u>
Vacancies	
Apartments	(172,152)
Rental concessions	<u>(41)</u>
Total vacancies	<u>(172,193)</u>
Net rental revenue	<u>3,551,246</u>
Financial revenue	
Financial revenue - project operations	1,266
Revenue from investments - replacement reserve	<u>115</u>
Total financial revenue	<u>1,381</u>
Other revenue	
Laundry and vending	54,598
Tenant charges	10,216
Miscellaneous revenue	<u>163,030</u>
Total other revenue	<u>227,844</u>
Total revenue	<u>3,780,471</u>

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Statement of Operations
Year Ended June 30, 2025

Administrative expenses	
Other renting expenses	710
Office salaries	130,835
Office expenses	18,025
Management fee	178,196
Administrative rent free unit	52,188
Legal expense - project	28,643
Auditing expense	14,752
Bad debts	54,379
Miscellaneous administrative expenses	<u>37,553</u>
Total administrative expenses	<u>515,281</u>
Utilities expense	
Electricity	25,991
Water	148,156
Gas	32,630
Sewer	<u>85,185</u>
Total utilities expense	<u>291,962</u>
Operating and maintenance expenses	
Payroll	101,289
Supplies	23,973
Contracts	573,075
Garbage and trash removal	60,865
Security payroll/contract	925
Vehicle and maintenance equipment operation and repairs	2,262
Miscellaneous operating and maintenance expenses	<u>264,004</u>
Total operating and maintenance expenses	<u>1,026,393</u>

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Statement of Operations
Year Ended June 30, 2025

Taxes and insurance	
Real estate taxes	2,667
Property and liability insurance	74,167
Workmen's compensation	6,672
Health insurance and other employee benefits	111,655
Miscellaneous taxes, licenses, permits and insurance	<u>6,800</u>
Total taxes and insurance	<u>201,961</u>
Financial expenses	
Interest on first mortgage payable	503,778
Mortgage insurance premium/service charge	<u>58,343</u>
Total financial expenses	<u>562,121</u>
Total cost of operations before depreciation	<u>2,597,718</u>
Income (loss) before depreciation	<u>1,182,753</u>
Depreciation	
Depreciation expense	<u>401,501</u>
Total depreciation	<u>401,501</u>
Total expenses	<u>2,999,219</u>
Net income (loss)	<u><u>\$ 781,252</u></u>

See Notes to Financial Statements.

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Statement of Member's Equity (Deficit)
Year Ended June 30, 2025

Member's equity (deficit) June 30, 2024	\$ (3,205,440)
Distributions	(960,108)
Contributions	135,806
Net income (loss)	<u>781,252</u>
Member's equity (deficit) June 30, 2025	<u><u>\$ (3,248,490)</u></u>

See Notes to Financial Statements.

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Statement of Cash Flows
Year Ended June 30, 2025

Cash flows from operating activities	
Rental receipts	\$ 3,475,131
Interest receipts	1,381
Other operating receipts	<u>227,844</u>
Total receipts	<u>3,704,356</u>
Administrative expenses paid	(81,670)
Management fees paid	(177,799)
Utilities paid	(291,962)
Salaries and wages paid	(244,265)
Operating and maintenance paid	(622,675)
Real estate taxes paid	(2,667)
Property insurance paid	(74,167)
Miscellaneous taxes and insurance paid	(6,800)
Net tenant security deposits paid	(758)
Other operating expenses paid	(118,327)
Interest paid on first mortgage	(487,554)
Mortgage insurance premium paid	<u>(57,729)</u>
Total disbursements	<u>(2,166,373)</u>
Net cash provided by operating activities	<u>1,537,983</u>
Cash flows from investing activities	
Net withdrawals from mortgage escrows	1,400
Net withdrawals from reserve for replacements	71,773
Net purchases of fixed assets	<u>(312,135)</u>
Net cash used in investing activities	<u>(238,962)</u>
Cash flows from financing activities	
Mortgage principal payments - first mortgage	(412,296)
Distribution to sole member	(960,108)
Contributions by member	<u>135,806</u>
Net cash used in financing activities	<u>(1,236,598)</u>
Net increase in cash and restricted cash	62,423
Cash and restricted cash, beginning	<u>867,970</u>
Cash and restricted cash, end	<u><u>\$ 930,393</u></u>

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Statement of Cash Flows
Year Ended June 30, 2025

Reconciliation of net income (loss) to net cash provided by operating activities	
Net income (loss)	<u>\$ 781,252</u>
Adjustments to reconcile net income (loss) to net cash provided by operating activities	
Depreciation	401,501
Amortization of debt issuance costs	17,516
Bad debts	54,379
Changes in asset and liability accounts	
(Increase) decrease in assets	
Tenant accounts receivable	(40,922)
Accounts receivable - other	18,013
Prepaid expenses	614
Increase (decrease) in liabilities	
Accounts payable	168,391
Accrued liabilities	(10,819)
Accrued interest payable	(1,292)
Tenant security deposits held in trust	(758)
Prepaid revenue	16,995
Entity/construction liability accounts (include detail)	
Accounts payable - entity	<u>133,113</u>
Total adjustments	<u>756,731</u>
Net cash provided by operating activities	<u><u>\$ 1,537,983</u></u>
Significant noncash investing and financing activities	
Increase in rental property included in accounts payable - operations	<u><u>\$ 274,907</u></u>

See Notes to Financial Statements.

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Notes to Financial Statements
June 30, 2025

Note 1 - Organization and nature of operations

Northern SDHC FHA LLC (the "Company") was formed as a limited liability company under the laws of the State of California on July 13, 2010 for the purpose of owning and operating rental housing projects under Section 207, pursuant to Section 223(f) of the National Housing Act as regulated by the U.S. Department of Housing and Urban Development ("HUD") and is subject to restrictions as to the operating policies, rental charges, operating expenditures and distributions to the sole member. The Company has executed a limited liability company operating agreement (the "operating agreement") dated August 20, 2010. The properties of the Company consist of 14 apartment complexes totaling 154 units and are located in San Diego, California (the "Projects"). The Projects are currently operating under the name of SDHC North Portfolio.

The Company is wholly-owned by San Diego Housing Commission ("SDHC"). The Company is also a blended component unit of SDHC.

The Company will continue to operate until July 13, 2065, unless dissolved earlier in accordance with the operating agreement.

Cash distributions are limited by agreements between the Company and HUD to the extent of surplus cash as defined by HUD.

Note 2 - Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Accordingly, income is recognized as earned and expensed as incurred, regardless of the timing of payments.

Tenant accounts receivable

Tenant accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenants' accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2025, the allowance for doubtful accounts is \$2,389.

Rental property

Rental property is carried at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives by use of the straight-line method. The estimated useful lives of the assets are as follows:

Building and improvements	12 to 37 years
Dwelling equipment	5 years

Impairment of long-lived assets

The Company reviews its investment in rental property for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the Projects are less than its carrying amount, management compares the carrying amount of the Projects to its fair value in order to determine whether an impairment loss has occurred. The amount of the

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Notes to Financial Statements
June 30, 2025

impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized for the year ended June 30, 2025.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Rental revenue

Rental revenue is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the Projects are operating leases.

Income taxes

The Company is a single member limited liability company and is a disregarded entity for federal income tax purposes and is not subject to income taxes. The Company's federal tax status as a pass-through entity is based on its legal status as a single member limited liability company. SDHC, the sole member of the Company, is a state agency which is exempt from filing any income tax returns. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure.

Advertising costs

Advertising and marketing costs are expensed as incurred.

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Restricted deposits and funded reserves

Escrow deposits

Under agreements with the mortgage lender and HUD, the Company is required to make monthly deposits to escrow accounts. Funds deposited are used to pay mortgage insurance premiums. As of June 30, 2025, the balance in the escrow deposits is \$51,766.

Reserve for replacements

The Company is required to make monthly deposits to a reserve for replacements account to fund future maintenance and replacement costs. Monthly payments of \$4,839 are required to be deposited with the mortgage lender. During the year ended June 30, 2025, the Company made deposits of only \$5,115 to the replacement reserve as the lender and HUD approved a waiver of the deposit requirement as long as the replacement reserve balance exceeds \$1,000 per unit or \$154,000. As of June 30, 2025, the balance in the reserve for replacements is \$116,403. As the balance fall below the \$154,000 limit, the Company resumed making the monthly deposits starting in July 2025.

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Notes to Financial Statements
June 30, 2025

Note 4 - Statement of cash flows

The following table provides a reconciliation of cash and restricted cash reported within the balance sheet that sum to the total of the same such amounts in the statement of cash flows:

Cash	\$ 812,302
Tenant deposits	<u>118,091</u>
 Total cash and restricted cash shown in the statement of cash flows	 <u><u>\$ 930,393</u></u>

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the Projects as required by the regulatory authority.

Note 5 - Mortgage payable

In August 2010, the Company entered into a mortgage agreement with PNC Bank, N.A., a national banking association, in the original amount of \$17,500,200. The mortgage is secured by a deed of trust and insured by HUD. The mortgage bears an annual interest rate of 3.76%. Principal and interest are paid in monthly installments of \$74,987 through maturity on September 1, 2045. As of June 30, 2025, the outstanding principal and accrued interest is \$12,742,244 and \$39,926, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$232,363 as of June 30, 2025, and are related to the first mortgage. Debt issuance costs on the above mortgage are being amortized using an imputed interest rate of 3.97%. Amortization of debt issuance costs is \$17,516 for the year ended June 30, 2025 and is included in interest on first mortgage payable on the statement of operations.

The liability of the Company under the mortgage note is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Notes to Financial Statements
June 30, 2025

The mortgage qualifies for an interest rebate subsidy from the U.S. Treasury under the Build America Bonds Program ("BABs"). During the year ended June 30, 2025, the Company earned BABs interest rebate of \$160,491, which is included in miscellaneous revenue on the statement of operations.

Aggregate annual maturities of the mortgage payable over each of the next five years and thereafter subsequent to June 30, 2025 are as follows:

2026	\$ 428,068
2027	444,444
2028	461,446
2029	479,099
2030	497,426
Thereafter	<u>10,431,761</u>
Subtotal	12,742,244
Less unamortized debt issuance costs	<u>(232,363)</u>
Total	<u><u>\$ 12,509,881</u></u>

Note 6 - Management fee

The Company has entered into an agreement with SDHC in connection with the management of the rental operations of the Projects. The property management fee is based on 5% of the effective gross income of the Projects, as defined. For the year ended June 30, 2025, management fees of \$178,196 were incurred and charged to operations, of which \$14,900 remain payable as of June 30, 2025.

Note 7 - Housing assistance payments

Certain tenants of the Projects are recipients of Housing Choice Vouchers awarded by SDHC under Section 8 of the National Housing Act. During the year ended June 30, 2025, the Company recognized housing assistance payments revenue amounting to \$806,672.

Note 8 - Related party transactions

Accounts payable - entity on the balance sheet includes operating expenses of the Company which were paid by SDHC under an expense reimbursement agreement. As of June 30, 2025, \$232,957 is due to SDHC.

Note 9 - Concentration of credit risk

The Company maintains its cash accounts with various financial institutions. At times, these balances may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Bank balances are fully insured and/or collateralized with securities held by the pledging financial institutions in SDHC's, the Company's sole member, name as discussed below.

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Notes to Financial Statements
June 30, 2025

Cash deposits are secured by pledging securities as collateral. 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 are considered to be held in SDHC's name. The fair value of pledged securities must equal at least 110% of SDHC's cash deposits. California law also allows institutions to secure SDHC deposits by pledging first trust deed mortgage notes having a value of 150% of SDHC's total cash deposits. SDHC may waive collateral requirements for cash deposits that are fully insured by the Federal Deposit Insurance Corporation.

The Company believes that no significant concentration of credit risks exists with respect to these cash balances at June 30, 2025.

Note 10 - Current vulnerability due to certain concentrations

The Company's principal assets consist of 14 apartment complexes totaling 154 units. The Company's operations are concentrated in the multifamily real estate market. In addition, the Company operates in a heavily regulated environment. The operations of the Company are subject to the administrative directives, rules and regulations of federal agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Note 11 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Company through September 22, 2025, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information
Supporting Data Required by HUD

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Supplementary Information

Balance Sheet Data
June 30, 2025

		<u>Assets</u>	
<u>Account No.</u>			
Current assets			
1120	Cash - operations		\$ 812,302
1130	Tenant accounts receivable	\$ 14,783	
1131	Allowance for doubtful accounts	(2,389)	
1130N	Net tenants accounts receivable		12,394
1140	Accounts and notes receivable - operations		254,931
1200	Prepaid expenses		19,243
1100T	Total current assets		1,098,870
Deposits held in trust - funded			
1191	Tenant deposits		118,091
Restricted deposits and funded reserves			
1310	Escrow deposits	51,766	
1320	Reserve for replacements	116,403	
1300T	Total deposits		168,169
Rental property			
1410	Land	3,690,974	
1420	Buildings	11,656,369	
1440	Building equipment - portable	55,380	
1400T	Total fixed assets	15,402,723	
1495	Less accumulated depreciation	(6,425,091)	
1400N	Net fixed assets		8,977,632
1000T	Total assets		\$ 10,362,762

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Supplementary Information

Balance Sheet Data
June 30, 2025

<u>Account No.</u>		<u>Liabilities and Member's Equity (Deficit)</u>	
Current liabilities			
2110	Accounts payable - operations	\$	601,323
2113	Accounts payable - entity		232,957
2120	Accrued wages payable		25,927
2123	Accrued management fee payable		14,900
2131	Accrued interest payable - first mortgage		39,926
2170	Mortgage payable - first mortgage (short-term)		428,068
2210	Prepaid revenue		<u>68,256</u>
2122T	Total current liabilities		1,411,357
Deposits liability			
2191	Tenant deposits held in trust (contra)		118,082
Long-term liabilities			
2320	Mortgage payable - first mortgage	<u>\$ 12,081,813</u>	
2300T	Total long-term liabilities		<u>12,081,813</u>
2000T	Total liabilities		13,611,252
3130	Member's equity (deficit)		<u>(3,248,490)</u>
2033T	Total liabilities and member's equity (deficit)	\$	<u>10,362,762</u>

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Supplementary Information

Statement of Operations Data
Year Ended June 30, 2025

<u>Account No.</u>			
Rental revenue			
5120	Rent revenue - gross potential	\$ 2,916,767	
5121	Tenant assistance payments	<u>806,672</u>	
5100T	Total rental revenue		\$ 3,723,439
Vacancies			
5220	Apartments	(172,152)	
5250	Rental concessions	<u>(41)</u>	
5200T	Total vacancies		<u>(172,193)</u>
5152N	Net rental revenue		3,551,246
Financial revenue			
5410	Financial revenue - project operations	1,266	
5440	Revenue from investments - replacement reserve	<u>115</u>	
5400T	Total financial revenue		1,381
Other revenue			
5910	Laundry and vending	54,598	
5920	Tenant charges	10,216	
5990	Miscellaneous revenue	<u>163,030</u>	
5900T	Total other revenue		<u>227,844</u>
5000T	Total revenue		<u>3,780,471</u>

**Northern SDHC FHA LLC
HUD Project No.: 129-11053**

Supplementary Information

**Statement of Operations Data
Year Ended June 30, 2025**

Account No.

