

# Santa Clara County Housing Authority

## Basic Financial Statements and Supplementary Information

For the Year Ended June 30, 2024



**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
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For the Year Ended June 30, 2024

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## Independent Auditor's Report

Members of the Board of Commissioners of the  
Santa Clara County Housing Authority  
San Jose, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of the Santa Clara County Housing Authority, California (Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities (primary government) and the aggregate discretely presented component units of the Authority, as of June 30, 2024, 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 financial statements of the Authority's blended component units, which represent 29.8% of assets, 3.8% of net position, and 4.3% of revenues of the business-type activities as of June 30, 2024. We also did not audit the financial statements of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included those component units, are based solely on the report of the other auditors.

#### *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. We are required to be independent of the Authority 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.

The financial statements of the blended component units, except for: AE Associates, Ltd., HACSC/Choices Family Associates, San Pedro Gardens Associates, Ltd., and S.P.G. Housing, Inc., and the financial statements of the discretely presented component units, except for Bendorf Drive, LP, Clarendon Street LP, Fairground Luxury Family Apartments, LP, Girasol Acquisition LP, Huff Avenue, LLC, and Jardines Paloma Blanca Acquisition LP, were not audited in accordance with *Government Auditing Standards*.

### ***Emphasis of Matter***

As discussed in Note 14 to the financial statements, the Authority is dependent on the U.S. Department of Housing and Urban Development (HUD) for 96.8% of its operating revenues. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

The Authority's 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 the Authority'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 the Authority'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 the Authority'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, schedule of changes in the net pension liability and related ratios, schedule of pension contributions, schedule of changes in the net other postemployment benefits liability and related ratios, and schedule of other postemployment benefit contributions, as listed in the accompanying 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 Standard 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 GAAS, 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.

### ***Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental information, as listed in the accompanying table of contents, is presented for purposes of additional analysis 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 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 GAAS. In our opinion, the individual and combining fund financial statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2025, on our consideration of the Authority'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 the Authority'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 the Authority's internal control over financial reporting and compliance.



Walnut Creek, California  
March 12, 2025

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**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024

This section of the Santa Clara County Housing Authority's (the "Authority") financial report presents management's discussion and analysis of the Authority's financial performance during the Fiscal Year (FY) ended June 30, 2024. Please read it in conjunction with the Authority's financial statements, which follows this section.

**Financial Highlights**

- Beginning net position as of July 1, 2023 was restated to \$603.5 million, resulting in an increase of \$2.0 thousand due to the change in reporting entity. The Authority reclassified Alvarado Park LP from a blended to a discretely presented component unit.
- At June 30, 2024, the assets and deferred outflows of resources of the Authority exceeded the liabilities and deferred inflows of resources by \$680.6 million (net position); \$41.3 million of the net position balance is restricted for specific purposes; \$141.0 million is related to the Authority's investment in capital assets and is not available to meet on-going obligations; and \$498.3 million is unrestricted and available for meeting on-going obligations.
- Total assets increased by \$77.5 million. This is primarily due to increases in cash, cash equivalents, and investments, notes receivable issued to related and non-related entities, and capital assets. These increases were offset by decreases in receivables from HUD, equity interests in affiliated limited partnerships, as well as reductions in net pension and other post-employment benefits (OPEB) assets.
- Total liabilities increased by \$1.2 million. This increase is primarily due to an increase in unearned revenue of \$1.5 million, \$1.2 million in accounts payable, \$1.1 million in net OPEB liability, and a net increase in other liabilities of \$0.6 million, offset by a decrease in long-term debt of \$3.2 million.
- The Authority's total increase in net position of \$77.2 million to \$680.6 million is primarily due to increases from operating activities (before transfers), which include \$78.4 million from Moving-To-Work (MTW) and Section 8 Rental Vouchers, and \$4.8 million from non-MTW Reserves. This was offset by a \$5.8 million deficit from Development Services and a \$1.8 million deficit from Asset Management.

**Overview of the Financial Statements**

The financial statements consist of three parts: the management's discussion and analysis, the basic financial statements and supplementary information. The basic financial statements include three kinds of statements that present different views of the Authority:

- The first two statements are the government-wide financial statements that provide information about the Authority's overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. The third statement, the Statement of Cash Flows reports how the Authority obtained and used its cash during the fiscal year. Activities are reported in this statement by its operating, noncapital financing, capital and related financing and investment activities.
- The basic financial statements also include Notes to Financial Statements section that provides further information and explanation on data that are in the Authority-wide and program/fund financial statements.

## **SANTA CLARA COUNTY HOUSING AUTHORITY**

(A Component Unit of the County of Santa Clara)

Management's Discussion and Analysis (Unaudited)

June 30, 2024

- The Notes to Financial Statements are followed by Required Supplementary Information (RSI) and Other Supplementary Information (OSI) sections. RSI presents additional information on pension and other post-employment benefits (OPEB) and OSI presents the financial statements of the Authority's combining component unit financial statements, combining schedules by program/fund on its federal and local programs, and other public housing combining schedules.

The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of these statements. The government-wide statements report information about the Authority as a whole, using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the Authority's assets and liabilities as well as its deferred outflows and inflows of resources and net position. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position regardless of when cash is received or paid.

The basic financial statements include both blended and discretely presented component units. Complete financial statements of individual component units can be obtained from the Authority's Finance Department.

### **Individual Program Financial Schedules**

The combining program financial schedules provide more detailed information about the Authority's programs. The net position of these programs represents accumulated earnings since their inception, which are usually unrestricted for financial statements purposes. However, some of these earnings may be restricted by external funding sources for specific program purposes.

### **Financial Analysis of the Authority**

**Net Position** - The increase in net position of \$77.2 million as shown in the table below represents an increase of \$2.0 thousand due to change in reporting entity and the remaining increase is related to current year operations. For details explaining the restatement of beginning net position and the changes due to current year operations, refer to the Financial Highlights section noted above.