Administrative expenses

6250	Other renting expenses	710
6310	Office salaries	130,835
6311	Office expenses	18,025
6320	Management fee	178,196
6331	Administrative rent free unit	52,188
6340	Legal expense - project	28,643
6350	Auditing expense	14,752
6370	Bad debts	54,379
6390	Miscellaneous administrative expenses	<u>37,553</u>

6263T	Total administrative expenses	515,281
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Utilities expense

6450	Electricity	25,991
6451	Water	148,156
6452	Gas	32,630
6453	Sewer	<u>85,185</u>

6400T	Total utilities expense	291,962
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Operating and maintenance expenses

6510	Payroll	101,289
6515	Supplies	23,973
6520	Contracts	573,075
6525	Garbage and trash removal	60,865
6530	Security payroll/contract	925
6570	Vehicle and maintenance equipment operation and repairs	2,262
6590	Miscellaneous operating and maintenance expenses	<u>264,004</u>

6500T	Total operating and maintenance expenses	1,026,393
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Northern SDHC FHA LLC
HUD Project No.: 129-11053

Supplementary Information

Statement of Operations Data
Year Ended June 30, 2025

<u>Account No.</u>			
Taxes and insurance			
6710	Real estate taxes	2,667	
6720	Property and liability insurance	74,167	
6722	Workmen's compensation	6,672	
6723	Health insurance and other employee benefits	111,655	
6790	Miscellaneous taxes, licenses, permits and insurance	<u>6,800</u>	
6700T	Total taxes and insurance		201,961
Financial expenses			
6820	Interest on first mortgage payable	503,778	
6850	Mortgage insurance premium/service charge	<u>58,343</u>	
6800T	Total financial expenses		<u>562,121</u>
6000T	Total cost of operations before depreciation		<u>2,597,718</u>
5060T	Income (loss) before depreciation		<u>1,182,753</u>
Depreciation			
6600	Depreciation expense	<u>401,501</u>	
	Total depreciation		<u>401,501</u>
5060N	Operating income (loss)		<u>781,252</u>
	Total expenses		<u>2,999,219</u>
3250	Net income (loss)		<u><u>\$ 781,252</u></u>

**Northern SDHC FHA LLC
HUD Project No.: 129-11053**

Supplementary Information

**Statement of Operations Data
Year Ended June 30, 2025**

<u>Account No.</u>		
S1000-010	Total first mortgage (or bond) principal payments required during the audit year (12 monthly payments). Applies to all direct loans and HUD-held and fully-insured first mortgages.	<u>\$ 412,296</u>
S1000-020	Total of 12 monthly deposits in the audit year made to the replacement reserve account, as required by the regulatory agreement, even if payments may be temporarily suspended or reduced.	<u>\$ 5,125</u>
S1000-030	Replacement reserve, or residual receipts and releases which are included as expense items on the statement of operations.	<u>\$ 77,013</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program which are included as expense items on the statement of operations.	<u>\$ -</u>
S3100-120	Mortgage payable note detail (Section 236 only) Interest reduction payments from subsidy.	<u>\$ -</u>

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Supplementary Information

Statement of Member's Equity (Deficit) Data
Year Ended June 30, 2025

Member's equity (deficit) June 30, 2024	\$ (3,205,440)
Distributions	(960,108)
Contributions	135,806
Net income (loss)	<u>781,252</u>
Member's equity (deficit) June 30, 2025	<u><u>\$ (3,248,490)</u></u>

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Supplementary Information

Statement of Cash Flows Data
Year Ended June 30, 2025

<u>Account No.</u>		
	Cash flows from operating activities	
S1200-010	Rental receipts	\$ 3,475,131
S1200-020	Interest receipts	1,381
S1200-030	Other operating receipts	<u>227,844</u>
S1200-040	Total receipts	<u>3,704,356</u>
S1200-050	Administrative expenses paid	(81,670)
S1200-070	Management fees paid	(177,799)
S1200-090	Utilities paid	(291,962)
S1200-100	Salaries and wages paid	(244,265)
S1200-110	Operating and maintenance paid	(622,675)
S1200-120	Real estate taxes paid	(2,667)
S1200-140	Property insurance paid	(74,167)
S1200-150	Miscellaneous taxes and insurance paid	(6,800)
S1200-170	Other operating expenses paid	(118,327)
S1200-180	Interest paid on first mortgage	(487,554)
S1200-210	Mortgage insurance premium paid	<u>(57,729)</u>
S1200-230	Total disbursements	<u>(2,165,615)</u>
S1200-240	Net cash provided by operating activities	<u>1,538,741</u>
	Cash flows from investing activities	
S1200-245	Net withdrawals from mortgage escrows	1,400
S1200-250	Net withdrawals from reserve for replacements	71,773
S1200-330	Net purchases of fixed assets	<u>(312,135)</u>
S1200-350	Net cash used in investing activities	<u>(238,962)</u>
	Cash flows from financing activities	
S1200-360	Mortgage principal payments - first mortgage	(412,296)
S1200-420	Distributions to member	(960,108)
S1200-430	Contributions by member	<u>135,806</u>
S1200-460	Net cash used in financing activities	<u>(1,236,598)</u>
S1200-470	Net increase in cash	63,181
S1200-480	Cash, beginning	<u>749,121</u>
S1200T	Cash, end	<u><u>\$ 812,302</u></u>

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Supplementary Information

Statement of Cash Flows Data
Year Ended June 30, 2025

<u>Account No.</u>			
	Reconciliation of net income (loss) to net cash provided by operating activities		
3250	Net income (loss)		<u>\$ 781,252</u>
	Adjustments to reconcile net income (loss) to net cash provided by operating activities		
6600	Depreciation		401,501
S1200-486	Amortization of debt issuance costs		17,516
	Changes in asset and liability accounts		
	(Increase) decrease in assets		
S1200-490	Tenant accounts receivable		(40,922)
S1200-500	Accounts receivable - other		18,013
S1200-520	Prepaid expenses		614
S1200-530	Tenant security deposits funded		758
	Increase (decrease) in liabilities		
S1200-540	Accounts payable		168,391
S1200-560	Accrued liabilities		(10,819)
S1200-570	Accrued interest payable		(1,292)
S1200-580	Tenant security deposits held in trust		(758)
S1200-590	Prepaid revenue		16,995
S1200-605	Entity/construction liability accounts (include detail)		
S1200-606	Accounts payable - entity	<u>\$ 133,113</u>	133,113
S1200-600	Other adjustments (include detail)		
S1200-601	Bad debts	<u>54,379</u>	<u>54,379</u>
	Total adjustments		<u>757,489</u>
S1200-610	Net cash provided by operating activities		<u>\$ 1,538,741</u>
S1200-620	Comments		
	Increase in rental property included in accounts payable - operations		<u>\$ 274,907</u>

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Supplementary Information
Year Ended June 30, 2025

Reserve for Replacements

<u>Account No.</u>		
1320P	Balance at June 30, 2024	\$ 188,176
1320DT	Total monthly deposits	5,125
1320INT	Interest income	115
1320WT	Approved withdrawals	<u>(77,013)</u>
1320	Balance at June 30, 2025	<u><u>\$ 116,403</u></u>

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Supplementary Information
Period Ended December 31, 2024

Mid-Year Computation of Surplus Cash

<u>Account No.</u>	<u>Part A - Compute Surplus Cash</u>	
S1400-020	Cash (Accounts 1120, 1170 and 1191)	\$ 1,046,621
S1400-030	Accounts receivable - HUD	<u>59</u>
S1400-050	Total cash	<u>1,046,680</u>
S1400-060	Accrued mortgage interest payable	40,578
S1400-070	Delinquent mortgage principal payments	-
S1400-080	Delinquent deposits to reserve for replacements	-
S1400-090	Accounts payable (due within 30 days)	49,469
S1400-100	Loans and notes payable (due within 30 days)	-
S1400-110	Deficient tax, insurance or MIP escrow deposits	-
S1400-120	Accrued expenses (not escrowed)	-
S1400-130	Prepaid revenue (Account 2210)	57,479
S1400-140	Tenant security deposits liability (Account 2191)	114,746
S1400-150	Other current obligations (describe in detail)	
S1400-160	Accounts payable - entity	<u>\$ 171,436</u>
		<u>171,436</u>
S1400-180	Less total current obligations	<u>433,708</u>
S1400-190	Surplus cash (deficiency)	<u>\$ 612,972</u>
S1400-240	Amount available for distribution during next fiscal period	<u>\$ 612,972</u>

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Supplementary Information
Year Ended June 30, 2025

Computation of Surplus Cash

<u>Account No.</u>	<u>Part A - Compute Surplus Cash</u>	
S1300-010	Cash (Accounts 1120, 1170 and 1191)	\$ 930,393
1135	Accounts receivable - HUD	<u>-</u>
S1300-040	Total cash	<u>930,393</u>
S1300-050	Accrued mortgage interest payable	39,926
S1300-060	Delinquent mortgage principal payments	-
S1300-070	Delinquent deposits to reserve for replacements	-
S1300-075	Accounts payable (due within 30 days)	601,323
S1300-080	Loans and notes payable (due within 30 days)	-
S1300-090	Deficient tax, insurance or MIP escrow deposits	-
S1300-100	Accrued expenses (not escrowed)	40,827
2210	Prepaid revenue (Account 2210)	68,256
2191	Tenant security deposits liability (Account 2191)	118,082
S1300-110	Other current obligations (describe in detail)	
S1300-120	Accounts payable - entity	<u>\$ 61,979</u>
		<u>61,979</u>
S1300-140	Less total current obligations	<u>930,393</u>
S1300-150	Surplus cash (deficiency)	<u>\$ -</u>
S1300-200	Amount available for distribution during next fiscal period	<u>\$ -</u>

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Supplementary Information
Year Ended June 30, 2025

Changes in Fixed Asset Accounts

	Assets			
	Balance 6/30/24	Additions	Deductions	Balance 6/30/25
Land	\$ 3,690,974	\$ -	\$ -	\$ 3,690,974
Buildings	11,069,327	587,042	-	11,656,369
Building equipment - portable	55,380	-	-	55,380
	<u>\$ 14,815,681</u>	<u>\$ 587,042</u>	<u>\$ -</u>	<u>\$ 15,402,723</u>
Accumulated depreciation	<u>\$ 6,023,590</u>	<u>\$ 401,501</u>	<u>\$ -</u>	<u>\$ 6,425,091</u>
Total net book value				<u>\$ 8,977,632</u>

Fixed Asset Detail

Additions to Buildings Account

Item and quantity	Amount
Glenhaven Repipe	\$ 350,508
Muir Ave Sewer Line Bypass	236,534
	<u>\$ 587,042</u>

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Supplementary Information
Year Ended June 30, 2025

Detail of Accounts - Balance Sheet

Accounts and Notes Receivable - Operations (Account No. 1140)

Other	
Insurance claims receivable	\$ 94,440
Interest rebatate - Build America Bonds	160,491
	<u>160,491</u>
	<u>\$ 254,931</u>

Detail of Accounts - Statement of Operations

Miscellaneous Other Revenue (Account No. 5990)

Misc Income	\$ 2,539
Interest Rebate - Build America Bonds	160,491
	<u>160,491</u>
	<u>\$ 163,030</u>

Miscellaneous Operating and Maintenance Expenses (Account No. 6590)

Prof Consultants(Capital Budgets Only)	\$ 49,370
CN Arch - Balconies / Elevated Walkways / Stairs	140,733
CN Arch - Exterior Walls / Siding	34,663
CN M&E - Boilers / Water Heaters	4,333
CN DU - Appliances / CO2 Detectors	2,493
CN DU - Flooring / Carpeting	32,412
	<u>32,412</u>
	<u>\$ 264,004</u>

Other Information

Related party transactions detail:

<u>Account No.</u>	<u>Entity name</u>	<u>Amount paid</u>
S3100-210	Management fee paid to SDHC	<u>\$ 177,799</u>

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

To the Sole Member
Northern SDHC FHA LLC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northern SDHC FHA LLC, which comprise the balance sheet as of June 30, 2025, and the related statements of operations, member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern SDHC FHA LLC's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northern SDHC FHA LLC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northern SDHC FHA LLC's internal control over financial reporting.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A stylized, handwritten-style signature of "CohnReznick LLP" in black ink.

Sacramento, California
September 22, 2025

Independent Auditor's Report on Compliance for the Major HUD
Program and Report on Internal Control over Compliance Required by the
Consolidated Audit Guide for Audits of HUD Programs

To the Sole Member
Northern SDHC FHA LLC

Report on Compliance for the Major HUD Program

Opinion on the Major HUD Program

We have audited Northern SDHC FHA LLC's compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") that could have a direct and material effect on Northern SDHC FHA LLC's major U.S. Department of Housing and Urban Development ("HUD") program for the year ended June 30, 2025. Northern SDHC FHA LLC's major HUD program and the related direct and material compliance requirements are as follows:

Name of Major HUD Program	Direct and Material Compliance Requirements
Section 223(f) - Mortgage Insurance Program	Fair housing and nondiscrimination, mortgage loan status, reserve for replacements, distributions to owners, equity skimming, cash receipts, cash disbursements, tenant leasing and eligibility, security deposits, management functions, unauthorized ownership changes, and unauthorized project loans.

In our opinion, Northern SDHC FHA LLC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major HUD program for the year ended June 30, 2025.

Basis for Opinion on the Major HUD Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northern SDHC FHA LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for the major HUD program. Our audit does not provide a legal determination of Northern SDHC FHA LLC's compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grant agreements applicable to its HUD programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on Northern SDHC FHA LLC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northern SDHC FHA LLC's compliance with the requirements of the major HUD program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northern SDHC FHA LLC's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of Northern SDHC FHA LLC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of Northern SDHC FHA LLC's internal control. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink that reads "CohnReznick LLP".

Sacramento, California
September 22, 2025

Northern SDHC FHA LLC
HUD Project No.: 129-11053

Schedule of Findings, Questioned Costs and Recommendations
June 30, 2025

Our audit disclosed no findings that are required to be reported herein under the HUD Consolidated Audit Guide.

**Northern SDHC FHA LLC
HUD Project No.: 129-11053**

**Schedule of the Status of Prior Audit Findings,
Questioned Costs and Recommendations
June 30, 2025**

1. Audit Report, dated September 25, 2024 for the year ended June 30, 2024, issued by CohnReznick LLP.
 - There are no open findings from the prior audit period.
2. There were no reports issued by HUD OIG or other federal agencies or contract administrators during the period covered by this audit.
3. There were no letters or reports issued by HUD management during the period covered by this audit.



Independent Member of Nexia

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Attachment 7

**Southern SDHC FHA LLC
HUD Project No.: 129-11055**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2025

Southern SDHC FHA LLC
HUD Project No.: 129-11055

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Southern SDHC FHA LLC
HUD Project No.: 129-11055

June 30, 2025

Mortgagor's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary data of Southern SDHC FHA LLC and, to the best of our knowledge and belief, the same are complete and accurate.

Sole Member
San Diego Housing Commission

Suket Dayal Date
Executive Vice President of Business Administration
and Chief Financial Officer
Telephone Number: (619) 578-7608

Beto Juarez Date
S. Vice President of Property and Asset Management

Southern SDHC FHA LLC
HUD Project No.: 129-11055

June 30, 2025

Managing Agent's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary data of Southern SDHC FHA LLC and, to the best of our knowledge and belief, the same are complete and accurate.

Managing Agent

San Diego Housing Commission

Beto Juarez Date
S. Vice President of Property and Asset Management

Suket Dayal
Executive Vice President of
Business Administration &
Chief Financial Officer

Managing Agent Taxpayer
Identification Number: 95-3390896

Independent Auditor's Report

To the Sole Member
Southern SDHC FHA LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southern SDHC FHA LLC, which comprise the balance sheet as of June 30, 2025, and the related statements of operations, member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Southern SDHC FHA LLC as of June 30, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southern SDHC FHA LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southern SDHC FHA LLC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southern SDHC FHA LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southern SDHC FHA LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The HUD-required financial data templates are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the HUD-required financial data templates are fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

The Schedule of the Status of Prior Audit Findings, Questioned Costs and Recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2025 on our consideration of Southern SDHC FHA LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southern SDHC FHA LLC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southern SDHC FHA LLC's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CohnReznick LLP".

Sacramento, California
September 22, 2025

Lead Auditor: Ahamadou Alainchar Bocar, CPA

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Balance Sheet
June 30, 2025

Assets

Current assets	
Cash - operations	\$ 1,270,012
Tenant accounts receivable	40,969
Allowance for doubtful accounts	(9,338)
Accounts receivable - HUD	149
Accounts and notes receivable - operations	56,668
Prepaid expenses	27,509
	<hr/>
Total current assets	1,385,969
	<hr/>
Deposits held in trust - funded	
Tenant deposits	236,591
	<hr/>
Restricted deposits and funded reserves	
Escrow deposits	74,001
Reserve for replacements	507,029
	<hr/>
Total restricted deposits and funded reserves	581,030
	<hr/>
Rental property	
Land	3,682,655
Buildings and improvements	14,289,730
Dwelling equipment	209,416
	<hr/>
	18,181,801
Less accumulated depreciation	(6,818,472)
	<hr/>
Total rental property	11,363,329
	<hr/>
Total assets	\$ 13,566,919
	<hr/> <hr/>

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Balance Sheet
June 30, 2025

Liabilities and Member's Equity (Deficit)

Current liabilities	
Accounts payable - operations	\$ 998,055
Accounts payable - entity	125,717
Accrued wages payable	47,402
Accrued management fee payable	25,838
Accrued interest payable - first mortgage	57,075
Mortgage payable - first mortgage, current maturities	611,938
Prepaid revenue	<u>88,704</u>
Total current liabilities	<u>1,954,729</u>
Deposits liability	
Tenant deposits held in trust (contra)	<u>236,574</u>
Long-term liabilities	
Mortgage payable - first mortgage, net	<u>17,285,133</u>
Total long-term liabilities	<u>17,285,133</u>
Total liabilities	<u>19,476,436</u>
Member's equity (deficit)	<u>(5,909,517)</u>
Total liabilities and member's equity (deficit)	<u><u>\$ 13,566,919</u></u>

See Notes to Financial Statements.

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Statement of Operations
Year Ended June 30, 2025

Rental revenue	
Rent revenue - gross potential	\$ 4,443,702
Tenant assistance payments	<u>1,549,877</u>
Total rental revenue	<u>5,993,579</u>
Vacancies	
Apartments	(107,890)
Rental concessions	<u>(61,442)</u>
Total vacancies	<u>(169,332)</u>
Net rental revenue	<u>5,824,247</u>
Financial revenue	
Financial revenue - project operations	2,253
Revenue from investments - replacement reserve	<u>365</u>
Total financial revenue	<u>2,618</u>
Other revenue	
Laundry and vending	48,149
Tenant charges	46,441
Miscellaneous revenue	<u>233,128</u>
Total other revenue	<u>327,718</u>
Total revenue	<u>6,154,583</u>

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Statement of Operations
Year Ended June 30, 2025

Administrative expenses	
Other renting expenses	1,184
Office salaries	234,934
Office expenses	28,153
Management fee	292,691
Administrative rent free unit	49,831
Legal expense - project	39,881
Auditing expense	14,752
Bad debts	27,768
Miscellaneous administrative expenses	28,325
	<hr/>
Total administrative expenses	717,519
	<hr/>
Utilities expense	
Electricity	41,456
Water	248,272
Gas	58,709
Sewer	99,896
	<hr/>
Total utilities expense	448,333
	<hr/>
Operating and maintenance expenses	
Payroll	234,361
Supplies	75,574
Contracts	1,199,622
Garbage and trash removal	133,550
Security payroll/contract	65,773
Vehicle and maintenance equipment operation and repairs	4,340
	<hr/>
Total operating and maintenance expenses	1,713,220
	<hr/>

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Statement of Operations
Year Ended June 30, 2025

Taxes and insurance	
Property and liability insurance	132,759
Workmen's compensation	12,994
Health insurance and other employee benefits	194,305
Miscellaneous taxes, licenses, permits and insurance	<u>12,590</u>
Total taxes and insurance	<u>352,648</u>
Financial expenses	
Interest on first mortgage payable	719,135
Mortgage insurance premium/service charge	<u>83,403</u>
Total financial expenses	<u>802,538</u>
Total cost of operations before depreciation	<u>4,034,258</u>
Income (loss) before depreciation	<u>2,120,325</u>
Depreciation	
Depreciation expense	<u>600,740</u>
Total depreciation	<u>600,740</u>
Total expenses	<u>4,634,998</u>
Net income (loss)	<u><u>\$ 1,519,585</u></u>

See Notes to Financial Statements.

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Statement of Member's Equity (Deficit)
Year Ended June 30, 2025

Member's equity (deficit) June 30, 2024	\$ (6,670,837)
Distributions	(1,737,392)
Contributions	979,127
Net income (loss)	<u>1,519,585</u>
Member's equity (deficit) June 30, 2025	<u><u>\$ (5,909,517)</u></u>

See Notes to Financial Statements.

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Statement of Cash Flows
Year Ended June 30, 2025

Cash flows from operating activities	
Rental receipts	\$ 5,893,634
Interest receipts	2,618
Other operating receipts	<u>327,718</u>
Total receipts	<u>6,223,970</u>
Administrative expenses paid	(112,295)
Management fees paid	(290,444)
Utilities paid	(448,333)
Salaries and wages paid	(538,475)
Operating and maintenance paid	(1,208,377)
Property insurance paid	(132,759)
Miscellaneous taxes and insurance paid	(12,590)
Net tenant security deposits received (paid)	12,334
Other operating expenses paid	(207,299)
Interest paid on first mortgage	(696,974)
Mortgage insurance premium paid	<u>(82,526)</u>
Total disbursements	<u>(3,717,738)</u>
Net cash provided by operating activities	<u>2,506,232</u>
Cash flows from investing activities	
Net withdrawals from mortgage escrows	2,001
Net deposits to reserve for replacements	(45,221)
Net purchases of fixed assets	<u>(1,056,832)</u>
Net cash used in investing activities	<u>(1,100,052)</u>
Cash flows from financing activities	
Mortgage principal payments - first mortgage	(589,391)
Distributions to member	(1,737,392)
Contributions by member	<u>979,127</u>
Net cash used in financing activities	<u>(1,347,656)</u>
Net increase in cash and restricted cash	58,524
Cash and restricted cash, beginning	<u>1,448,079</u>
Cash and restricted cash, end	<u><u>\$ 1,506,603</u></u>

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Statement of Cash Flows
Year Ended June 30, 2025

Reconciliation of net income (loss) to net cash provided by operating activities	
Net income (loss)	<u>\$ 1,519,585</u>
Adjustments to reconcile net income (loss) to net cash provided by operating activities	
Depreciation	600,740
Amortization of debt issuance costs	24,008
Bad debts	27,768
Changes in asset and liability accounts	
(Increase) decrease in assets	
Tenant accounts receivable	98,526
Accounts receivable - other	700
Prepaid expenses	877
Increase (decrease) in liabilities	
Accounts payable	78,992
Accrued liabilities	(1,160)
Accrued interest payable	(1,847)
Tenant security deposits held in trust	12,334
Prepaid revenue	19,992
Entity/construction liability accounts (include detail)	
Accounts payable - entity	<u>125,717</u>
Total adjustments	<u>986,647</u>
Net cash provided by operating activities	<u><u>\$ 2,506,232</u></u>
Significant noncash investing and financing activities	
Increase in rental property included in accounts payable - operations	<u><u>\$ 718,716</u></u>

See Notes to Financial Statements.

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Notes to Financial Statements
June 30, 2025

Note 1 - Organization and nature of operations

Southern SDHC FHA LLC (the "Company") was formed as a limited liability company under the laws of the State of California on July 13, 2010 for the purpose of owning and operating rental housing projects under Section 207, pursuant to Section 223(f) of the National Housing Act as regulated by the U.S. Department of Housing and Urban Development ("HUD") and is subject to restrictions as to the operating policies, rental charges, operating expenditures and distributions to the sole member. The Company has executed a limited liability company operating agreement (the "operating agreement") dated August 20, 2010. The Company properties consist of eight apartment complexes totaling 301 units located in San Diego, California (the "Projects"). The Projects are currently operating under the name of SDHC South Portfolio.

The Company is wholly-owned by San Diego Housing Commission ("SDHC"). The Company is also a blended component unit of SDHC.

The Company will continue to operate until July 13, 2065, unless dissolved earlier in accordance with the operating agreement.

Cash distributions are limited by agreements between the Company and HUD to the extent of surplus cash as defined by HUD.

Note 2 - Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Accordingly, income is recognized as earned and expensed as incurred, regardless of the timing of payments.

Tenant accounts receivable

Tenant accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on the historical collection experience and a review of the current status of tenants' accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2025, the allowance for doubtful accounts is \$9,338.

Rental property

Rental property is carried at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives by use of the straight-line method. The estimated useful lives of the assets are as follows:

Buildings and improvements	12 - 37 years
Dwelling equipment	5 years

Impairment of long-lived assets

The Company reviews its investment in rental property for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the Projects are less than its carrying amount, management compares the carrying amount of the Projects to its fair

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Notes to Financial Statements
June 30, 2025

value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended June 30, 2025.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Rental revenue

Rental revenue is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the Projects are operating leases.

Income taxes

The Company is a single member limited liability company and is a disregarded entity for federal income tax purposes and, as such, is not subject to income taxes. The Company's federal tax status as a pass-through entity is based on its legal status as a single member limited liability company. SDHC, the sole member of the Company, is a state agency which is exempt from filing any income tax returns. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure.

Advertising costs

Advertising and marketing costs are expensed as incurred.

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Restricted deposits and funded reserves

Escrow deposits

Under agreements with the mortgage lender and HUD, the Company is required to make monthly deposits to escrow accounts. Funds deposited are used to pay mortgage insurance premiums. As of June 30, 2025, the balance in the escrow deposits is \$74,001.

Reserve for replacements

The Company is required to make monthly deposits to a reserve for replacements account to fund future maintenance and replacement costs. Monthly payments of \$7,500 are required to be deposited with the mortgage lender. As of June 30, 2025, the balance in the reserve for replacements is \$507,029.

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Notes to Financial Statements
June 30, 2025

Note 4 - Mortgage payable

In August 2010, the Company entered into a mortgage agreement with PNC Bank, N.A., a national banking association, in the original amount of \$25,017,100. The mortgage is secured by a deed of trust and insured by HUD. The mortgage bears an annual interest rate of 3.76%. Principal and interest are paid in monthly installments of \$107,197 through maturity on September 1, 2045. As of June 30, 2025, the outstanding principal and accrued interest is \$18,215,448 and \$57,075, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$318,377 as of June 30, 2025, and are related to the first mortgage. Debt issuance costs on the above mortgage are being amortized using an imputed interest rate of 3.96%. Amortization of debt issuance costs is \$24,008 for the year ended June 30, 2025, and is included in interest on first mortgage payable on the statement of operations.

The liability of the Company under the mortgage note is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

The mortgage qualifies for an interest rebate subsidy from the U.S. Treasury under the Build America Bonds Program ("BABs"). During the year ended June 30, 2025, the Company earned BABs interest rebate of \$229,427, which is included in miscellaneous revenue on the statement of operations.

Aggregate annual maturities of the mortgage payable over each of the next five years and thereafter subsequent to June 30, 2025 are as follows:

2026	\$	611,938
2027		635,347
2028		659,652
2029		684,887
2030		711,087
Thereafter		<u>14,912,537</u>
Subtotal		18,215,448
Less unamortized debt issuance costs		<u>(318,377)</u>
Total	\$	<u><u>17,897,071</u></u>

Note 5 - Management fee

The Company has entered into an agreement with SDHC in connection with the management of the rental operations of the Projects. The property management fee is based on 5% of the effective gross income of the Projects, as defined. For the year ended June 30, 2025, management fees of \$292,691 were incurred and charged to operations, of which \$25,838 remain payable at June 30, 2025.

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Notes to Financial Statements
June 30, 2025

Note 6 - Statement of cash flows

The following table provides a reconciliation of cash and restricted cash reported within the balance sheet that sum to the total of the same such amounts in the statement of cash flows:

Cash	\$ 1,270,012
Tenant deposits	<u>236,591</u>
 Total cash and restricted cash shown in the statement of cash flows	 <u><u>\$ 1,506,603</u></u>

The amount included in restricted cash consists of security deposits held in trust for the future benefit of tenants upon moving out of the Projects as required by the regulatory authority.

Note 7 - Housing assistance payments

Certain tenants of the Projects are recipients of Housing Choice Vouchers awarded by SDHC under Section 8 of the National Housing Act. During the year ended June 30, 2025, the Company recognized housing assistance payments revenue amounting to \$1,549,877.

Note 8 - Concentration of credit risk

The Company maintains its cash accounts with various financial institutions. At times, these balances may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Bank balances are fully insured and/or collateralized with securities held by the pledging financial institutions in SDHC's, the Company's sole member, name as discussed below.

Cash deposits are secured by pledging securities as collateral. 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 are considered to be held in SDHC's name. The fair value of pledged securities must equal at least 110% of SDHC's cash deposits. California law also allows institutions to secure SDHC deposits by pledging first trust deed mortgage notes having a value of 150% of SDHC's total cash deposits. SDHC may waive collateral requirements for cash deposits that are fully insured by the Federal Deposit Insurance Corporation.

The Company believes that no significant concentration of credit risks exists with respect to these cash balances at June 30, 2025.

Note 9 - Current vulnerability due to certain concentrations

The Company's principal assets consist of eight apartment complexes totaling 301 units. The Company's operations are concentrated in the multifamily real estate market. In addition, the Company operates in a heavily regulated environment. The operations of the Company are subject to the administrative directives, rules and regulations of federal agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Notes to Financial Statements
June 30, 2025

Note 10 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Company through September 22, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information
Supporting Data Required by HUD

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Supplementary Information

Balance Sheet Data
June 30, 2025

		<u>Assets</u>	
<u>Account No.</u>			
Current assets			
1120	Cash - operations		\$ 1,270,012
1130	Tenant accounts receivable	\$ 40,969	
1131	Allowance for doubtful accounts	(9,338)	
1130N	Net tenants accounts receivable		31,631
1135	Accounts receivable - HUD		149
1140	Accounts and notes receivable - operations		56,668
1200	Prepaid expenses		27,509
1100T	Total current assets		1,385,969
Deposits held in trust - funded			
1191	Tenant deposits		236,591
Restricted deposits and funded reserves			
1310	Escrow deposits	74,001	
1320	Reserve for replacements	507,029	
1300T	Total deposits		581,030
Rental property			
1410	Land	3,682,655	
1420	Buildings	14,289,730	
1470	Maintenance equipment	209,416	
1400T	Total fixed assets	18,181,801	
1495	Less accumulated depreciation	(6,818,472)	
1400N	Net fixed assets		11,363,329
1000T	Total assets		\$ 13,566,919

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Supplementary Information

Balance Sheet Data
June 30, 2025

<u>Account No.</u>		<u>Liabilities and Member's Equity (Deficit)</u>	
Current liabilities			
2110	Accounts payable - operations	\$	998,055
2113	Accounts payable - entity		125,717
2120	Accrued wages payable		47,402
2123	Accrued management fee payable		25,838
2131	Accrued interest payable - first mortgage		57,075
2170	Mortgage payable - first mortgage (short-term)		611,938
2210	Prepaid revenue		<u>88,704</u>
2122T	Total current liabilities		1,954,729
Deposits liability			
2191	Tenant deposits held in trust (contra)		236,574
Long-term liabilities			
2320	Mortgage payable - first mortgage	<u>\$ 17,285,133</u>	
2300T	Total long-term liabilities		<u>17,285,133</u>
2000T	Total liabilities		19,476,436
3130	Member's equity (deficit)		<u>(5,909,517)</u>
2033T	Total liabilities and member's equity (deficit)	\$	<u>13,566,919</u>

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Supplementary Information

Statement of Operations Data
Year Ended June 30, 2025

<u>Account No.</u>			
Rental revenue			
5120	Rent revenue - gross potential	\$ 4,443,702	
5121	Tenant assistance payments	<u>1,549,877</u>	
5100T	Total rental revenue		\$ 5,993,579
Vacancies			
5220	Apartments	(107,890)	
5250	Rental concessions	<u>(61,442)</u>	
5200T	Total vacancies		<u>(169,332)</u>
5152N	Net rental revenue		5,824,247
Financial revenue			
5410	Financial revenue - project operations	2,253	
5440	Revenue from investments - replacement reserve	<u>365</u>	
5400T	Total financial revenue		2,618
Other revenue			
5910	Laundry and vending	48,149	
5920	Tenant charges	46,441	
5990	Miscellaneous revenue	<u>233,128</u>	
5900T	Total other revenue		<u>327,718</u>
5000T	Total revenue		<u>6,154,583</u>

**Southern SDHC FHA LLC
HUD Project No.: 129-11055**

Supplementary Information

**Statement of Operations Data
Year Ended June 30, 2025**

Account No.

Administrative expenses

6250	Other renting expenses	1,184
6310	Office salaries	234,934
6311	Office expenses	28,153
6320	Management fee	292,691
6331	Administrative rent free unit	49,831
6340	Legal expense - project	39,881
6350	Auditing expense	14,752
6370	Bad debts	27,768
6390	Miscellaneous administrative expenses	<u>28,325</u>

6263T	Total administrative expenses	717,519
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Utilities expense

6450	Electricity	41,456
6451	Water	248,272
6452	Gas	58,709
6453	Sewer	<u>99,896</u>

6400T	Total utilities expense	448,333
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Operating and maintenance expenses

6510	Payroll	234,361
6515	Supplies	75,574
6520	Contracts	1,199,622
6525	Garbage and trash removal	133,550
6530	Security payroll/contract	65,773
6570	Vehicle and maintenance equipment operation and repairs	<u>4,340</u>

6500T	Total operating and maintenance expenses	1,713,220
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Southern SDHC FHA LLC
HUD Project No.: 129-11055

Supplementary Information

Statement of Operations Data
Year Ended June 30, 2025

Account No.