**SANTA CLARA COUNTY HOUSING AUTHORITY**  
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June 30, 2024

The following table indicates the net position as of June 30, 2024 and 2023 (in thousands):

|  | June 30    |            | Increase (Decrease) |             |
|--|------------|------------|---------------------|-------------|
|  | 2024       | 2023       | Amount              | Percent (%) |
| <b>Assets:</b>   |            |            |                     |             |
| Current assets   | \$ 277,899 | \$ 248,686 | \$ 29,213           | 12%         |
| Noncurrent and other assets                                    | 280,840    | 243,100    | 37,740              | 16%         |
| Capital assets   | 242,799    | 232,300    | 10,499              | 5%          |
| Total assets   | 801,538    | 724,086    | 77,452              | 11%         |
| Deferred outflows of resources<br>related to pensions and OPEB | 11,575     | 11,435     | 140                 | 1%          |
| <b>Liabilities:</b>  |            |            |                     |             |
| Current liabilities  | 19,300     | 16,451     | 2,849               | 17%         |
| Noncurrent liabilities   | 111,176    | 112,849    | (1,673)             | -1%         |
| Total liabilities  | 130,476    | 129,300    | 1,176               | 1%          |
| Deferred inflows of resources<br>related to pensions and OPEB  | 1,999      | 2,767      | (768)               | -28%        |
| <b>Net Position</b>  |            |            |                     |             |
| Net investment in capital assets                               | 140,977    | 127,495    | 13,482              | 11%         |
| Restricted   | 41,282     | 33,499     | 7,783               | 23%         |
| Unrestricted   | 498,379    | 442,460    | 55,919              | 13%         |
| Total net position   | \$ 680,638 | \$ 603,454 | \$ 77,184           | 13%         |

As previously discussed, the Authority reclassified its reporting entity and the cumulative effect of this change is reported as restatement of beginning net position as of July 1, 2023 as discussed in Note 1 to the financial statements. Absent the restatement, the Authority's increase in total assets is primarily due to the following:

- A net increase of \$46.8 million in cash, cash equivalents and investments from affiliates and real estate development activities.
- A decrease of \$11.8 million in receivables was primarily due to a net decrease in U.S. Department of Housing and Urban Development (HUD) receivables/reserves. In FY 2024, the Authority started with a reserve balance of \$127.8 million to which it added \$76.2 million based on FY 2024 MTW obligations. However, this increase was offset by the Authority's utilization of \$87.9 million from these reserves for acquisition, development, and rehabilitation activities.
- A net decrease of \$0.3 million in due from component units and related parties due to cash flow distributions received in FY 2024.
- An increase of \$0.7 million in prepaid expenses mainly due to prepayment of the Yardi system annual renewal fees.
- An increase of \$5.6 million in long-term receivables from non-related parties due to new notes issued to JHC (Jamboree Housing Corporation) 4th Street LLC related to the acquisition and rehabilitation of Pavillion Inn.

## **SANTA CLARA COUNTY HOUSING AUTHORITY**

(A Component Unit of the County of Santa Clara)  
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June 30, 2024

- A net increase of \$31.7 million in long term receivables from component units and related parties is primarily due to an increase of \$61.2 million in new notes receivable that were issued to affiliate entities in FY 2024. This was offset by \$29.5 million in notes that were paid off or eliminated between the Authority and affiliate entities.
- A decrease of \$1.3 million in net pension asset is primarily due to differences between actual and expected experience based on actuarial assumptions.
- A decrease of \$2.3 million in net OPEB asset is primarily due to new benefit changes implemented by the Authority in FY 2023 that resulted in a net OPEB liability for FY 2024.
- A decrease of \$1.6 million in equity interest in affiliated limited partnerships.

The net increase of \$0.1 million in deferred outflows of resources is due to changes in pension and OPEB plan investment earnings, changes in actuarial assumptions, difference between expected and actual experience.

Absent the restatement, the Authority's net increase in total liabilities of \$1.2 million is primarily due to the following:

- An increase of \$1.2 million in accounts payable is related to timing of disbursements.
- A net increase of \$0.4 million in current payables to component units and related parties is due to an increase in excess cash distribution available from the affiliate entities to pay off loans due to the Authority.
- An increase of \$1.5 million in unearned revenues represents advance funding for EHV service fees received from HUD in FY 2024. EHV service fee revenues are earned only when qualifying service fee expenses are incurred. EHV service fee expenses were lower in FY 2024, which resulted in lower revenues being recognized.
- An increase of \$0.2 million in FSS Escrow balance is due to the participants' escrow income earned during FY 2024, offset by graduation disbursements.
- An increase of \$1.1 million in net OPEB liability.
- A net decrease of \$3.2 million in long-term debt is explained in detail in the Long-Term Debt Activity section below.

The decrease of \$0.8 million in deferred inflows of resources is due to changes in pension and OPEB plan changes of assumptions, differences between expected and actual experience for actuarial assumptions, and net differences between projected and actual earnings on pension and OPEB plan investments.

# SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024

**Statement of Revenues, Expenses and Changes in Net Position** - The statement shows the sources of the Authority's changes in net position as they arise through its various programs and functions. A summary of the activities for the fiscal years ended June 30, 2024 and 2023 is shown in the following table (in thousands):

|   | June 30           |                   | Increase (Decrease) |             |
|---|-------------------|-------------------|---------------------|-------------|
|   | 2024              | 2023              | Amount              | Percent (%) |
| Operating revenues                                      |                   |                   |                     |             |
| Rental income   | \$ 23,294         | \$ 21,910         | \$ 1,384            | 6%          |
| Service fees  | 595               | 2,091             | (1,496)             | -72%        |
| HUD housing assistance payment earned                   | 539,833           | 470,228           | 69,605              | 15%         |
| HUD administrative fees                                 | 30,682            | 28,439            | 2,243               | 8%          |
| FSS coordinator fees                                    | 564               | 511               | 53                  | 10%         |
| Operating subsidy                                       | 19                | 19                | -                   | 0%          |
| Developer fee   | 1,665             | 1,448             | 217                 | 15%         |
| Asset management fee                                    | 827               | 821               | 6                   | 1%          |
| Other operating revenues                                | 1,568             | 1,632             | (64)                | -4%         |
| Total operating revenues                                | <u>599,047</u>    | <u>527,099</u>    | <u>71,948</u>       | 14%         |
| Operating expenses                                      |                   |                   |                     |             |
| Wages and benefits                                      | 23,181            | 24,306            | (1,125)             | -5%         |
| Pension and OPEB expense                                | 5,978             | 2,021             | 3,957               | 196%        |
| Administrative  | 3,433             | 4,041             | (608)               | -15%        |
| Tenant services   | 1,730             | 2,984             | (1,254)             | -42%        |
| Utilities   | 2,447             | 2,277             | 170                 | 7%          |
| Maintenance and operations                              | 6,452             | 5,316             | 1,136               | 21%         |
| General   | 1,971             | 2,056             | (85)                | -4%         |
| Depreciation and amortization                           | 6,961             | 6,847             | 114                 | 2%          |
| Housing assistance payments                             | 463,760           | 434,980           | 28,780              | 7%          |
| Other   | 5,512             | 5,067             | 445                 | 9%          |
| Total operating expenses                                | <u>521,425</u>    | <u>489,895</u>    | <u>31,530</u>       | 6%          |
| Operating income (loss)                                 | <u>77,622</u>     | <u>37,204</u>     | <u>40,418</u>       | 109%        |
| Nonoperating revenues (expenses)                        |                   |                   |                     |             |
| Loss on disposal of capital assets                      | (6,176)           | (12,297)          | 6,121               | -50%        |
| Investment income                                       | 9,763             | 5,289             | 4,474               | 85%         |
| Interest expense  | (5,207)           | (5,251)           | 44                  | -1%         |
| Other nonoperating revenues                             | 793               | 221               | 572                 | 259%        |
| Total nonoperating revenues (expenses)                  | <u>(827)</u>      | <u>(12,038)</u>   | <u>11,211</u>       | -93%        |
| Capital contributions - grants                          | 617               | 14,328            | (13,711)            | -96%        |
| Capital distribution                                    | (230)             | (1,009)           | 779                 | -77%        |
| Change in net position                                  | <u>77,182</u>     | <u>38,485</u>     | <u>38,697</u>       | 101%        |
| Net position, beginning of year, as previously reported | 603,454           | 564,969           | 38,485              | 7%          |
| Change in reporting entity                              | 2                 | -                 | 2                   | n/a         |
| Net position, beginning of year, as restated            | <u>603,456</u>    | <u>564,969</u>    | <u>38,487</u>       | 7%          |
| Net position, end of year                               | <u>\$ 680,638</u> | <u>\$ 603,454</u> | <u>\$ 77,184</u>    | 13%         |