Taxes and insurance

6720	Property and liability insurance	132,759
6722	Workmen's compensation	12,994
6723	Health insurance and other employee benefits	194,305
6790	Miscellaneous taxes, licenses, permits and insurance	<u>12,590</u>

6700T	Total taxes and insurance	<u>352,648</u>
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Financial expenses

6820	Interest on first mortgage payable	719,135
6850	Mortgage insurance premium/service charge	<u>83,403</u>

6800T	Total financial expenses	<u>802,538</u>
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6000T	Total cost of operations before depreciation	<u>4,034,258</u>
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5060T	Income (loss) before depreciation	<u>2,120,325</u>
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Depreciation

6600	Depreciation expense	<u>600,740</u>
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	Total depreciation	<u>600,740</u>
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5060N	Operating income (loss)	<u>1,519,585</u>
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	Total expenses	<u>4,634,998</u>
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3250	Net income (loss)	<u><u>\$ 1,519,585</u></u>
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Southern SDHC FHA LLC
HUD Project No.: 129-11055

Supplementary Information

Statement of Operations Data
Year Ended June 30, 2025

<u>Account No.</u>	
S1000-010	Total first mortgage (or bond) principal payments required during the audit year (12 monthly payments). Applies to all direct loans and HUD-held and fully-insured first mortgages.
	<u>\$ 589,391</u>
S1000-020	Total of 12 monthly deposits in the audit year made to the replacement reserve account, as required by the regulatory agreement, even if payments may be temporarily suspended or reduced.
	<u>\$ 90,000</u>
S1000-030	Replacement reserve, or residual receipts and releases which are included as expense items on the statement of operations.
	<u>\$ 45,144</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program which are included as expense items on the statement of operations.
	<u>\$ -</u>
S3100-120	Mortgage payable note detail (Section 236 only) Interest reduction payments from subsidy.
	<u>\$ -</u>

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Supplementary Information

Statement of Member's Equity (Deficit) Data
Year Ended June 30, 2025

<u>Account No.</u>		
S1100-010	Member's equity (deficit) June 30, 2024	\$ (6,670,837)
S1200-420	Distributions	(1,737,392)
S1200-430	Contributions	979,127
3250	Net income (loss)	<u>1,519,585</u>
3130	Member's equity (deficit) June 30, 2025	<u><u>\$ (5,909,517)</u></u>

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Supplementary Information

Statement of Cash Flows Data
Year Ended June 30, 2025

<u>Account No.</u>		
	Cash flows from operating activities	
S1200-010	Rental receipts	\$ 5,893,634
S1200-020	Interest receipts	2,618
S1200-030	Other operating receipts	<u>327,718</u>
S1200-040	Total receipts	<u>6,223,970</u>
S1200-050	Administrative expenses paid	(112,295)
S1200-070	Management fees paid	(290,444)
S1200-090	Utilities paid	(448,333)
S1200-100	Salaries and wages paid	(538,475)
S1200-110	Operating and maintenance paid	(1,208,377)
S1200-140	Property insurance paid	(132,759)
S1200-150	Miscellaneous taxes and insurance paid	(12,590)
S1200-160	Net tenant security deposits received (paid)	(1)
S1200-170	Other operating expenses paid	(207,299)
S1200-180	Interest paid on first mortgage	(696,974)
S1200-210	Mortgage insurance premium paid	<u>(82,526)</u>
S1200-230	Total disbursements	<u>(3,730,073)</u>
S1200-240	Net cash provided by operating activities	<u>2,493,897</u>
	Cash flows from investing activities	
S1200-245	Net withdrawals from mortgage escrows	2,001
S1200-250	Net deposits to reserve for replacements	(45,221)
S1200-330	Net purchases of fixed assets	<u>(1,056,832)</u>
S1200-350	Net cash used in investing activities	<u>(1,100,052)</u>
	Cash flows from financing activities	
S1200-360	Mortgage principal payments - first mortgage	(589,391)
S1200-420	Distributions to member	(1,737,392)
S1200-430	Contributions by member	<u>979,127</u>
S1200-460	Net cash used in financing activities	<u>(1,347,656)</u>
S1200-470	Net increase in cash	46,189
S1200-480	Cash, beginning	<u>1,223,823</u>
S1200T	Cash, end	<u><u>\$ 1,270,012</u></u>

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Supplementary Information

Statement of Cash Flows Data
Year Ended June 30, 2025

<u>Account No.</u>			
	Reconciliation of net income (loss) to net cash provided by operating activities		
3250	Net income (loss)		\$ 1,519,585
	Adjustments to reconcile net income (loss) to net cash provided by operating activities		
6600	Depreciation		600,740
S1200-486	Amortization of debt issuance costs		24,008
	Changes in asset and liability accounts		
	(Increase) decrease in assets		
S1200-490	Tenant accounts receivable		98,526
S1200-500	Accounts receivable - other		700
S1200-520	Prepaid expenses		877
S1200-530	Tenant security deposits funded		(12,335)
	Increase (decrease) in liabilities		
S1200-540	Accounts payable		78,992
S1200-560	Accrued liabilities		(1,160)
S1200-570	Accrued interest payable		(1,847)
S1200-580	Tenant security deposits held in trust		12,334
S1200-590	Prepaid revenue		19,992
S1200-605	Entity/construction liability accounts (include detail)		
S1200-606	Accounts payable - entity	\$ 125,717	125,717
S1200-600	Other adjustments (include detail)		
S1200-601	Bad debts	27,768	27,768
	Total adjustments		974,312
S1200-610	Net cash provided by operating activities		\$ 2,493,897
S1200-620	Comments		
	Increase in rental property included in accounts payable - operations		\$ 718,716

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Supplementary Information
Year Ended June 30, 2025

Reserve for Replacements

<u>Account No.</u>			
1320P	Balance at June 30, 2024	\$	461,808
1320DT	Total monthly deposits		90,000
1320INT	Interest income		365
1320WT	Approved withdrawals		<u>(45,144)</u>
1320	Balance at June 30, 2025	\$	<u><u>507,029</u></u>

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Supplementary Information
Period Ended December 31, 2024

Mid-year Computation of Surplus Cash

<u>Account No.</u>	<u>Part A - Compute Surplus Cash</u>	
S1400-020	Cash (Accounts 1120, 1170 and 1191)	\$ 2,243,834
S1400-030	Accounts receivable - HUD	963
S1400-050	Total cash	2,244,797
S1400-060	Accrued mortgage interest payable	58,007
S1400-070	Delinquent mortgage principal payments	-
S1400-080	Delinquent deposits to reserve for replacements	-
S1400-090	Accounts payable (due within 30 days)	33,192
S1400-100	Loans and notes payable (due within 30 days)	-
S1400-110	Deficient tax, insurance or MIP escrow deposits	-
S1400-120	Accrued expenses (not escrowed)	-
S1400-130	Prepaid revenue (Account 2210)	91,993
S1400-140	Tenant security deposits liability (Account 2191)	233,895
S1400-150	Other current obligations (describe in detail)	
S1400-160	Accounts payable - entity	\$ 247,769
		247,769
S1400-180	Less total current obligations	664,856
S1400-190	Surplus cash (deficiency)	\$ 1,579,941
S1400-240	Amount available for distribution during next fiscal period	\$ 1,579,941

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Supplementary Information
Year Ended June 30, 2025

Computation of Surplus Cash, Distributions and Residual Receipts

<u>Account No.</u>	<u>Part A - Compute Surplus Cash</u>	
S1300-010	Cash (Accounts 1120, 1170 and 1191)	\$ 1,506,603
1135	Accounts receivable - HUD	149
		<hr/>
S1300-040	Total cash	1,506,752
		<hr/>
S1300-050	Accrued mortgage interest payable	57,075
S1300-060	Delinquent mortgage principal payments	-
S1300-070	Delinquent deposits to reserve for replacements	-
S1300-075	Accounts payable (due within 30 days)	998,055
S1300-080	Loans and notes payable (due within 30 days)	-
S1300-090	Deficient tax, insurance or MIP escrow deposits	-
S1300-100	Accrued expenses (not escrowed)	73,240
2210	Prepaid revenue (Account 2210)	88,704
2191	Tenant security deposits liability (Account 2191)	236,574
S1300-110	Other current obligations (describe in detail)	
S1300-120	Accounts payable - entity	<u>\$ 53,104</u>
		<hr/>
		53,104
		<hr/>
S1300-140	Less total current obligations	1,506,752
		<hr/>
S1300-150	Surplus cash (deficiency)	<u>\$ -</u>
		<hr/>
S1300-200	Amount available for distribution during next fiscal period	<u>\$ -</u>
		<hr/>

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Supplementary Information
Year Ended June 30, 2025

Changes in Fixed Asset Accounts

	Assets			Balance 6/30/25
	Balance 6/30/24	Additions	Deductions	
Land	\$ 3,682,655	\$ -	\$ -	\$ 3,682,655
Buildings	13,202,837	1,086,893	-	14,289,730
Maintenance equipment	185,617	23,799	-	209,416
	<u>\$ 17,071,109</u>	<u>\$ 1,110,692</u>	<u>\$ -</u>	<u>\$ 18,181,801</u>
Accumulated depreciation	<u>\$ 6,217,732</u>	<u>\$ 600,740</u>	<u>\$ -</u>	<u>\$ 6,818,472</u>
Total net book value				<u>\$ 11,363,329</u>

Fixed Asset Detail

Additions to Buildings Account

Item and quantity	Amount
Roof replacement	\$ 197,024
Plumbing re-pipe	361,545
Structural roof repairs	528,324
	<u>\$ 1,086,893</u>

Additions to Maintenance Equipment Account

Item and quantity	Amount
Water heater replacement	<u>\$ 23,799</u>

Southern SDHC FHA LLC
HUD Project No.: 129-11055

Supplementary Information
Year Ended June 30, 2025

Detail of Accounts - Balance Sheet

Accounts and Notes Receivable - Operations (Account No. 1140)

Other	
Interest rebate - Build America Bonds	<u>\$ 56,668</u>

Detail of Accounts - Statement of Operations

Miscellaneous Other Revenue (Account No. 5990)

Miscellaneous income	\$ 3,701
Interest rebate - Build America Bonds	<u>229,427</u>
	<u>\$ 233,128</u>

Other Information

Related party transactions detail:

<u>Account No.</u>	<u>Entity name</u>	<u>Amount paid</u>
S3100-210	Management fee paid to SDHC	<u>\$ 290,444</u>

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

To the Sole Member
Southern SDHC FHA LLC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southern SDHC FHA LLC, which comprise the balance sheet as of June 30, 2025, and the related statements of operations, member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southern SDHC FHA LLC's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southern SDHC FHA LLC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Southern SDHC FHA LLC's internal control over financial reporting.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Sacramento, California
September 22, 2025

Independent Auditor's Report on Compliance for the Major HUD Program
and Report on Internal Control over Compliance Required by the
Consolidated Audit Guide for Audits of HUD Programs

To the Sole Member
Southern SDHC FHA LLC

Report on Compliance for the Major HUD Program

Opinion on the Major HUD Program

We have audited Southern SDHC FHA LLC's compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") that could have a direct and material effect on Southern SDHC FHA LLC's major U.S. Department of Housing and Urban Development ("HUD") program for the year ended June 30, 2025. Southern SDHC FHA LLC's major HUD program and the related direct and material compliance requirements are as follows:

Name of Major HUD Program	Direct and Material Compliance Requirements
Section 223(f) - Mortgage Insurance Program	Fair housing and nondiscrimination, mortgage loan status, reserve for replacements, distributions to owners, equity skimming, cash receipts, cash disbursements, tenant leasing and eligibility, security deposits, management functions, unauthorized ownership changes, and unauthorized project loans.

In our opinion, Southern SDHC FHA LLC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major HUD program for the year ended June 30, 2025.

Basis for Opinion on the Major HUD Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Southern SDHC FHA LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for the major HUD program. Our audit does not provide a legal determination of Southern SDHC FHA LLC's compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grant agreements applicable to its HUD programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on Southern SDHC FHA LLC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Southern SDHC FHA LLC's compliance with the requirements of the major HUD program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Southern SDHC FHA LLC's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of Southern SDHC FHA LLC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of Southern SDHC FHA LLC's internal control. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A stylized, handwritten-style signature of "CohnReznick LLP" in black ink.

Sacramento, California
September 22, 2025

**Southern SDHC FHA LLC
HUD Project No.: 129-11055**

**Schedule of Findings, Questioned Costs and Recommendations
June 30, 2025**

Our audit disclosed no findings that are required to be reported herein under the HUD Consolidated Audit Guide.

**Southern SDHC FHA LLC
HUD Project No.: 129-11055**

**Schedule of the Status of Prior Audit Findings,
Questioned Costs and Recommendations
June 30, 2025**

1. Audit Report, dated September 26, 2024, for the year ended June 30, 2024, issued by CohnReznick LLP.

There are no open findings from the prior audit report.

2. There were no reports issued by HUD OIG or other federal agencies or contract administrators during the period covered by this audit.
3. There were no other letters or reports issued by HUD management during the period covered by this audit.



Independent Member of Nexia

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Attachment 8

**Central SDHC FHA LLC
HUD Project No.: 129-11054**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2025

Central SDHC FHA LLC
HUD Project No.: 129-11054

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**Central SDHC FHA LLC
HUD Project No.: 129-11054**

June 30, 2025

Mortgagor's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary data of Central SDHC FHA LLC and, to the best of our knowledge and belief, the same are complete and accurate.

Sole Member

San Diego Housing Commission

Suket Dayal Date
Executive Vice President of Business Administration
and Chief Financial Officer
Telephone Number: (619) 578-7608

Beto Juarez Date
S. Vice President of Property and Asset Management

Central SDHC FHA LLC
HUD Project No.: 129-11054

June 30, 2025

Managing Agent's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary data of Central SDHC FHA LLC and, to the best of our knowledge and belief, the same are complete and accurate.

Managing Agent

San Diego Housing Commission

Beto Juarez Date
S. Vice President of Property and Asset Management

Suket Dayal
Executive Vice President of
Business Administration &
Chief Financial Officer

Managing Agent Taxpayer
Identification Number: 95-3390896

Independent Auditor's Report

To the Sole Member
Central SDHC FHA LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Central SDHC FHA LLC, which comprise the balance sheet as of June 30, 2025, and the related statements of operations, member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Central SDHC FHA LLC as of June 30, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central SDHC FHA LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Central SDHC FHA LLC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central SDHC FHA LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central SDHC FHA LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The HUD-required financial data templates are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the HUD-required financial data templates are fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

The Schedule of the Status of Prior Audit Findings, Questioned Costs and Recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2025 on our consideration of Central SDHC FHA LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central SDHC FHA LLC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central SDHC FHA LLC's internal control over financial reporting and compliance.



Sacramento, California
September 24, 2025

Lead Auditor: Ahamadou Alainchar Bocar, CPA

Central SDHC FHA LLC
HUD Project No.: 129-11054

Balance Sheet
June 30, 2025

Assets

Current assets	
Cash - operations	\$ 653,515
Tenant accounts receivable	129,621
Allowance for doubtful accounts	(29,077)
Accounts receivable - HUD	9,780
Accounts and notes receivable - operations	86,134
Prepaid expenses	<u>21,500</u>
Total current assets	<u>871,473</u>
Deposits held in trust - funded	
Tenant deposits	<u>162,099</u>
Restricted deposits and funded reserves	
Escrow deposits	41,864
Reserve for replacements	<u>280,927</u>
Total restricted deposits and funded reserves	<u>322,791</u>
Rental property	
Land	3,852,360
Buildings	9,961,167
Maintenance equipment	<u>111,226</u>
	13,924,753
Less accumulated depreciation	<u>(5,334,375)</u>
Total rental property	<u>8,590,378</u>
Total assets	<u><u>\$ 9,946,741</u></u>

Central SDHC FHA LLC
HUD Project No.: 129-11054

Balance Sheet
June 30, 2025

Liabilities and Member's Equity (Deficit)

Current liabilities	
Accounts payable - operations	\$ 214,287
Accounts payable - entity	116,293
Accrued wages payable	42,550
Accrued management fee payable	19,031
Accrued interest payable - first mortgage	34,736
Mortgage payable - first mortgage, current maturities	386,004
Prepaid revenue	57,047
	<hr/>
Total current liabilities	869,948
	<hr/>
Deposits liability	
Tenant deposits held in trust (contra)	162,087
	<hr/>
Long-term liabilities	
Mortgage payable - first mortgage, net	10,821,746
	<hr/>
Total long-term liabilities	10,821,746
	<hr/>
Total liabilities	11,853,781
	<hr/>
Contingency	-
	<hr/>
Member's equity (deficit)	(1,907,040)
	<hr/>
Total liabilities and member's equity (deficit)	\$ 9,946,741
	<hr/>

See Notes to Financial Statements.