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024

**Revenues:** Absent the restatement due to the change in reporting entity, the Authority's operating revenues increased by \$71.9 million primarily due to the following:

- An increase of \$1.4 million in rental income from affiliate entities.
- A decrease of \$1.5 million in EHV service fee revenues. EHV service fee revenues are earned only when qualifying service fee expenses are incurred. Service fee expenses were lower in FY 2024, which resulted in lower revenues being recognized.
- An increase of \$69.6 million HAP earned primarily due to:
  - An increase of \$44.9 million in MTW Section 8 Housing Choice Voucher (HCV). This increase was primarily attributable to HUD providing us additional funding of \$ 31.3 million in the last two quarters of FY 2024. This funding was based on CY 2023 funding obligation levels that were higher than the CY 2024 levels.
  - HAP revenues from the EHV program increased by \$22.6 million. Of this increase, \$13.2 million was due to higher HAP expenditures in FY 2024, while the remaining increase is attributed to lower HAP revenues earned in FY 2023. Specifically, \$9.4 million in HAP expenditures were covered by prior year EHV HAP reserves in FY 2023, which resulted in lower HAP revenues earned in FY 2023.
  - An increase of \$2.0 million in HAP revenues from Special Purpose Vouchers (SPV) was due to higher HAP expenditures in FY 2024, as SPV funding from HUD is based on the expenditure levels.
- An increase of \$2.2 million in HUD administrative fees due to:
  - Vouchers lease up rate increased by 3% in FY 2024.
  - HUD administrative fee rate per unit increased by 3.7 % for FY 2024.

**Expenses:** A net increase of \$31.5 million in total operating expenses in FY 2024, is mainly due to the following:

- Wages and benefits decreased by \$1.1 million, primarily due to reduced salaries and employee benefits resulting from vacancies that were not filled at the end FY 2024.
- Total pension and OPEB expenses increased by \$4.0 million, with the Authority recognizing \$6.0 million in expenses for FY 2024, up from \$2.0 million in FY 2023. This increase in pension expense was primarily driven by unfavorable economic conditions, which resulted in lower investment returns on pension assets, as well as higher interest on total pension liability. The increase in OPEB expense was primarily driven by the cost of plan changes related to the benefit changes implemented in FY 2023.
- Tenant services decreased by \$1.3 million, primarily due to reduced EHV service fee expenses—including owner incentives, utility and security deposits, rental applications, and furniture. This decrease is attributed to the leasing of the EHV vouchers, therefore the Agency did not incur these types of move-in costs again, as well as some service costs being covered by the County of Santa Clara.

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
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June 30, 2024

- Maintenance and operations increased by \$1.1 million due to higher maintenance costs incurred by affiliates and new construction projects undertaken by the Authority during FY24.
- HAP payments increased by \$28.8 million primarily due to the following reasons:
  - New payment standards implemented in February 2023 for Single Room Occupancy (SRO), 0 Bedroom (Studios), and 1 Bedroom to 4 Bedroom units.
  - An overall 3% increase in the lease-up rate for all programs.

**Nonoperating Revenues (Expenses):** the Authority's nonoperating expenses decreased by \$11.2 million, primarily due to the loss of \$11.9 million from the sale of capital assets incurred in FY23. Absent of this loss in FY 2024, the net change in non-operating expenses was a decrease of \$0.8 million. This decrease was primarily due to a loss of \$5.9 million from the disposition of capital assets offset by an increase in investment income and other nonoperating revenues of \$5.1 million.

**Capital Contributions – Grants:** the Authority's Capital contributions from grants decreased by \$13.7 million primarily due to the \$14.3 million HomeKey Round 2 award received in FY 2023 from the California Department of Housing and Community Development for the acquisition of Pavilion Inn that was not available in FY 2024.

**Capital Distributions:** the Authority's capital distributions decreased by \$0.8 million, primarily due to lower capital distributions from HACSC/Choices Family Associates, LP and Rincon Gardens Associates, LP in FY 2024.

**Financial Analysis of the Authority's Programs**

At the end of the fiscal year, the unrestricted net position for the MTW program was \$143.0 million. As discussed in Note 15, "Moving-to-Work program", the eligible uses of MTW funds are defined in the MTW agreements and states that the eligibility would be as under Sections 9(d)(1), 9(e)(1) and 8(o) of the 1937 Act and the Authority may use MTW Reserves for activities that would be eligible for Public Housing and Voucher programs. The Authority also reported unrestricted net position of \$76.7 million for the Public Housing Proceeds program. These funds are related to the disposition of the Authority's properties under the HUD's Conventional Housing Program.