Central SDHC FHA LLC
HUD Project No.: 129-11054

Statement of Operations
Year Ended June 30, 2025

Rental revenue	
Rent revenue - gross potential	\$ 3,745,516
Tenant assistance payments	<u>1,258,646</u>
Total rental revenue	<u>5,004,162</u>
Vacancies	
Apartments	(508,140)
Rental concessions	<u>(28,493)</u>
Total vacancies	<u>(536,633)</u>
Net rental revenue	<u>4,467,529</u>
Financial revenue	
Financial revenue - project operations	966
Revenue from investments - replacement reserve	<u>243</u>
Total financial revenue	<u>1,209</u>
Other revenue	
Laundry and vending	23,873
Tenant charges	<u>39,942</u>
Total other revenue	<u>63,815</u>
Total revenue	<u>4,532,553</u>

Central SDHC FHA LLC
HUD Project No.: 129-11054

Statement of Operations
Year Ended June 30, 2025

Administrative expenses	
Other renting expenses	9,753
Office salaries	229,120
Office expenses	34,444
Management fee	225,140
Administrative rent free unit	28,548
Legal expense - project	77,568
Auditing expense	14,748
Bad debts	422,963
Miscellaneous administrative expenses	9,791
	<hr/>
Total administrative expenses	1,052,075
	<hr/>
Utilities expense	
Electricity	28,284
Water	292,790
Gas	43,631
Sewer	177,477
	<hr/>
Total utilities expense	542,182
	<hr/>
Operating and maintenance expenses	
Payroll	197,783
Supplies	52,222
Contracts	807,749
Garbage and trash removal	99,458
Security payroll/contract	72,227
Vehicle and maintenance equipment operation and repairs	5,416
	<hr/>
Total operating and maintenance expenses	1,234,855
	<hr/>

Central SDHC FHA LLC
HUD Project No.: 129-11054

Statement of Operations
Year Ended June 30, 2025

Taxes and insurance	
Real estate taxes	1,609
Property and liability insurance	99,931
Workmen's compensation	12,015
Health insurance and other employee benefits	172,541
Miscellaneous taxes, licenses, permits and insurance	<u>6,800</u>
Total taxes and insurance	<u>292,896</u>
Financial expenses	
Interest on first mortgage payable	439,106
Mortgage insurance premium/service charge	<u>52,295</u>
Total financial expenses	<u>491,401</u>
Total cost of operations before depreciation	<u>3,613,409</u>
Income (loss) before depreciation	<u>919,144</u>
Depreciation	
Depreciation expense	<u>415,034</u>
Total depreciation	<u>415,034</u>
Total expenses	<u>4,028,443</u>
Net income (loss)	<u><u>\$ 504,110</u></u>

See Notes to Financial Statements.

Central SDHC FHA LLC
HUD Project No.: 129-11054

Statement of Member's Equity (Deficit)
Year Ended June 30, 2025

Member's equity (deficit) June 30, 2024	\$ (1,726,596)
Distributions	(693,154)
Contributions	8,600
Net income (loss)	<u>504,110</u>
Member's equity (deficit) June 30, 2025	<u><u>\$ (1,907,040)</u></u>

See Notes to Financial Statements.

Central SDHC FHA LLC
HUD Project No.: 129-11054

Statement of Cash Flows
Year Ended June 30, 2025

Cash flows from operating activities	
Rental receipts	\$ 4,069,821
Interest receipts	1,209
Other operating receipts	<u>63,815</u>
Total receipts	<u>4,134,845</u>
Administrative expenses paid	(125,747)
Management fees paid	(224,565)
Utilities paid	(542,182)
Salaries and wages paid	(511,043)
Operating and maintenance paid	(1,046,164)
Real estate taxes paid	(1,609)
Property insurance paid	(99,931)
Miscellaneous taxes and insurance paid	(6,800)
Net tenant security deposits paid	(4,467)
Other operating expenses paid	(184,556)
Interest paid on first mortgage	(424,233)
Mortgage insurance premium paid	<u>(51,600)</u>
Total disbursements	<u>(3,222,897)</u>
Net cash provided by operating activities	<u>911,948</u>
Cash flows from investing activities	
Net withdrawals from mortgage escrows	1,137
Net withdrawals from reserve for replacements	38,095
Net purchases of fixed assets	<u>(8,161)</u>
Net cash provided by investing activities	<u>31,071</u>
Cash flows from financing activities	
Mortgage principal payments - first mortgage	(372,191)
Distributions to sole member	(693,154)
Contributions by sole member	<u>8,600</u>
Net cash used in financing activities	<u>(1,056,745)</u>
Net decrease in cash and restricted cash	(113,726)
Cash and restricted cash, beginning	<u>929,340</u>
Cash and restricted cash, end	<u><u>\$ 815,614</u></u>

Central SDHC FHA LLC
HUD Project No.: 129-11054

Statement of Cash Flows
Year Ended June 30, 2025

Reconciliation of net income (loss) to net cash provided by operating activities	
Net income (loss)	<u>\$ 504,110</u>
Adjustments to reconcile net income (loss) to net cash provided by operating activities	
Depreciation	415,034
Amortization of debt issuance costs	16,005
Bad debts	422,963
Changes in asset and liability accounts	
(Increase) decrease in assets	
Tenant accounts receivable	(382,772)
Accounts receivable - other	(6,489)
Prepaid expenses	695
Increase (decrease) in liabilities	
Accounts payable	20,557
Accrued liabilities	(11,338)
Accrued interest payable	(1,132)
Tenant security deposits held in trust	(4,467)
Prepaid revenue	20,101
Entity/construction liability accounts (include detail)	
Accounts payable - entity	<u>(81,319)</u>
Total adjustments	<u>407,838</u>
Net cash provided by operating activities	<u><u>\$ 911,948</u></u>

See Notes to Financial Statements.

Central SDHC FHA LLC
HUD Project No.: 129-11054

Notes to Financial Statements
June 30, 2025

Note 1 - Organization and nature of operations

Central SDHC FHA LLC (the "Company") was formed as a limited liability company under the laws of the State of California on July 13, 2010 for the purpose of owning and operating rental housing projects under Section 207, pursuant to Section 223(f) of the National Housing Act as regulated by the U.S. Department of Housing and Urban Development ("HUD") and is subject to restrictions as to the operating policies, rental charges, operating expenditures and distributions to the sole member. The Company has executed a limited liability company operating agreement (the "operating agreement") dated August 20, 2010. The Company properties, which consist of 22 apartment complexes totaling 234 units, are located in San Diego, California (the "Projects"). The Company began operation in September 2010. The Projects are currently operating under the name of SDHC Central Portfolio.

The Company is wholly owned by San Diego Housing Commission ("SDHC"). The Company is also a blended component unit of SDHC.

The Company will continue to operate until July 13, 2065, unless dissolved earlier in accordance with the operating agreement.

Cash distributions are limited by agreements between the Company and HUD to the extent of surplus cash as defined by HUD.

Note 2 - Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Accordingly, income is recognized as earned and expensed as incurred, regardless of the timing of payments.

Tenant accounts receivable

Tenant accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on the historical collection experience and a review of the current status of tenants' accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2025, the allowance for doubtful accounts is \$29,077.

Rental property

Rental property is carried at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives by use of the straight-line method. The estimated useful lives of the assets are as follows:

Building and improvements	12 to 37 years
Dwelling equipment	5 years

Impairment of long-lived assets

The Company reviews its investment in rental property for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the Projects are less than its carrying amount, management compares the carrying amount of the Projects to its fair value in order to determine whether an impairment loss has occurred. The amount of the

Central SDHC FHA LLC
HUD Project No.: 129-11054

Notes to Financial Statements
June 30, 2025

impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized for the year ended June 30, 2025.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Rental revenue

Rental revenue is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the Projects are operating leases.

Income taxes

The Company is a single member limited liability company and is a disregarded entity for income tax purposes and is not subject to income taxes. The Company's federal tax status as a disregarded entity is based on its legal status as a single member limited liability company. SDHC, the sole member of the Company, is a state agency which is exempt from filing any income tax returns. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure.

Advertising costs

Advertising and marketing costs are expensed as incurred.

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Restricted deposits and funded reserves

Escrow deposits

Under agreements with the mortgage lender and HUD, the Company is required to make monthly deposits to escrow accounts. Funds deposited are used to pay mortgage insurance premiums. As of June 30, 2025, the balance in the escrow deposits is \$41,864.

Reserve for replacements

The Company is required to make monthly deposits to a reserve for replacements account to fund future maintenance and replacement costs. Monthly payments of \$5,850 are required to be deposited with the mortgage lender. During the year ended June 30, 2025, the Company resumed making monthly deposits to the replacement reserve. In a prior year, the lender and HUD approved a waiver of the deposit requirement as long as the replacement reserve balance exceeds \$1,000 per unit or \$234,000. As of June 30, 2025, the balance in the reserve for replacements is \$280,927.

Central SDHC FHA LLC
HUD Project No.: 129-11054

Notes to Financial Statements
June 30, 2025

Note 4 - Mortgage payable

In September 2010, the Company entered into a mortgage agreement with PNC Bank, N.A., a national banking association, in the original amount of \$15,726,100. The mortgage is secured by a deed of trust and insured by HUD. The mortgage bears an annual interest rate of 3.65%. Principal and interest are paid in monthly installments of \$66,369 through maturity on October 1, 2045. As of June 30, 2025, the outstanding principal and accrued interest is \$11,420,099 and \$34,736, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$212,349 as of June 30, 2025, and are related to the first mortgage. Debt issuance costs on the above mortgage are being amortized using an imputed rate of 3.86%. Amortization of debt issuance costs is \$16,005 for the year ended June 30, 2025 and is included in interest on first mortgage payable on the statement of operations.

The liability of the Company under the mortgage note is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

Aggregate annual maturities of the mortgage payable over each of the next five years and thereafter subsequent to June 30, 2025 are as follows:

2026	\$ 386,004
2027	400,332
2028	415,191
2029	430,601
2030	446,584
Thereafter	<u>9,341,387</u>
Subtotal	11,420,099
Less unamortized debt issuance costs	<u>(212,349)</u>
Total	<u><u>\$ 11,207,750</u></u>

Note 5 - Management fee

The Company has entered into an agreement with SDHC in connection with the management of the rental operations of the Projects. The property management fee is based on 5% of the effective gross income of the Projects, as defined. For the year ended June 30, 2025, management fees of \$225,140 were incurred and charged to operations. As of June 30, 2025, management fees of \$19,031 remain payable.

Central SDHC FHA LLC
HUD Project No.: 129-11054

Notes to Financial Statements
June 30, 2025

Note 6 - Statement of cash flows

The following table provides a reconciliation of cash and restricted cash reported within the balance sheet that sum to the total of the same such amounts in the statement of cash flows:

Cash	\$ 653,515
Tenant deposits	<u>162,099</u>
 Total cash and restricted cash shown in the statement of cash flows	 <u><u>\$ 815,614</u></u>

The amount included in restricted cash consists of security deposits held in trust for the future benefit of tenants upon moving out of the Projects as required by the regulatory authority.

Note 7 - Housing assistance payments

Certain tenants of the Projects are recipients of Housing Choice Vouchers awarded by SDHC under Section 8 of the National Housing Act. During the year ended June 30, 2025, the Company recognized housing assistance payments revenue amounting to \$1,258,646.

Note 8 - Related party transactions

Accounts payable - entity on the balance sheet includes operating expenses of the Company which were paid by SDHC under an expense reimbursement agreement. As of June 30, 2025, \$116,293 is due.

Note 9 - Concentration of credit risk

The Company maintains its cash accounts with various financial institutions. At times, these balances may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Bank balances are fully insured and/or collateralized with securities held by the pledging financial institutions in SDHC's, the Company's sole member, name as discussed below.

Cash deposits are secured by pledging securities as collateral. 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 are considered to be held in SDHC's name. The fair value of pledged securities must equal at least 110% of SDHC's cash deposits. California law also allows institutions to secure SDHC deposits by pledging first trust deed mortgage notes having a value of 150% of SDHC's total cash deposits. SDHC may waive collateral requirements for cash deposits that are fully insured by the Federal Deposit Insurance Corporation.

The Company believes that no significant concentration of credit risks exists with respect to these cash balances at June 30, 2025.

Note 10 - Current vulnerability due to certain concentrations

The Company's principal assets consist of 234 units within various apartment projects. The Company's operations are concentrated in the multifamily real estate market. In addition, the Company operates in a heavily regulated environment. The operations of the Company are subject

Central SDHC FHA LLC
HUD Project No.: 129-11054

Notes to Financial Statements
June 30, 2025

to the administrative directives, rules and regulations of federal agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Note 11 - Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Company through September 24, 2025, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information
Supporting Data Required by HUD

Central SDHC FHA LLC
HUD Project No.: 129-11054

Supplementary Information

Balance Sheet Data
June 30, 2025

		<u>Assets</u>	
<u>Account No.</u>			
Current assets			
1120	Cash - operations		\$ 653,515
1130	Tenant accounts receivable	\$ 129,621	
1131	Allowance for doubtful accounts	(29,077)	
1130N	Net tenants accounts receivable		100,544
1135	Accounts receivable - HUD		9,780
1140	Accounts and notes receivable - operations		86,134
1200	Prepaid expenses		21,500
1100T	Total current assets		871,473
Deposits held in trust - funded			
1191	Tenant deposits		162,099
Restricted deposits and funded reserves			
1310	Escrow deposits	41,864	
1320	Reserve for replacements	280,927	
1300T	Total deposits		322,791
Rental property			
1410	Land	3,852,360	
1420	Buildings	9,961,167	
1470	Maintenance equipment	111,226	
1400T	Total fixed assets	13,924,753	
1495	Less accumulated depreciation	(5,334,375)	
1400N	Net fixed assets		8,590,378
1000T	Total assets		\$ 9,946,741

Central SDHC FHA LLC
HUD Project No.: 129-11054

Supplementary Information

Balance Sheet Data
June 30, 2025

<u>Account No.</u>		<u>Liabilities and Member's Equity (Deficit)</u>	
Current liabilities			
2110	Accounts payable - operations	\$	214,287
2113	Accounts payable - entity		116,293
2120	Accrued wages payable		42,550
2123	Accrued management fee payable		19,031
2131	Accrued interest payable - first mortgage		34,736
2170	Mortgage payable - first mortgage (short-term)		386,004
2210	Prepaid revenue		<u>57,047</u>
2122T	Total current liabilities		869,948
Deposits liability			
2191	Tenant deposits held in trust (contra)		162,087
Long-term liabilities			
2320	Mortgage payable - first mortgage	<u>\$ 10,821,746</u>	
2300T	Total long-term liabilities		<u>10,821,746</u>
2000T	Total liabilities		11,853,781
3130	Member's equity (deficit)		<u>(1,907,040)</u>
2033T	Total liabilities and member's equity (deficit)	\$	<u>9,946,741</u>

Central SDHC FHA LLC
HUD Project No.: 129-11054

Supplementary Information

Statement of Operations Data
Year Ended June 30, 2025

<u>Account No.</u>			
Rental revenue			
5120	Rent revenue - gross potential	\$ 3,745,516	
5121	Tenant assistance payments	<u>1,258,646</u>	
5100T	Total rental revenue		\$ 5,004,162
Vacancies			
5220	Apartments	(508,140)	
5250	Rental concessions	<u>(28,493)</u>	
5200T	Total vacancies		<u>(536,633)</u>
5152N	Net rental revenue		4,467,529
Financial revenue			
5410	Financial revenue - project operations	966	
5440	Revenue from investments - replacement reserve	<u>243</u>	
5400T	Total financial revenue		1,209
Other revenue			
5910	Laundry and vending	23,873	
5920	Tenant charges	<u>39,942</u>	
5900T	Total other revenue		<u>63,815</u>
5000T	Total revenue		<u>4,532,553</u>

Central SDHC FHA LLC
HUD Project No.: 129-11054

Supplementary Information

Statement of Operations Data
Year Ended June 30, 2025

<u>Account No.</u>		
Administrative expenses		
6250	Other renting expenses	9,753
6310	Office salaries	229,120
6311	Office expenses	34,444
6320	Management fee	225,140
6331	Administrative rent free unit	28,548
6340	Legal expense - project	77,568
6350	Auditing expense	14,748
6370	Bad debts	422,963
6390	Miscellaneous administrative expenses	<u>9,791</u>
6263T	Total administrative expenses	1,052,075
Utilities expense		
6450	Electricity	28,284
6451	Water	292,790
6452	Gas	43,631
6453	Sewer	<u>177,477</u>
6400T	Total utilities expense	542,182
Operating and maintenance expenses		
6510	Payroll	197,783
6515	Supplies	52,222
6520	Contracts	807,749
6525	Garbage and trash removal	99,458
6530	Security payroll/contract	72,227
6570	Vehicle and maintenance equipment operation and repairs	<u>5,416</u>
6500T	Total operating and maintenance expenses	1,234,855

Central SDHC FHA LLC
HUD Project No.: 129-11054

Supplementary Information

Statement of Operations Data
Year Ended June 30, 2025

<u>Account No.</u>			
Taxes and insurance			
6710	Real estate taxes	1,609	
6720	Property and liability insurance	99,931	
6722	Workmen's compensation	12,015	
6723	Health insurance and other employee benefits	172,541	
6790	Miscellaneous taxes, licenses, permits and insurance	<u>6,800</u>	
6700T	Total taxes and insurance		292,896
Financial expenses			
6820	Interest on first mortgage payable	439,106	
6850	Mortgage insurance premium/service charge	<u>52,295</u>	
6800T	Total financial expenses		<u>491,401</u>
6000T	Total cost of operations before depreciation		<u>3,613,409</u>
5060T	Income (loss) before depreciation		<u>919,144</u>
Depreciation			
6600	Depreciation expense	<u>415,034</u>	
	Total depreciation		<u>415,034</u>
5060N	Operating income (loss)		<u>504,110</u>
	Total expenses		<u>4,028,443</u>
3250	Net income (loss)		<u><u>\$ 504,110</u></u>

Central SDHC FHA LLC
HUD Project No.: 129-11054

Supplementary Information

Statement of Operations Data
Year Ended June 30, 2025

<u>Account No.</u>	
S1000-010	Total first mortgage (or bond) principal payments required during the audit year (12 monthly payments). Applies to all direct loans and HUD-held and fully-insured first mortgages.
	<u>\$ 372,191</u>
S1000-020	Total of 12 monthly deposits in the audit year made to the replacement reserve account, as required by the regulatory agreement, even if payments may be temporarily suspended or reduced.
	<u>\$ 70,200</u>
S1000-030	Replacement reserve, or residual receipts and releases which are included as expense items on the statement of operations.
	<u>\$ 108,538</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program which are included as expense items on the statement of operations.
	<u>\$ -</u>
S3100-120	Mortgage payable note detail (Section 236 only) Interest reduction payments from subsidy.
	<u>\$ -</u>

Central SDHC FHA LLC
HUD Project No.: 129-11054

Supplementary Information

Statement of Member's Equity (Deficit) Data
Year Ended June 30, 2025

<u>Account No.</u>		
S1100-010	Member's equity (deficit) June 30, 2024	\$ (1,726,596)
S1200-420	Distributions	(693,154)
S1200-430	Contributions	8,600
3250	Net income (loss)	<u>504,110</u>
3130	Member's equity (deficit) June 30, 2025	<u><u>\$ (1,907,040)</u></u>

Central SDHC FHA LLC
HUD Project No.: 129-11054

Supplementary Information

Statement of Cash Flows Data
Year Ended June 30, 2025

<u>Account No.</u>		
	Cash flows from operating activities	
S1200-010	Rental receipts	\$ 4,069,821
S1200-020	Interest receipts	1,209
S1200-030	Other operating receipts	<u>63,815</u>
S1200-040	Total receipts	<u>4,134,845</u>
S1200-050	Administrative expenses paid	(125,747)
S1200-070	Management fees paid	(224,565)
S1200-090	Utilities paid	(542,182)
S1200-100	Salaries and wages paid	(511,043)
S1200-110	Operating and maintenance paid	(1,046,164)
S1200-120	Real estate taxes paid	(1,609)
S1200-140	Property insurance paid	(99,931)
S1200-150	Miscellaneous taxes and insurance paid	(6,800)
S1200-170	Other operating expenses paid	(184,556)
S1200-180	Interest paid on first mortgage	(424,233)
S1200-210	Mortgage insurance premium paid	<u>(51,600)</u>
S1200-230	Total disbursements	<u>(3,218,430)</u>
S1200-240	Net cash provided by operating activities	<u>916,415</u>
	Cash flows from investing activities	
S1200-245	Net withdrawals from mortgage escrows	1,137
S1200-250	Net withdrawals from reserve for replacements	38,095
S1200-330	Net purchases of fixed assets	<u>(8,161)</u>
S1200-350	Net cash provided by investing activities	<u>31,071</u>
	Cash flows from financing activities	
S1200-360	Mortgage principal payments - first mortgage	(372,191)
S1200-420	Distributions to member	(693,154)
S1200-430	Contributions by member	<u>8,600</u>
S1200-460	Net cash used in financing activities	<u>(1,056,745)</u>
S1200-470	Net decrease in cash	(109,259)
S1200-480	Cash, beginning	<u>762,774</u>
S1200T	Cash, end	<u><u>\$ 653,515</u></u>

Central SDHC FHA LLC
HUD Project No.: 129-11054

Supplementary Information

Statement of Cash Flows Data
Year Ended June 30, 2025

<u>Account No.</u>			
	Reconciliation of net income (loss) to net cash provided by operating activities		
3250	Net income (loss)		\$ 504,110
	Adjustments to reconcile net income (loss) to net cash provided by operating activities		
6600	Depreciation		415,034
S1200-486	Amortization of debt issuance costs		16,005
	Changes in asset and liability accounts		
	(Increase) decrease in assets		
S1200-490	Tenant accounts receivable		(382,772)
S1200-500	Accounts receivable - other		(6,489)
S1200-520	Prepaid expenses		695
S1200-530	Tenant security deposits funded		4,467
	Increase (decrease) in liabilities		
S1200-540	Accounts payable		20,557
S1200-560	Accrued liabilities		(11,338)
S1200-570	Accrued interest payable		(1,132)
S1200-580	Tenant security deposits held in trust		(4,467)
S1200-590	Prepaid revenue		20,101
S1200-605	Entity/construction liability accounts (include detail)		
S1200-606	Accounts payable - entity	\$ (81,319)	(81,319)
S1200-600	Other adjustments (include detail)		
S1200-601	Bad debts	422,963	422,963
	Total adjustments		412,305
S1200-610	Net cash provided by operating activities		\$ 916,415

Central SDHC FHA LLC
HUD Project No.: 129-11054

Supplementary Information
Year Ended June 30, 2025

Reserve for Replacements

<u>Account No.</u>		
1320P	Balance at June 30, 2024	\$ 319,022
1320DT	Total monthly deposits	70,200
1320INT	Interest income	243
1320WT	Approved withdrawals	<u>(108,538)</u>
1320	Balance at June 30, 2025	<u><u>\$ 280,927</u></u>

Central SDHC FHA LLC
HUD Project No.: 129-11054

Supplementary Information
Period Ended December 31, 2024

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

<u>Account No.</u>	<u>Part A - Compute Surplus Cash</u>	
S1400-020	Cash (Accounts 1120, 1170 and 1191)	\$ 967,001
S1400-030	Accounts receivable - HUD	<u>6,395</u>
S1400-050	Total cash	<u>973,396</u>
S1400-060	Accrued mortgage interest payable	35,307
S1400-070	Delinquent mortgage principal payments	-
S1400-080	Delinquent deposits to reserve for replacements	-
S1400-090	Accounts payable (due within 30 days)	32,748
S1400-100	Loans and notes payable (due within 30 days)	-
S1400-110	Deficient tax, insurance or MIP escrow deposits	-
S1400-120	Accrued expenses (not escrowed)	-
S1400-130	Prepaid revenue (Account 2210)	60,236
S1400-140	Tenant security deposits liability (Account 2191)	157,061
S1400-150	Other current obligations (describe in detail)	
S1400-160	Accounts payable - entity	<u>\$ 223,892</u>
		<u>223,892</u>
S1400-180	Less total current obligations	<u>509,244</u>
S1400-190	Surplus cash (deficiency)	<u>\$ 464,152</u>
S1400-240	Amount available for distribution during next fiscal period	<u>\$ 464,152</u>

Central SDHC FHA LLC
HUD Project No.: 129-11054

Supplementary Information
Year Ended June 30, 2025

Computation of Surplus Cash, Distributions and Residual Receipts

<u>Account No.</u>	<u>Part A - Compute Surplus Cash</u>	
S1300-010	Cash (Accounts 1120, 1170 and 1191)	\$ 815,614
1135	Accounts receivable - HUD	<u>9,780</u>
S1300-040	Total cash	<u>825,394</u>
S1300-050	Accrued mortgage interest payable	34,736
S1300-060	Delinquent mortgage principal payments	-
S1300-070	Delinquent deposits to reserve for replacements	-
S1300-075	Accounts payable (due within 30 days)	214,287
S1300-080	Loans and notes payable (due within 30 days)	-
S1300-090	Deficient tax, insurance or MIP escrow deposits	-
S1300-100	Accrued expenses (not escrowed)	61,581
2210	Prepaid revenue (Account 2210)	57,047
2191	Tenant security deposits liability (Account 2191)	162,087
S1300-110	Other current obligations (describe in detail)	
S1300-120	Accounts payable - entity	<u>\$ 116,293</u>
		<u>116,293</u>
S1300-140	Less total current obligations	<u>646,031</u>
S1300-150	Surplus cash (deficiency)	<u>\$ 179,363</u>
S1300-200	Amount available for distribution during next fiscal period	<u>\$ 179,363</u>

Central SDHC FHA LLC
HUD Project No.: 129-11054

Supplementary Information
Year Ended June 30, 2025

Changes in Fixed Asset Accounts

	Assets			
	Balance 6/30/24	Additions	Deductions	Balance 6/30/25
Land	\$ 3,852,360	\$ -	\$ -	\$ 3,852,360
Buildings	9,961,167	-	-	9,961,167
Maintenance equipment	103,065	8,161	-	111,226
	<u>\$ 13,916,592</u>	<u>\$ 8,161</u>	<u>\$ -</u>	<u>\$ 13,924,753</u>
Accumulated depreciation	<u>\$ 4,919,341</u>	<u>\$ 415,034</u>	<u>\$ -</u>	<u>\$ 5,334,375</u>
Total net book value				<u>\$ 8,590,378</u>

Fixed Asset Detail

Additions to Maintenance Equipment Account

<u>Item and quantity</u>	<u>Amount</u>
Water heater	<u>\$ 8,161</u>

Central SDHC FHA LLC
HUD Project No.: 129-11054

Supplementary Information
Year Ended June 30, 2025

Detail of Accounts - Balance Sheet

Accounts and Notes Receivable - Operations (Account No. 1140)

Other

Insurance settlement receivable

\$ 85,849

Miscellaneous

285

\$ 86,134

Other Information

Related party transactions detail:

<u>Account No.</u>	<u>Entity name</u>	<u>Amount paid</u>
S3100-210	Management fee paid to SDHC	<u><u>\$ 224,565</u></u>

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

To the Sole Member
Central SDHC FHA LLC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central SDHC FHA LLC, which comprise the balance sheet as of June 30, 2025, and the related statements of operations, member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central SDHC FHA LLC's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central SDHC FHA LLC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Central SDHC FHA LLC's internal control over financial reporting.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Sacramento, California
September 24, 2025

Independent Auditor's Report on Compliance for the Major HUD
Program and Report on Internal Control over Compliance Required by the
Consolidated Audit Guide for Audits of HUD Programs

To the Sole Member
Central SDHC FHA LLC

Report on Compliance for the Major HUD Program

Opinion on the Major HUD Program

We have audited Central SDHC FHA LLC's compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") that could have a direct and material effect on Central SDHC FHA LLC's major U.S. Department of Housing and Urban Development ("HUD") program for the year ended June 30, 2025. Central SDHC FHA LLC's major HUD program and the related direct and material compliance requirements are as follows:

Name of Major HUD Program	Direct and Material Compliance Requirements
Section 223(f) - Mortgage Insurance Program	Fair housing and nondiscrimination, mortgage loan status, reserve for replacements, distributions to owners, equity skimming, cash receipts, cash disbursements, tenant leasing and eligibility, security deposits, management functions, unauthorized ownership changes, and unauthorized project loans.

In our opinion, Central SDHC FHA LLC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major HUD program for the year ended June 30, 2025.

Basis for Opinion on the Major HUD Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Central SDHC FHA LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for the major HUD program. Our audit does not provide a legal determination of Central SDHC FHA LLC's compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grant agreements applicable to its HUD programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on Central SDHC FHA LLC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Central SDHC FHA LLC's compliance with the requirements of the major HUD program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Central SDHC FHA LLC's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of Central SDHC FHA LLC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of Central SDHC FHA LLC's internal control. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Sacramento, California
September 24, 2025

**Central SDHC FHA LLC
HUD Project No.: 129-11054**

**Schedule of Findings, Questioned Costs and Recommendations
June 30, 2025**

Our audit disclosed no findings that are required to be reported herein under the HUD Consolidated Audit Guide.

**Central SDHC FHA LLC
HUD Project No.: 129-11054**

**Schedule of the Status of Prior Audit Findings,
Questioned Costs and Recommendations
June 30, 2025**

1. Audit Report, dated September 25, 2024, for the year ended June 30, 2024, issued by CohnReznick LLP.
 - There are no open findings from the prior audit report.
2. There were no reports issued by HUD OIG or other federal agencies or contract administrators during the period covered by this audit.
3. There were no letters or reports issued by HUD management during the period covered by this audit.



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SAN DIEGO
HOUSING
COMMISSION

Attachment 9

San Diego Housing Commission

A Component Unit of the City of San Diego

Popular Annual Financial Report

Fiscal Year Ended June 30, 2025

San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101
www.sdhc.org





Housing Authority of the City of San Diego*

Council President Joe LaCava, District 1
 Council President Pro Tem Kent Lee, District 6
 Jennifer Campbell, District 2
 Stephen Whitburn, District 3
 Henry Foster III, District 4
 Marni von Wilpert, District 5
 Raul Campillo, District 7
 Vivian Moreno, District 8
 Sean Elo-Rivera, District 9

SDHC Board of Commissioners*

Chair of the Board Eugene “Mitch” Mitchell
 Vice Chair Ryan Clumpner
 Stephen P. Cushman
 Johanna Hester
 Kellee Hubbard
 Antoine “Tony” Jackson
 Melinda Vasquez

SDHC President & CEO

Lisa Jones

Visit SDHC’s website: www.SDHC.org

* As of June 30, 2025

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SDHC Headquarters

The San Diego Housing Commission’s (SDHC) Popular Annual Financial Report (PAFR) for the Fiscal Year that ended on June 30, 2025, was prepared by the SDHC Financial Services Department to provide readers an easy-to-understand summary of SDHC’s financial activities.

This report provides a condensed presentation of SDHC’s significant financial highlights for Fiscal Year 2025 (July 1, 2024 – June 30, 2025). The Annual Comprehensive Financial Report (ACFR) is the source of the data for this summary report. The ACFR is a more detailed financial report audited by CohnReznick, LLP and fully conforms to Generally Accepted Accounting Principles (GAAP). The ACFR is available on SDHC’s website at:

www.sdhc.org/about-us/budget-finance

SDHC welcomes any questions or comments on any of the information provided in this report. Requests for additional information should be addressed to Suket Dayal, Executive Vice President of Business Administration and Chief Financial Officer, San Diego Housing Commission, 1122 Broadway, Suite 300, San Diego, California 92101.

Who We Are



SDHC is a public agency formed by local ordinance pursuant to the provisions of applicable Housing Authority law of the State of California. The organizational meeting of the SDHC Board of Commissioners occurred on January 5, 1979, at which Commissioners were sworn in and established a regular meeting schedule and guidelines for conducting business.

Governing Body and Strategic Guidance

SDHC is governed by the San Diego City Council, sitting as the Housing Authority of the City of San Diego (Housing Authority). SDHC President & CEO Lisa Jones is the Executive Director of the Housing Authority.

The Housing Authority has final authority over SDHC's budget and major policy decisions. Housing Authority approval is required for amending the annual budget for amounts in excess of \$500,000.

A seven-member Board of Commissioners (Board) oversees SDHC's operations and makes recommendations to the Housing Authority. The Commissioners are appointed through the process set forth in the San Diego Municipal Code.



SDHC Board Meeting

The Board reviews proposed changes to housing policy, property acquisitions and other financial commitments. The Board offers policy guidance to SDHC staff through its communications with the agency's President & CEO.

SDHC Vision

Everyone in the City of San Diego has a home they can afford.

SDHC Mission Statement

The San Diego Housing Commission (SDHC) foster social and economic stability by ensuring the development and preservation of quality, affordable housing solutions for San Diegans.

Purpose

Provide stable, quality housing solutions so the community can thrive.

Core Values

At SDHC, we:

- Treat our clients, staff, community, and partners fairly and with dignity and respect.
- Commit to excellence and innovation in all we do.
- Ensure that our programs are informed by the input of those we serve.
- Commit to transparency and being strong financial stewards.
- Collaborate with partners for the best outcomes for San Diegans.