In addition, at the end of the fiscal year, the unrestricted net position for Conventional Housing, Public Housing Capital, Section 8 Rental Voucher, Special Purpose Voucher, Section 8 Moderate Rehabilitation, Asset Management, and Development Services programs were as shown in the table below (in thousands):

| Programs                          | Amount  |
|-----------------------------------|---------|
| Conventional Housing              | \$ 7    |
| Public Housing Capital            | 617     |
| Section 8 Rental Voucher          | 10,907  |
| Special Purpose Voucher           | 1,079   |
| Section 8 Moderate Rehabilitation | 41      |
| Asset Management                  | (221)   |
| Development Services              | 251,645 |

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
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**Capital Acquisitions and Construction Activities**

Absent the restatement due to changes in reporting entity, the Authority's capital assets increased by \$12.9 million primarily due to the following:

- A net increase of \$10.4 million in land resulted from the acquisition of properties at 1550 N First Street and 1510 N First Street, offset by the sale of land at 253 Race Street to Alvarado Park LP.
- A net increase of \$4.2 million in construction in progress from Hawthorn Senior Apartments LP, Poco Way HDC, Inc., Sage Family Apartment LP, and other development activities.
- A net increase of \$3.7 million in buildings and building improvements was primarily driven by the acquisition of properties at 1550 N First Street and 1510 N First Street, along with building improvements made to affiliate properties. This increase was offset by the transfer of ownership of the Pavilion Inn building and improvements at 1280 N 4th Street from the Authority to JHC-4th Street LLC.
- An increase of \$0.5 million in furniture and equipment was primarily attributed to purchases made by Poco Way HDC, Inc. and assets acquired through the purchase of the 1510 N First Street property.
- An increase of \$0.5 million in assets related to the Subscription-Based Information Technology Arrangements (SBITA) for GASB 96.
- The above increases were offset by a change in accumulated depreciation of \$6.4 million.

Additional information on the Authority's capital assets can be found in Note 6 "Capital Assets" to the basic financial statements.

**Long-Term Debt Activity (in thousands)**

|  | June 30           |                   | Increase (Decrease) |             |
|--|-------------------|-------------------|---------------------|-------------|
|  | 2024              | 2023              | Amount              | Percent (%) |
| <b><u>Section 8 Rental Voucher Program</u></b> |                   |                   |                     |             |
| Notes payable                                  | \$ 972            | \$ 972            | \$ -                | 0%          |
| <b><u>Other Payables</u></b>                   |                   |                   |                     |             |
| Accrued vacation and sick leave                | 2,016             | 2,367             | (351)               | -15%        |
| Other blended component units                  | 98,439            | 100,571           | (2,132)             | -2%         |
| Interest payable                               | 9,530             | 9,352             | 178                 | 2%          |
| SBITA  | 2,411             | 3,262             | (851)               | -26%        |
| Total primary government                       | <u>\$ 113,368</u> | <u>\$ 116,524</u> | <u>\$ (3,156)</u>   | <u>-3%</u>  |

The Authority's long-term debt decreased by \$3.2 million. This was primarily due to the decrease of \$2.1 million in scheduled principal payments, \$0.9 million decrease in SBITA liability, and \$0.4 million decrease in accrued vacation and sick leave. The decrease was offset by a \$0.2 million increase in accrued interest. Additional information on the Authority's Long-Term Debt Activity can be found in Note 7, "Long-Term Obligations", of the basic financial statements.

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024

**Economic Outlook**

The majority of the Agency's programs depend on Federal financial assistance from HUD, most of which is awarded to the Agency under its Moving-to-Work Agreement. As such, the Agency's budget and revenues are greatly affected by the political will of the Federal government and Congress' annual appropriations. Furthermore, local and national property rental markets that determine HAP payments, and local labor supply and demand (which can affect employment costs such as salary and wage rates) have a significant impact on the Agency's finances.

Looking forward, the change in Federal administration has presented notable uncertainties, which impact the funding dynamics crucial to our operations. As a Housing Authority, fluctuations in federal appropriations and policy changes remain pivotal considerations. Despite recent uncertainty, the Santa Clara County Housing Authority remains in a resilient financial position, bolstered by significant non-Federal reserves. These reserves not only ensure the continuity of our essential housing programs but also empower us to adapt to changing economic conditions effectively. S&P Global Ratings recently affirmed an 'AA-' rating for the Agency with a stable outlook, which reflects the Agency's robust fiscal strength, effective governance, and commitment to excellence in providing affordable housing solutions in our community.

In FY 2025, the Agency will invest \$550 million into assisting 22,000 households with rental assistance, managing approximately 3,000 units of quality affordable housing, and developing an additional 2,000 homes which will provide more affordable housing to Santa Clara County. The FY 2025 Budget, along with the Agency's Strategic Plan and Santa Clara County's Community Plan to End Homelessness, provides a roadmap that is intended to ensure that the Agency remains fiscally sound while investing in the Agency's future, and delivering services in accordance with our mission.

**Contact**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Santa Clara County Housing Authority, Emily De La Guerra, Chief Financial Officer, 505 W. Julian Street, San Jose, CA 95110.

# SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

## Statement of Net Position

June 30, 2024

|   | Primary<br>Government -<br>Business-type<br>Activities | Discretely<br>Presented<br>Component<br>Units |
|---|--|---|
| <b>Assets:</b>  |  |   |
| Current assets:   |  |   |
| Unrestricted cash and cash equivalents (Note 3)                         | \$ 94,003,573  | \$ 39,144,934                                 |
| Unrestricted short term investments (Note 3)                            | 26,838,009   | -   |
| Accounts receivable:  |  |   |
| Tenants   | 255,458  | 389,669                                       |
| HUD (Note 15)   | 117,510,877  | 235,420                                       |
| Others  | 892,277  | 2,490,212                                     |
| Interest receivable   | 105,154  | -   |
| Due from component units and related parties (Note 9)                   | 1,080,718  | -   |
| Prepaid expenses  | 1,611,857  | 831,788                                       |
| Restricted cash and cash equivalents (Note 3)                           | 35,302,077   | 22,353,594                                    |
| Restricted short term investments (Note 3)                              | 298,735  | -   |
| Total current assets  | <u>277,898,735</u>                                     | <u>65,445,617</u>                             |
| Noncurrent assets:  |  |   |
| Long-term investments (Note 3)  | 46,687,475   | -   |
| Restricted long-term investments (Note 3)                               | 2,403,016  | -   |
| Long-term receivables from non-related parties (Note 4)                 | 11,428,051   | -   |
| Long-term receivables from component units and related parties (Note 9) | 206,140,329  | -   |
| Net pension asset (Note 12)   | 9,416,861  | -   |
| Equity interest in affiliated limited partnerships (Note 9)             | 4,765,139  | -   |
| Other assets  | -  | 140,241                                       |
| Capital assets (Note 6):  |  |   |
| Nondepreciable  | 150,475,025  | 106,222,730                                   |
| Depreciable   | 92,323,931   | 338,860,718                                   |
| Total capital assets  | <u>242,798,956</u>                                     | <u>445,083,448</u>                            |
| Total noncurrent assets   | <u>523,639,827</u>                                     | <u>445,223,689</u>                            |
| Total assets  | <u>801,538,562</u>                                     | <u>510,669,306</u>                            |
| <b>Deferred outflows of resources:</b>                                  |  |   |
| Pension related (Note 12)   | 8,774,806  | -   |
| Other post employment benefits (OPEB) related (Note 13)                 | 2,800,122  | -   |
| Total deferred outflows of resources                                    | <u>11,574,928</u>                                      | <u>-</u>                                      |

(Continued)



# SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Statement of Net Position (Continued)

June 30, 2024

|  | Primary<br>Government -<br>Business-type<br>Activities | Discretely<br>Presented<br>Component<br>Units |
|--|--|---|
| <b>Liabilities:</b>  |  |   |
| Current liabilities:   |  |   |
| Accounts payable   | \$ 4,528,182   | \$ 15,130,333                                 |
| Accrued wages and benefits   | 418,418  | -   |
| Accrued interest payable (Notes 7 and 17)                              | 1,640,590  | 758,868                                       |
| Intergovernmental payable  | 103,698  | -   |
| Payable to component units and related parties                         | 3,438,699  | 1,488,660                                     |
| Due to primary government  | -  | 5,467,768                                     |
| Other accrued liabilities  | 21,645   | -   |
| Tenant security deposits   | 937,163  | 1,796,895                                     |
| Unearned revenue   | 2,726,147  | 310,563                                       |
| Current portion of accrued vacation and sick leave (Note 7)            | 138,912  | -   |
| Current portion of FSS escrow  | 605,977  | -   |
| Current portion of long-term obligations (Notes 7 and 17)              | 4,740,349  | 5,905,608                                     |
| Total current liabilities  | <u>19,299,780</u>                                      | <u>30,858,695</u>                             |
| Noncurrent liabilities:  |  |   |
| FSS escrow   | 3,195,563  | -   |
| Accrued vacation and sick leave, net of current portion (Note 7)       | 1,877,323  | -   |
| Payable to component units and related parties, net of current portion | 79,867   | -   |
| Long-term interest payable (Notes 7 and 17)                            | 7,889,301  | 2,607,637                                     |
| Long-term obligations, net of current portion (Notes 7 and 17)         | 97,081,133   | 169,267,756                                   |
| Advance from primary government  | -  | 195,988,557                                   |
| Other noncurrent liabilities   | -  | -   |
| Net OPEB liability (Note 13)   | 1,052,911  | -   |
| Total noncurrent liabilities   | <u>111,176,098</u>                                     | <u>367,863,950</u>                            |
| Total liabilities  | <u>130,475,878</u>                                     | <u>398,722,645</u>                            |
| <b>Deferred inflows of resources:</b>                                  |  |   |
| Pension related (Note 12)  | 188,424  | -   |
| OPEB related (Note 13)   | 1,810,858  | -   |
| Total deferred inflows of resources                                    | <u>1,999,282</u>                                       | <u>-</u>                                      |
| <b>Net position:</b>   |  |   |
| Net investment in capital assets                                       | 140,977,474  | 88,937,681                                    |
| Restricted   | 41,282,051   | 16,187,382                                    |
| Unrestricted   | 498,378,805  | 6,821,598                                     |
| Total net position   | <u>\$ 680,638,330</u>                                  | <u>\$ 111,946,661</u>                         |

See accompanying notes to the basic financial statements

**SANTA CLARA COUNTY HOUSING AUTHORITY**

(A Component Unit of the County of Santa Clara)

**Statement of Revenues, Expenses and Changes in Net Position**

For the Year Ended June 30, 2024

|   | Primary<br>Government -<br>Business-type<br>Activities | Discretely<br>Presented<br>Component<br>Units |
|---|--|---|
| Operating revenues:                                     |  |   |
| Rental income   | \$ 23,293,498  | \$ 43,552,001                                 |
| Service fees  | 595,286  | -   |
| HUD housing assistance payments earned                  | 539,832,714  | -   |
| HUD administrative fees                                 | 30,682,027   | -   |
| Developer fee   | 1,664,907  | -   |
| Asset management fee                                    | 827,156  | -   |
| Other   | 2,151,309  | 265,046                                       |
| Total operating revenues                                | 599,046,897  | 43,817,047                                    |
| Operating expenses:                                     |  |   |
| Wages and benefits                                      | 23,180,870   | -   |
| Pension and OPEB expense (Notes 12 and 13)              | 5,977,465  | -   |
| Administrative  | 3,432,983  | 5,348,953                                     |
| Tenant services   | 1,729,982  | -   |
| Utilities   | 2,446,989  | 3,153,868                                     |
| Maintenance and operations                              | 6,451,550  | 6,680,662                                     |
| General   | 1,971,121  | 1,030,473                                     |
| Depreciation and amortization                           | 6,961,168  | 12,567,548                                    |
| Housing assistance payments                             | 463,759,957  | -   |
| Other   | 5,512,192  | 1,808,488                                     |
| Total operating expenses                                | 521,424,277  | 30,589,992                                    |
| Operating income  | 77,622,620   | 13,227,055                                    |
| Nonoperating revenues (expenses):                       |  |   |
| Loss on disposal of capital assets                      | (6,176,087)  | (347,357)                                     |
| Investment income                                       | 9,763,138  | 124,712                                       |
| Interest expense  | (5,207,594)  | (9,703,130)                                   |
| Other nonoperating revenues (expenses), net             | 793,244  | (4,130,169)                                   |
| Total nonoperating revenues (expenses)                  | (827,299)  | (14,055,944)                                  |
| Income (loss) before capital contributions              | 76,795,321   | (828,889)                                     |
| Capital contributions - grants                          | 617,466  | -   |
| Capital contributions (distribution)                    | (230,002)  | 191,216                                       |
| Change in net position                                  | 77,182,785   | (637,673)                                     |
| Net position, beginning of year, as previously reported | 603,454,007  | 112,585,872                                   |
| Change in reporting entity (Note 1)                     | 1,538  | (1,538)                                       |
| Net position, beginning of year, as restated            | 603,455,545  | 112,584,334                                   |
| Net position, end of year                               | \$ 680,638,330   | \$ 111,946,661                                |