SDHC Strategic Plan Fiscal Years 2026 - 2030

SDHC's Strategic Plan for Fiscal Years (FY) 2026 - 2030 is the blueprint for SDHC's focus, goals and actions over the Strategic Plan period. It is an essential guide for SDHC to navigate through a reality defined by constrained resources and growing needs.

The SDHC Board of Commissioners approved this four-year Strategic Plan on October 10, 2025. SDHC's Strategic Plan and annual Progress Reports are available at www.sdhc.org/about-us/plans-policies/strategic-plans.

The Strategic Plan includes following five strategic priority areas.

STRATEGIC PRIORITY AREAS:

1. Reimagine the agency
2. Reassess annually
3. Create and preserve housing
4. Embody person-centered operations
5. Address and prevent homelessness



*Deanna
Housing Instability Prevention Program Participant*



*Library Book Giveaway
April 29, 2025*



*New Shelter Site Doubles the Beds for a Shelter Program
for Transition-Age Youth
April 11, 2025*



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

Popular Annual Financial Reporting Awards

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to SDHC for its Popular Annual Financial Report (PAFR) for the fiscal year that ended on June 30, 2023. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government popular reports.

To receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a PAFR whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. SDHC has received a Popular Award for the last 14 consecutive years (fiscal years ended 2010-2023). SDHC believes this current report continues to conform to the Popular Annual Financial Reporting requirements, and SDHC is submitting it to GFOA to determine its eligibility for another award.

The PAFR is available on SDHC's website:

<https://sdhc.org/about-us/budget-finance/>

The Annual Report and the Popular Annual Financial Report for the fiscal year that ended June 30, 2024 and June 30, 2025, have been submitted to the GFOA for award and are currently under review.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**San Diego Housing Commission
California**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrell
Executive Director/CEO

Annual Comprehensive Financial Report Awards

SDHC's Annual Comprehensive Financial Report (ACFR) for the fiscal years ended 2008-2023, were awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

To be awarded a Certificate of Achievement, a government agency must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. SDHC believes its ACFR continues to conform to the Certificate of Achievement program requirements, and SDHC has submitted its ACFR for the Fiscal Years 2024 and 2025 to the GFOA.

Chief Financial Officer's Message

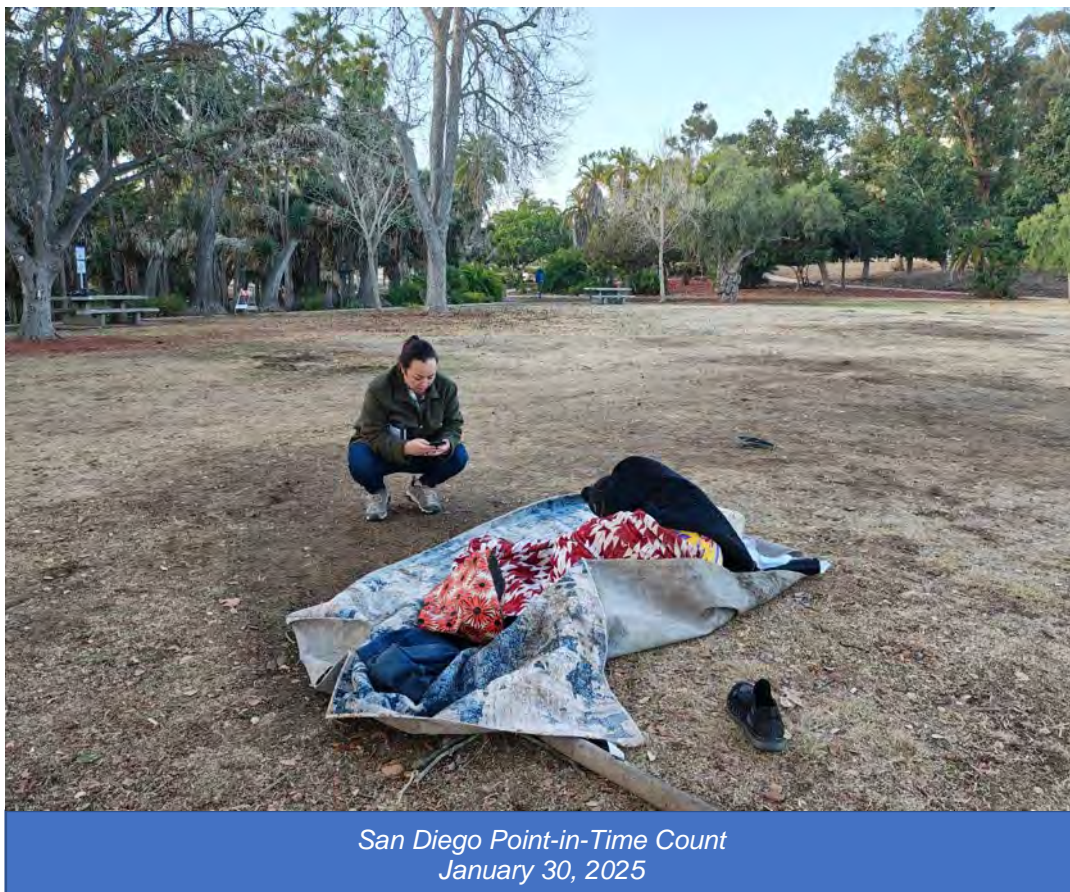


The majority of SDHC's programs depend on federal financial assistance from the U.S. Department of Housing and Urban Development (HUD) to continue operations. In Fiscal Year 2025, SDHC received 75% of its revenue from HUD and the U.S. Treasury, most of which was awarded to SDHC for Moving to Work (MTW) initiatives. SDHC's budget and financial condition are greatly affected by the financial condition of the federal government and Congress' annual appropriation to HUD.

HUD grants for housing programs and program administration funding may decrease due to the national economic and political climate. As stewards of the taxpayer's money, SDHC strives to do more with less. Through a combination of expense reduction and the prudent utilization of available programmatic reserves, SDHC maintained a balanced budget in Fiscal Year 2025 and will have a balanced budget in Fiscal Year 2026.

Annually, SDHC submits an MTW Plan to HUD that describes initiatives to be implemented over the next fiscal year. Following each year, SDHC issues an MTW Report that gives an accounting of activities put into action during the fiscal year. HUD approved SDHC's Fiscal Year 2026 MTW Plan on June 30, 2025. HUD's fiscal year runs from October to September. SDHC's MTW plans can be viewed at:

<http://www.sdhc.org/about-us/plans-policies/mtw-annual-plans/>



Local employment is an indicator of the economy. According to a report issued on August 15, 2025, by the State of California Employment Development Department, the unemployment rate in San Diego County was 5.2 percent in July 2025, up from a revised 4.9 percent in June 2025, and above the year-ago estimate of 4.8 percent. This compares with an unadjusted unemployment rate of 6.1 percent for California and 4.6 percent for the nation during the same period. The report can be viewed here: [https://labormarketinfo.edd.ca.gov/file/lfmonth/sand\\$pds.pdf](https://labormarketinfo.edd.ca.gov/file/lfmonth/sand$pds.pdf)

Chief Financial Officer's Message



The high cost of living and affordability of homes continue to be a challenge in San Diego and contributes to the homelessness crisis. HUD requires regions to complete an annual count of people experiencing homelessness, known as the Point-in-Time Count, if the region receives federal funding to address homelessness. The San Diego Point-in-Time Count, known as #WeAllCount, occurred on January 30, 2025, and was coordinated by the Regional Task Force on Homelessness (RTFH). The count typically identifies both sheltered and unsheltered individuals. This year's count of unhoused persons identified 9,905 individuals in the San Diego Region. This number is down 7 percent from the 2024 count 10,605. RTFH's 2025 report is online here:

https://www.rtfhsd.org/wp-content/uploads/2025/07/2025-San-Diego-Region-Breakdown_SH-Update-HDX-Final.docx.pdf

SDHC's Vision

"Everyone in the City of San Diego has a home they can afford."

Through the execution of SDHC's original Fiscal Year 2026 budget of \$716 million, SDHC will continue to demonstrate the prudent and responsible management of its financial resources, all with a high quality of service, while helping vulnerable San Diegans obtain or maintain affordable housing, achieve greater financial self-reliance, and access homelessness solutions.

Suket Dayal

Suket Dayal
Executive Vice President of Business Administration
and Chief Financial Officer



Financial Summary



Statement of Net Position

The abbreviated Statement of Net Position presented in this report (in thousands) is a useful indicator of SDHC's financial position. In Fiscal Year 2025, SDHC's assets exceeded liabilities and deferred inflows by \$968.4 million, an increase of 7 percent from Fiscal Year 2024.

Total assets increased by \$79.0 million. The increase in current and other assets of \$5.3 million is primarily attributed to increases of \$31.6 million in cash and cash equivalents and \$12.8 million in notes and mortgages receivable and related accrued interest receivable, offset by a \$34.4 million decrease in long-term investments and a \$5.6 million decrease in short-term investments. Capital assets net of depreciation increased \$73.7 million primarily due to the acquisition and renovation of Presidio Palms, to create 161 affordable housing units for individuals experiencing homelessness, including transition-age youth, and renovations of multiple SDHC owned properties.

Total liabilities increased by \$16.7 million, or 11 percent. This is primarily due to increases of \$12.5 million in notes payable, \$8.3 million in accounts payable, offset by a \$5.5 million decrease in unearned revenue.

Deferred inflows of resource decreased \$2.5 million as a result of the annual income recognized on long-term leases.

Net investment in capital assets increased \$62.4 million from \$196.7 million to \$259.1 million. This was principally due to the acquisition and renovation of Presidio Palms and renovations on multiple SDHC-owned affordable housing properties.

Unrestricted net position increased from \$459.3 million to \$461.1 million. Although these funds are defined as unrestricted under the applicable accounting standards, these funds are not necessarily indicative of funds available for discretionary use.

Restricted net position increased from \$247.6 million to \$248.3 million in Fiscal Year 2025. The increase is primarily due to an increase in overall notes receivable programmatic fund balance.

	June 30, 2025	June 30, 2024	Change %
ASSETS			
Current and other assets	\$ 845,557	\$ 840,257	1%
Capital assets net of depreciation	382,296	308,572	24%
Total assets	<u>\$1,227,853</u>	<u>\$1,148,829</u>	<u>7%</u>
LIABILITIES			
Current liabilities	\$ 49,551	\$ 45,050	10%
Notes payable and non-current liabilities	122,923	110,740	11%
Total liabilities	<u>172,474</u>	<u>155,790</u>	<u>11%</u>
Deferred inflows of resources	87,016	89,482	-3%
NET POSITION			
Net investment in capital assets	259,055	196,658	32%
Restricted	248,262	247,613	0%
Unrestricted	461,046	459,286	0%
Total net position	<u>968,363</u>	<u>903,557</u>	<u>7%</u>
Total liabilities, deferred inflows and net position	<u>\$1,227,853</u>	<u>\$1,148,829</u>	<u>7%</u>

Key Terms

Here are some definitions of accounting terms that will assist you throughout the financial section of the PAFR and Annual Reports:

Assets: What is owned by SDHC.

Liabilities: What SDHC owes.

Deferred inflow of resources: An asset for a future reporting period.

Net position: The difference between SDHC's assets and liabilities. It is the net worth of SDHC.

Current and other assets: Cash, restricted cash and equivalents, investments, prepaid items, and accounts receivable.

Capital assets, net of depreciation: Land, building, building improvements, equipment, construction in progress, and depreciation.

Current liabilities: Accounts payable, accrued payroll, compensated absences, notes payable, and unearned income.

Notes payable and non-current liabilities: Long-term notes payable obligations due in the future years.

Net investment in capital assets: Capital assets less accumulated depreciation and any outstanding debt related to acquiring these assets.

Restricted: Funds subject to various external restrictions.

Unrestricted: Balance of net position not included in net investment in capital assets or restricted.

Financial Summary



Statement of Revenue, Expenses and Change in Net Position

The abbreviated Statement of Revenue, Expenses and Change in Net Position (in thousands) accounts for all of SDHC's revenue and expenses. It reports the difference between the two as the change in net position. The statement reflects the results of SDHC's operations over the year and can be used to determine SDHC's creditworthiness and its ability to successfully recover its costs through grants, tenant charges, and other income.

Total net position increased \$64.8 million in Fiscal Year 2025. The change in net position is composed of \$485.1 million of non-operating income and expenses (net), and \$72.3 million of operating revenues. These are offset by operating expenses of \$477.8 million as well as depreciation and amortization expenses of \$14.8 million.

Operating revenues increased by \$5.7 million in Fiscal Year 2025 primarily related to increases of \$2.6 million in dwelling rental income and \$2.9 million in other revenue.

Operating expenses increased \$27.1 million, primarily due to an increase of \$27.3 million in housing assistance payments (HAP). This is due to higher average HAP costs per voucher in a number of programs, new voucher awards, and increase in utilization rate for the Section 8 Housing Choice Voucher Program.

Other non-operating income and expenses (net) increased by 12 percent in Fiscal Year 2025. This was primarily due to an increase in grant revenue, such as \$53.8 million of State Homekey and City of San Diego HOME-ARP funds received for SDHC's acquisition and rehabilitation of Presidio Palms, as well as \$8.0 million for Housing Choice Vouchers to fund higher average cost of vouchers.

	June 30, 2025	June 30, 2024	Change %
Operating revenues			
Dwelling rental income	\$ 43,151	\$ 40,516	7%
Land lease and other rental income	4,337	4,325	0%
Fee revenue	5,965	5,845	2%
Other revenue	18,796	15,867	18%
Total Operating revenues	72,249	66,553	9%
Operating expenses	477,816	450,745	6%
Deficit before depreciation and other non-operating income and expenses	(405,567)	(384,192)	6%
Depreciation and amortization	14,765	11,947	24%
Deficit before other non- operating income and expense	(420,332)	(396,139)	6%
Other non-operating income and expenses, net	485,138	432,436	12%
Change in net position	\$ 64,806	\$ 36,297	79%
Net position beginning of year	903,557	867,260	4%
Net position end of year	\$ 968,363	\$ 903,557	7%

Additional Key Terms

Operating Revenues: Dwelling rent, commercial rent, land leases, management fees and other fees.

Non-Operating Revenues: Grant revenues from state, local and federal agencies and interest income.

Operating Expenses: Expenses related to operations, grant expense and supportive services to assist SDHC in performing its functions.

Change in Net Position: The total revenue earned less total expenses. Also includes transfer of property to component unit (if applicable).

Investments



SDHC utilizes the services of an experienced financial advisor to aid in making investment decisions. The advisor provides guidance on creating a diversified portfolio and a secure investment mix. The advisor's ongoing role is to provide staff with sound investment opportunities that will maximize liquidity and yield without sacrificing principal value and safety of the investment securities. The fair value of cash and investments on June 30, 2025, was \$152.3 million, which remains consistent with the previous year.

In accordance with California state statute and HUD regulations, SDHC has authorized the Chief Financial Officer, or designee, to invest in obligations of the U.S. Treasury, U.S. Government agencies or other investments as outlined in SDHC's Investment Policy.

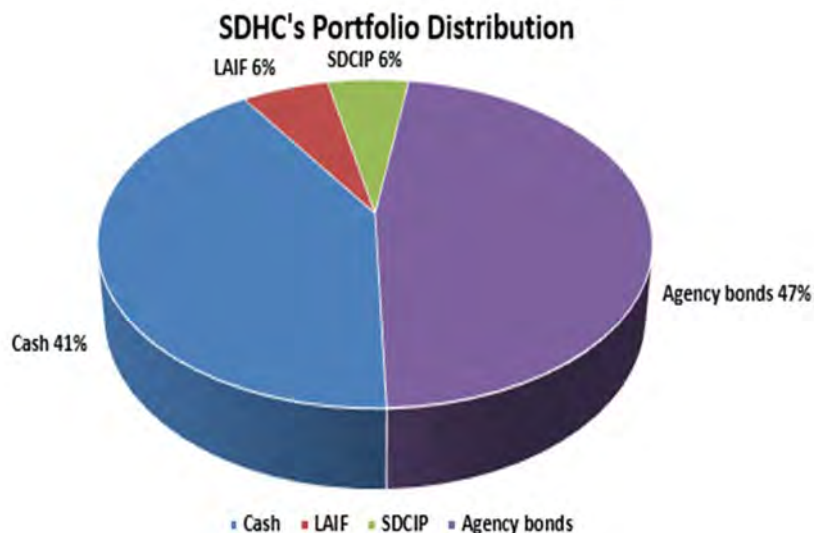
Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In accordance with California Government Code, amounts over \$250,000 are collateralized with government securities pledged by the financial institution holding the securities in SDHC's name.

Investments in California's Local Agency Investment Fund (LAIF) and the San Diego County Investment Pool (SDCIP) represent SDHC's equity in pooled investments. Other investments such as bonds, government agency securities and demand deposit accounts are kept with commercial banking institutions.