See accompanying notes to the basic financial statements

**SANTA CLARA COUNTY HOUSING AUTHORITY**

(A Component Unit of the County of Santa Clara)

Statement of Cash Flows

For the Year Ended June 30, 2024

|   | Primary<br>Government -<br>Business-type<br>Activities |
|---|--|
| Cash flows from operating activities:                               |  |
| Receipts from tenants   | \$ 23,488,252  |
| Receipts from customers and others                                  | 7,354,295  |
| Receipts from housing assistance programs                           | 582,883,833  |
| Payments to suppliers for goods and services                        | (19,346,058)   |
| Housing assistance payments on behalf of tenants                    | (463,734,207)  |
| Payments to employees for services                                  | (25,742,702)   |
| Net cash provided by operating activities                           | <u>104,903,413</u>                                     |
| Cash flows from noncapital financing activities:                    |  |
| Disbursements of loans and other receivables to non-related parties | (5,624,056)  |
| Loan disbursement to related parties and component units            | (28,789,042)   |
| Loan receipt from related parties and component units               | 211,278  |
| Net cash used in noncapital financing activities                    | <u>(34,201,820)</u>                                    |
| Cash flows from capital and related financing activities:           |  |
| Cash paid for change in reporting entity                            | (482,767)  |
| Acquisition of capital assets                                       | (25,525,598)   |
| Capital contributions   | 387,464  |
| Repayments of long-term liabilities                                 | (3,494,341)  |
| Interest and other fees paid  | (5,030,146)  |
| Net cash used in capital and related financing activities           | <u>(34,145,388)</u>                                    |
| Cash flows from investing activities:                               |  |
| Interest received   | 9,781,174  |
| Net receipt (proceeds) from sale (purchase) of investments          | (5,672,976)  |
| Net cash provided by investing activities                           | <u>4,108,198</u>                                       |
| Net change in cash and cash equivalents                             | 40,664,403   |
| Cash and cash equivalents, beginning of year                        | 115,777,991  |
| Cash and cash equivalents, end of year                              | <u><u>\$ 156,442,394</u></u>                           |

(Continued)

**SANTA CLARA COUNTY HOUSING AUTHORITY**

(A Component Unit of the County of Santa Clara)

Statement of Cash Flows (Continued)

For the Year Ended June 30, 2024

|   | Primary<br>Government -<br>Business-type<br>Activities |
|---|--|
| Reconciliation of operating income to net cash<br>provided by operating activities:       |  |
| Operating income  | \$ 77,622,620  |
| Adjustment to reconcile operating income to<br>net cash provided by operating activities: |  |
| Depreciation  | 6,961,168  |
| Others  | 793,244  |
| Decrease (increase) in:   |  |
| Receivables   | 12,092,245   |
| Prepaid expenses  | (659,036)  |
| Net pension asset   | 1,302,335  |
| Net OPEB asset  | 2,270,000  |
| Other assets  | 1,640,227  |
| Deferred outflows of resources  | (139,849)  |
| Increase (decrease) in:   |  |
| Accounts payable  | 1,220,421  |
| Accrued wages and benefits  | 49,190   |
| Intergovernmental payable   | 25,750   |
| Tenant security deposits and FSS escrow   | 273,728  |
| Unearned revenues   | 1,520,266  |
| Accrued vacation and sick leave   | (350,784)  |
| Other liabilities   | (2,853)  |
| Net OPEB liability  | 1,052,911  |
| Deferred inflows of resources   | (768,170)  |
| Net cash provided by operating activities   | <u>\$ 104,903,413</u>                                  |
| Cash and cash equivalents:  |  |
| Unrestricted cash and cash equivalents  | \$ 94,003,573  |
| Unrestricted short term investments   | 26,838,009   |
| Restricted cash and cash equivalents  | 35,302,077   |
| Restricted short term investments   | 298,735  |
| Total cash and cash equivalents   | <u>\$ 156,442,394</u>                                  |
| Noncash noncapital financing activities:  |  |
| Noncash capital and related financing activities:   |  |
| Change of capital assets from change in reporting entity                                  | \$ (2,400,197)   |
| Change of long-term obligation from change in reporting entity                            | (2,866,901)  |
| Change of other liabilities from change in reporting entity                               | (17,601)   |
| SBITA assets and liabilities additions  | 510,494  |

See accompanying notes to the basic financial statements

## **SANTA CLARA COUNTY HOUSING AUTHORITY**

(A Component Unit of the County of Santa Clara)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

### **Note 1 - The Financial Reporting Entity**

#### **Primary government**

The Housing Authority of the County of Santa Clara (the “Authority”) was established in 1967 by the Santa Clara County (the “County”) Board of Supervisors to administer a federal rent subsidy program authorized under the United States Housing Act of 1937. To mark the Authority’s 50-year anniversary, on July 1, 2017, the Authority changed its name from the Housing Authority of the County of Santa Clara to Santa Clara County Housing Authority. The Authority’s (the “Primary Government”) mission is to provide and inspire affordable housing solutions to enable low-income people in Santa Clara County to achieve financial stability and self-reliance. It exists to make housing safe and affordable for low-income families and individuals through voucher programs and rental properties. It also provides information, referrals, incentives, and services that help its clients stabilize their lives and increase their capacity to be economically self-sufficient. The Authority’s general operation is overseen by the Board of Commissioners (the “Board”), members of which are appointed by the County Board of Supervisors. The Board consists of seven commissioners, one from each of the five supervisorial districts and two tenants of the Authority, one being a senior citizen. Each member is appointed for a four-year term except the resident commissioners, who are appointed for two-year terms. Because of the County’s appointment of the voting majority of the Board, the Authority has been reported as a discretely presented component unit of the County.

#### **Component units**

Component units (CUs) are legally separate organizations for which a Primary Government has some degree of control, or from which it receives a financial benefit or burden. CUs are included within the primary government’s financial statements as discretely presented or blended units. CUs are discretely presented unless they qualify as a blended unit, which includes the governing board being substantially the same as the primary government’s governing board and (1) there is a financial benefit or burden relationship between the primary government and the CU or (2) management of the primary government has operational responsibility for the CU. A CU can also be blended if the total outstanding debt of the CU is expected to be paid with resources of the primary government.

The Authority’s basic financial statements include both discretely presented and blended CUs. The discretely presented CUs are reported in a separate column within the government-wide financial statements because the Authority does not have majority control over these entities and their outstanding debt is not expected to be paid by the Authority.

Conversely, the blended CUs’ financial statements are incorporated with the primary government financial statements as previously noted. The following section discusses the Authority’s blended and discretely presented CUs.

#### **Blended component units**

The blended CUs are combined with the primary government’s financial statements and have a December 31, 2023 year-end, except for the Housing Development Corporation which has a June 30, 2024 year-end.

Housing Development Corporation (“HDC”) - A non-profit public benefit corporation organized on September 14, 1983, in the State of California. The HDC engaged in the construction of the Authority’s central office building and the leasing of such property to the County. The Authority subleased the building to be used as the site of its central offices. The HDC’s policies are determined by a five-member board. The HDC has no employees and all work is done by the Authority staff or by consultants. In addition, the HDC and the Authority have a financial and operational relationship which requires that the HDC’s financial

## SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

statements be blended into the Authority's financial statements. HDC did not have any activity or balances to report for fiscal year 2024.

AE Associates, Ltd. - A California limited partnership formed in August 1991 to develop and operate an 84-unit affordable housing complex for the elderly located in San Jose, California. AE Associates, Ltd.'s General Partner, Avenida Espana HDC, Inc., an Authority affiliated non-profit general partner, maintains 1% ownership. The Authority, as the limited partner, owns 99% of the partnership. As the majority partner, the Authority can impose its will on AE Associates, Ltd. As a result, it is presented as a blended component unit.

Alvarado Park, L.P. - A California limited partnership formed on December 4, 2017, to develop and operate housing complexes located in San Jose, California. Alvarado Park, L.P.'s General Partner, Villa Garcia, Inc., is an Authority affiliated non-profit public benefit corporation that maintains a 0.01% ownership interest. The Authority, as the limited partner, owns 99.99% of the partnership. As the majority partner, the Authority can impose its will on Alvarado Park, LP. On December 19, 2023, an unaffiliated entity replaced the Authority as the limited partner. As a result, it is presented as a discretely presented component unit effective for the year ended December 31, 2023.

Avenida Espana HDC, Inc. - A non-profit corporation organized in April 1990, serves as the general partner in four limited partnerships (AE Associates, Ltd., Rincon Gardens Associates, L.P., Julian Street Partners, L.P. and McCreery Avenue LP). Avenida Espana HDC, Inc.'s three-member Board of Directors is appointed by the majority of the current board where no more than one of the three board members can be current commissioners, officers or employees of the primary government. Avenida Espana HDC, Inc. is a blended component unit of the Authority because the Authority is legally obligated to finance operating deficits and provide tax indemnification guarantees of Avenida Espana HDC, Inc. In addition, one of the board members is the Executive Director of the Authority and the Authority has operational and financial responsibility for Avenida Espana HDC, Inc.

Bascom HACSC Associates - A California limited partnership formed on April 6, 2000 to develop and operate a 125-unit affordable housing complex for the elderly in Campbell, California, operating under the name of El Parador Apartments. Bascom HACSC Associates' General Partner, DeRose HDC, Inc., is an Authority affiliated non-profit public benefit corporation that maintains a 0.01% ownership interest. On July 31, 2019, the Authority paid \$3.0 million to acquire the 99.99% limited partnership interest. As the majority partner, the Authority can impose its will on Bascom HACSC Associates. As a result, it is presented as a blended component unit.

Blossom River Associates L.P. - A California limited partnership formed in August 1996 to develop and operate a 144-unit affordable housing complex in San Jose, California, which is currently operating under the name Blossom River Apartments. The partnership is comprised of its general partner, DeRose HDC, Inc., an Authority affiliate, and the Authority as its limited partner with 99.99% ownership. As the majority partner, the Authority can impose its will on Blossom River Associates L.P. As a result, it is presented as a blended component unit.

Bracher HDC, Inc. - A California non-profit corporation organized in August 1993 to provide housing for low-income persons, where no adequate housing exists for such groups. It is serving as a general partner in two limited partnerships (HACSC/Choices Senior Associates and HACSC/Choices Family Associates) and as a Limited Partner for Willows/HACSC Associates. Bracher HDC, Inc.'s three-member board is comprised of three Directors appointed by the Authority's Executive Director. Bracher HDC, Inc. is a blended component unit of the Authority because it is legally obligated to finance operating deficits of Bracher HDC, Inc. and to provide tax indemnification guarantees on behalf of Bracher HDC, Inc. for its partnerships.

DeRose HDC, Inc. - A California non-profit corporation was created in October 1988. It serves as the general partner for Blossom River Associates LP and Bascom HACSC Associates LP. In addition, it is the sole member for Hermocilla LLC, which owns The Villa Hermosa Apartments. On September 2, 2021, DeRose HDC, Inc became the sole owner of Bayberry, Hawthorn, and Primrose Senior Apartments LLCs.

## SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Notes to the Basic Financial Statements

For the Year Ended June 30, 2024

On April 7, 2023, DeRose HDC, Inc. became the sole owner of Sage Family Apartments LLC. Subsequently, on August 4, 2023, DeRose HDC, Inc. became the sole owner of Trillium Senior Apartments LLC. These LLCs were created to serve as a general partner with a 0.01% ownership of the Bayberry, Hawthorn, Primrose, Sage and Trillium LPs.

DeRose HDC, Inc. is a blended component unit of the Authority because the Authority's Board appoints the directors of DeRose HDC, Inc. and is legally obligated to finance operating deficits and provide tax indemnification on behalf of DeRose HDC, Inc. partnerships.

HACSC / Choices Family Associates L.P. – A California limited partnership organized in February 2000 to develop and operate a 100-unit affordable housing complex located in Santa Clara, California is currently operating under the name of River Town Apartments. On January 31, 2019, the Authority acquired the 99.99% limited partnership interest. Bracher, HDC, Inc., which is a non-profit organization affiliated with the Authority, owns 0.01% of the entity. As the majority partner, the Authority can impose its will on HACSC / Choices Family Associates L.P. As a result, it is presented as a blended component unit.

HACSC / Choices Senior Associates L.P. – A California limited partnership organized in February 2000 to develop and operate a 100-unit affordable housing complex located in Santa Clara, California is currently operating under the name of John Burns Apartments. On January 31, 2019, the Authority acquired the 99.99% limited partnership interest. Bracher, HDC, Inc., which is a non-profit organization affiliated with the Authority, owns 0.01% of the entity. As the majority partner, the Authority can impose its will on HACSC / Choices Senior Associates L.P. As a result, it is presented as a blended component unit.