Investment Risk Factors

The foremost objective of SDHC's Investment Policy is the safety of principal, which is achieved by mitigating credit risk and interest rate risk. These risks, along with custodial risk, concentration of credit risk and market risk, all affect the value of investments to a varying degree. 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.

Fair Value in Millions			
	6/30/2025	6/30/2024	Variance
Cash	\$62.77	\$31.08	\$31.69
LAIF	9.21	8.80	0.41
SDCIP	8.61	8.30	0.31
Agency Bonds	71.73	112.42	(40.69)
Total	\$152.32	\$160.60	(\$8.28)



SDHC provides a Quarterly Investment Report as an informational item to the SDHC Board of Commissioners. The reports are posted on SDHC's website,

<https://www.sdhc.org/governance-legislative-affairs/sdhc-board-of-commissioners/meetings/>

The SDHC Board-appointed Investment Committee meets twice each year to review the investment results for the portfolio.

Capital Assets



At the end of Fiscal Year 2025, SDHC had approximately \$382.3 million (net of depreciation) invested in capital assets. The majority of SDHC's investment in capital assets is composed of ownership of land, affordable housing stock and the Smart Corner office building.

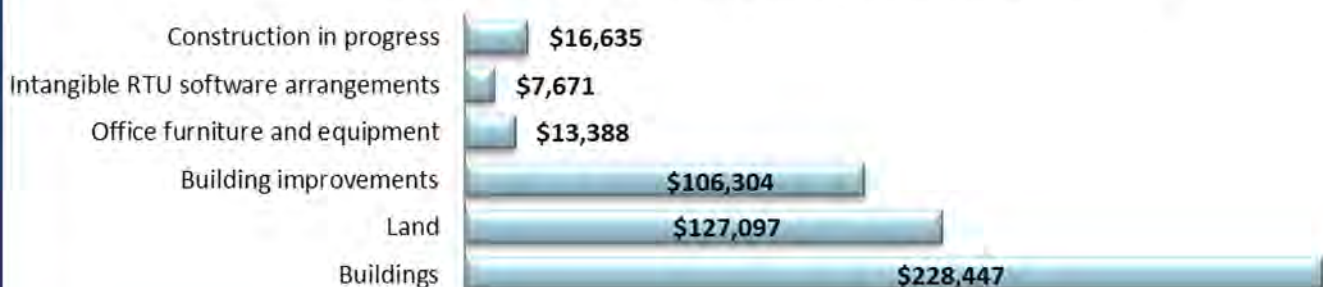
In Fiscal Year 2025, capital assets, net, increase \$73.7 million. This change is mainly due to an increase of \$57.5 million in land and buildings for the acquisition and renovation of Presidio Palms. In addition, a \$23.7 million increase in building improvements (including construction in progress) related to Presidio Palms and multiple SDHC-owned affordable housing properties.

Depreciation and amortization expense for the Fiscal Year that ended June 30, 2025, was \$14.8 million.



Total Capital Assets

In thousands of dollars (does not include depreciation or amortization)





As of June 30, 2025, SDHC owns 153 properties with 2,607 affordable rental housing units, of which 187 units are federal public housing that SDHC operates in the City of San Diego.

SDHC also is a lender and authorizes the issuance of Multifamily Housing Revenue Bonds to support new affordable housing. The agency's hallmark has been its ability to foster affordable housing developments by forging partnerships with nonprofit and for-profit developers and the City of San Diego.

In Fiscal Year 2025, the following affordable housing developments throughout the City of San Diego were completed in collaboration with SDHC:

- Paul Downey Senior Residence, 78 affordable rental housing units for senior San Diegans with low income
- Levant Senior Cottages, 126 affordable rental housing units for senior San Diegans with low income
- WEST Apartments, formerly known as Courthouse Commons, 41 affordable rental housing units for San Diegans with low income
- Casa Nueva, formerly known as Hacienda Townhomes, 51 affordable rental housing units for San Diegans with low income
- Ventana Al Sur, 59 affordable rental housing units for San Diegans with low income
- Cerro Pueblo, 45 affordable rental housing units for San Diegans with low income



*Paul Downey Senior Residence
78 affordable rental housing units
for senior San Diegans with low income*



*Ventana al Sur
59 affordable rental housing units
for San Diegans with low income*

As of June 30, 2025, SHDC has awarded \$45.0 million toward loans for additional affordable housing developments that are pending full financing and/or completion.

Housing Development Partners



Beginning with Fiscal Year 2012, SDHC included the consolidated financial statements of its nonprofit affiliate, Housing Development Partners (HDP), as a discretely presented component unit. They are reported in a separate column in the financial statements to emphasize that HDP is legally separate from SDHC.

HDP develops and preserves affordable housing for low-income San Diegans through the rehabilitation of existing buildings and new construction.

Rental housing for seniors, families, veterans, workers, and tenants with special needs are among the developments in HDP's real estate portfolio.

Since its inception, HDP has developed more than 1,700 affordable rental housing units in the City at properties it has acquired and created through partnership developments, which include 759 affordable units on SDHC-owned land that is ground leased to HDP: Parker-Kier Apartments (33 affordable units), Hotel Churchill (72 affordable units), Village North Senior Garden Apartments (119 affordable units), Casa Colina (74 affordable units), Quality Inn (91 affordable units), West Park Inn (46 affordable units), San Diego Square (154 affordable units), and Mariner's Village (170 affordable units).

Additionally, included in the total is SDHC's December 2020 transfer of five single-family properties for a pilot program to build accessory dwelling units, sometimes referred to as "granny flats" or ADUs.

The abbreviated financial statements are for the period ending December 31, 2024, and are presented in thousands of dollars.

HDP – Discretely Presented Component Unit December 31, 2024

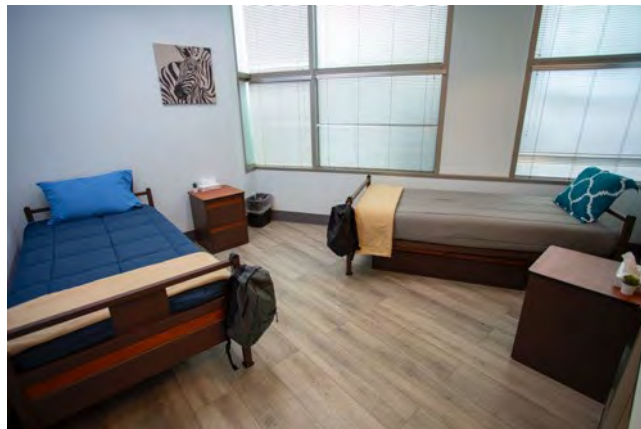
ASSETS	
Current and other assets	\$ 45,142
Capital assets net of depreciation	124,291
Total assets	<u>169,433</u>
LIABILITIES	
Current liabilities	3,556
Notes Payable and non-current liabilities	179,906
Total liabilities	<u>183,462</u>
NET POSITION	
Restricted	46,741
Unrestricted	(60,770)
Total liabilities and net position	<u>\$169,433</u>
OPERATING REVENUES	
Dwelling rental income	\$ 22,045
Other revenue	749
Total Operating revenues	22,794
OPERATING EXPENSES	
Income before depreciation and other non-operating income and expenses	9,119
Depreciation	4,808
Deficit before other non-operating income and expense	4,311
Other non-operating income and expenses, net	(5,750)
Change in net position before capital transactions	(1,439)
Capital contributions, net	1,040
Transfer of property to component unit	0
Change in net position	<u>\$ (399)</u>
Net position:	
Beginning of year	<u>(13,630)</u>
End of year	<u>\$ (14,029)</u>

Addressing Homelessness



The City of San Diego's (City) Homelessness Shelters and Services Programs provide temporary shelter and supportive services to some of the City's most vulnerable residents. SDHC administers the following programs through a Memorandum of Understanding (MOU) with the City and as a leader in collaborative initiatives to address homelessness:

- Day Center for Adults Experiencing Homelessness
- Transitional Storage Center
- Storage Connect Center
- Homelessness Response Center (now known as The Hub)
- Housing Instability Prevention Program (HIPP)
- Emergency Shelter and Interim Housing programs:
 - Connections Housing Downtown for single adults; Rachel's Promise Center for Women and Children; Paul Mirable Center for single adults (closed December 2024); Bishop Interim Shelter Program for single adults; Golden Hall Shelter for Single Adults (closed December 2024); Bridge Shelters at 16th Street/Newton Avenue and 17th Street/Imperial Avenue for single adults; Rosecrans Shelter for single adults (program closing in FY26); Harm Reduction Shelter for single adults; Interim Shelter for Transition-Age Youth; Youth Emergency Shelter for Transition-Age Youth; SafeSTAY Shelter for Transition-Age Youth; Interim Housing for families with minor children; Haven Family Shelter for single women and families with children.
- Four rapid rehousing programs
- Multidisciplinary Outreach Team
- Security Deposit Plus Program
- Serial Inebriate Program (SIP) transitional housing program/Alcohol Use Disorder (AUD) Shelter (opened January 2025)
- Lighthouse Shelter for single men (opened January 2025)
- Veteran's Shelter (opened January 2025)
- Single Adult and Senior Shelter at Veterans Village of San Diego (opened January 2025)



In Fiscal Year 2025, SDHC supported several homelessness programs funded through HUD Continuum of Care (CoC), Moving to Work, SDHC Local Funds and City of San Diego Inclusionary Housing Funds, City General Fund and Housing Trust Funds.

- 11 CoC-funded Permanent Supportive Housing programs serving up to 330 households each year
- 5 CoC-funded Rapid Rehousing programs
- Homeshare program that focuses on matching unhoused individuals with seniors who need support in maintaining their housing
- Inclement Weather Shelter program
- 2 Transitional Housing programs, providing up to 106 beds to families
- Program for Engaged Education Resources (PEER) (SDHC collaboration with San Diego City College to support workforce development in homelessness services)



SDHC is one of only 39 original “Moving to Work” (MTW) agencies out of approximately 3,200 public housing authorities nationwide. Since 2022, HUD has admitted 99 public housing authorities to the expansion of the MTW Demonstration Program.

MTW status gives SDHC the flexibility to implement a variety of innovative, cost-effective approaches, subject to HUD approval, to provide housing assistance in the City of San Diego by waiving certain provisions, implementing requirements, and regulations of the Housing Act of 1937. As an MTW agency, SDHC must meet the statutory requirements and statutory objectives of the MTW Demonstration Program.

At the close of Fiscal Year 2025, more than 5,800 of SDHC’s rental assistance subsidies were dedicated to families and individuals experiencing homelessness. This includes but is not limited to Veterans Affairs Supportive Housing (VASH) vouchers, Emergency Housing Vouchers (EHV), Sponsor-Based Subsidies, Project-Based Vouchers (including developments that are pending completion), and Monarch School Project.

In Fiscal Year 2025, SDHC leased 446 Project-Based Vouchers to affordable housing developments that serve residents with low-income or experiencing homelessness. Project-Based Vouchers are linked to specific housing units to which they are awarded so that when a tenant moves on, the voucher remains with the units to help other households. These vouchers provide rental assistance to households with low income in the City of San Diego, including individuals and families experiencing homelessness. Low-income applicants are selected through SDHC’s Project-Based Voucher Wait List. Applicants for the Project-Based Voucher units allocated to permanent supportive housing to address homelessness are selected from the Continuum of Care’s Coordinated Entry System (CES).

Additional MTW Programs

SDHC’s MTW operating budget in Fiscal Year 2025 was \$301,604,196. Examples of MTW initiatives that SDHC has implemented are the Choice Communities Initiative, updates to rental assistance payment standards, Path to Success, the SDHC Achievement Academy, and HOUSING FIRST – SAN DIEGO homelessness initiatives, such as Guardian Scholars, the Monarch School Project, SDHC Moving Home Rapid Rehousing and SDHC Moving On Rental Assistance.

SDHC Achievement Academy. The SDHC Achievement Academy offers programs that emphasize career development, job skills, job placement and personal financial education. The SDHC Achievement Academy is available at no charge to families with low income in the City of San Diego, predominately those receiving federal Section 8 Housing Choice Voucher rental assistance, public housing residents and participants in certain homelessness program.

In Fiscal Year 2025, more than 1,769 SDHC Academy participants attended 158 workshops addressing various topics, such as financial education, life skills, workforce readiness, computer literacy and job recruitment. In addition to attending workshops, 1,157 participants received core services, including benefits screening and meeting with a certified financial counselor; 199 participants were placed in jobs; and 213 increased their earnings. In FY2025, the average hourly wage earned by SDHC Achievement Academy participants placed in jobs was \$22.24, which reflects a 68 percent increase in the average hourly wage of SDHC Achievement Academy participants placed in jobs in the last five years. From recruitment fairs and employer presentations to small business classes and industry-specific trainings, the SDHC Achievement Academy offers an array of services to meet the varying needs of its participants.

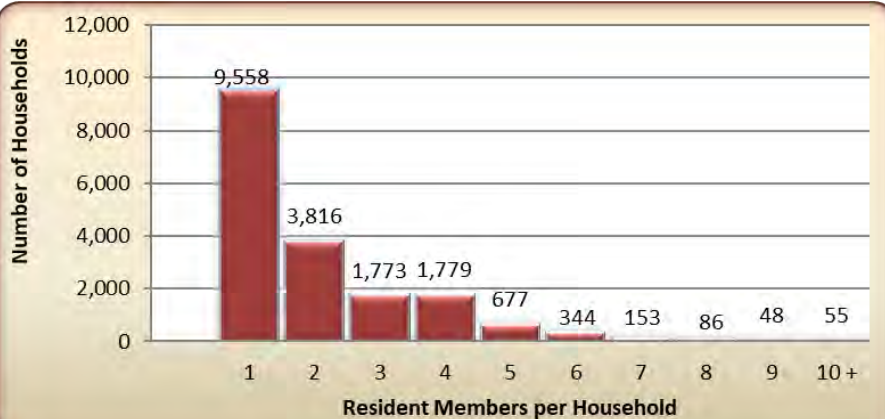
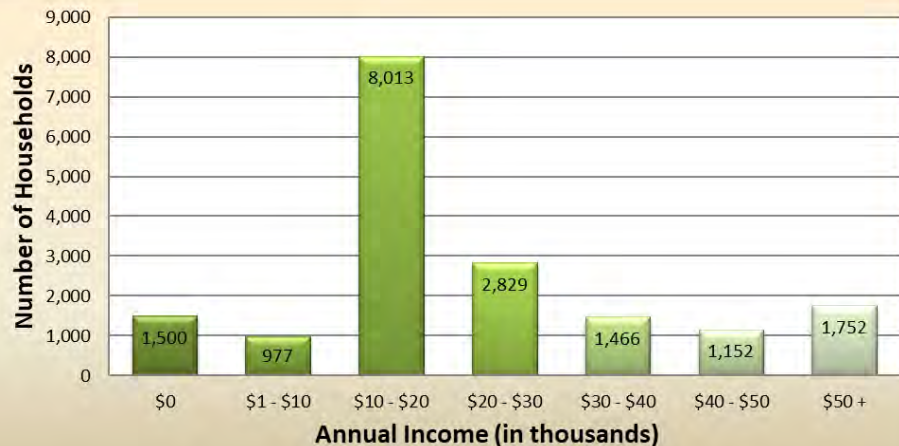
Demographics of the HCV Program



Funded by HUD and managed by SDHC's Rental Assistance Division, the federal Section 8 Housing Choice Voucher Program provided rental assistance to more than 17,000 low-income families in the City of San Diego. The number of rental assistance households fluctuates throughout the year, as participating families are able to move on and leave the program at different times.

Income per HCV Household

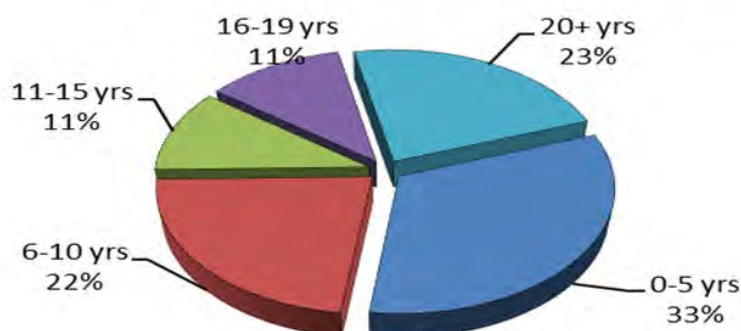
- 59.3% of HCV recipients have income less than \$19,999 a year.



Resident Members per Household

- More than 9,500 households have a single member.
- 21.5% have two members.
- 10% have three members.

Years of Residency in HCV Program





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