Hawthorn Senior Apartments L.P. – A California limited partnership formed on September 2, 2021, to develop and operate housing complexes located in San Jose, California. Its General Partner, Hawthorn Senior Apartments LLC is an Authority affiliated non-profit public benefit corporation that maintains a 0.01% ownership interest. The Authority, as the limited partner, owns 99.99% of the partnership. As the majority partner, the Authority can impose its will on Hawthorn Senior Apartments L.P. As a result, it is presented as a blended component unit.

Helzer Associates, L.P. – A California limited partnership organized in March 1998. Pinmore HDC, Inc. is the 0.1% general partner and the Authority as the limited partners owns 99.9% of the entity. As a result, the Authority can impose its will on this partnership; therefore, it is presented as a blended component unit.

Klamath Associates, L.P. A California limited partnership formed in November 1993 to develop and operate a 17-unit affordable housing complex located in Santa Clara, California, which is currently operating under the name of Klamath Gardens Apartments. S.P.G. Housing Inc., which is a non-profit organization affiliated with the Authority, is its general partner with a 1% interest. Its limited partner is the Authority with a 99% interest. Since the Authority is the majority partner it can impose its will on Klamath Associates, L.P. as such the partnership is presented as a blended component unit.

North First Gish Holding LLC – A California limited partnership formed on September 1, 2023, to develop and operate housing complexes located in San Jose, California. Villa Garcia, Inc., an Authority affiliated corporation, is the sole owner of North First Gish Holding LLC. As the majority partner, the Authority can impose its will on North First Gish Holding LLC. As a result, it is presented as a blended component unit.

Pinmore HDC, Inc. - A California non-profit corporation established in September 1993 to serve as a general partner in six limited partnerships which include Helzer Associates, Willows/HACSC Associates, Fairgrounds Luxury Family Apartments and Fairgrounds Senior Housing. In 2015, Pinmore HDC, Inc. became the general partner for Park Avenue Seniors, L.P. and Laurel Grove Family, L.P., which operate an 100-unit affordable senior housing project and an 82-unit affordable family housing project, respectively. Pinmore HDC, Inc. is a blended component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff. The Authority is legally obligated to finance deficits of Pinmore HDC, Inc. and has operational and financial responsibility.

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Poco Way HDC, Inc. - A California non-profit corporation was established in July 1994 as a nonprofit benefit corporation to provide housing for low and moderate income persons, and to serve as the general partner in limited partnerships which own and operate housing for the benefit of low and moderate income persons. The Organization previously operated a 130-unit affordable housing complex, Poco Way Apartments, which was sold on February 20, 2015 to an affiliate, McCreery Avenue LP.

In September 2017, Poco Way HDC, Inc. acquired land in Palo Alto, California, from a third-party, which is currently operating under the name of Buena Vista Mobile Home Park (Buena Vista). Buena Vista includes mobile homes spaces and one single-family home, of which eight mobile home spaces and two studios are located on land leased from a third-party.

Poco Way HDC, Inc. is a blended component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff. The Authority is legally obligated to finance deficits of Poco Way HDC, Inc. and has operational and financial responsibility.

Rincon Garden Associates L.P. - A California limited partnership formed on September 1, 2008, to develop and operate 200-unit low-income housing project for seniors located in the City of Campbell, Santa Clara County, California. On December 31, 2022, the Authority acquired the 99.99% limited partnership interest. Bracher, HDC, Inc., which is a non-profit organization affiliated with the Authority, owns 0.01% of the entity. Since the Authority can impose its will on this partnership upon the acquisition of the limited partnership interest, it is presented as a blended component unit starting the year ended December 31, 2022.

Rotary Plaza/HACSC HDC, Inc. - A California non-profit corporation established in May 1991. Its purpose is to provide affordable housing for economically and otherwise disadvantaged persons. In April 2013, Rotary Plaza/HACSC HDC, Inc. acquired Morrone Gardens, a 102-unit apartment complex located in San Jose, California from Morrone Gardens Associates; a California limited partnership, of which Rotary Plaza/HACSC HDC, Inc. was the general partner. Rotary Plaza was the general partner of Huff Avenue Associates, which owned a 73-unit affordable housing complex located in San Jose, California, operating under the name of Huff Gardens Apartments. On December 11, 2015, Huff Gardens was transferred to Huff Avenue LLC, of which Rotary Plaza/HACSC HDC, Inc. is the sole member. Rotary Plaza/HACSC HDC, Inc. is a blended component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff.

Sage Family Apartments L.P. - A California limited partnership formed on April 21, 2023, to develop and operate housing complexes located in San Jose, California. Its general partner, Sage Family Apartments LLC, is an Authority affiliated corporation that maintains a 0.01% ownership interest. The Authority, as the limited partner, owns 99.99% of the partnership. As the majority partner, the Authority can impose its will on Sage Family Apartments L.P.. As a result, it is presented as a blended component unit.

San Pedro Gardens Associates, Ltd. - A California limited partnership formed in August 1990 to develop and operate a 20-unit affordable housing complex located in Morgan Hill, California, operating under the name of San Pedro Gardens. S.P.G. Housing, Inc., an Authority affiliated non-profit general partner, hold 1% ownership and the Authority holds 99% ownership. The Authority, as the majority owner can impose its will on the entity. As a result, San Pedro Gardens Associates is presented as a blended component unit.

S.P.G. Housing, Inc. - A California non-profit corporation established in March 1992 serves as a general partner in two limited partnerships (San Pedro Gardens Associates, Ltd. and Klamath Associates). It previously served as the limited partner for Bracher Associates and Pinmore Associates. However, the properties associated with these partnerships were sold to South Drive LLC and Branham Lane LLC. South Drive LLC, the owner of Bracher Garden Apartments, and Branham Lane LLC, the owner of Pinmore Garden Apartments, are both wholly owned by S.P.G. Housing, Inc. In addition, S.P.G. Housing Inc. wholly owns Halford LLC and Poinciana LLC, two former public housing properties it acquired in 2015.



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In 2005, S.P.G. Housing, Inc. acquired DeRose Senior Housing, a 76-unit housing complex for the elderly located in San Jose, California from DeRose Housing Associates, a California limited partnership. The Authority's Board appoints its three-member governing board and may remove any of these members with or without cause. S.P.G. Housing, Inc. is a blended component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff, the Authority is legally obligated to provide guarantees on behalf of its partnership and has operational and financial responsibility.

Trillium Senior Apartments L.P. – A California limited partnership formed on August 21, 2023, to develop and operate housing complexes located in San Jose, California. Its general partner, Trillium Senior Apartments LLC, is an Authority affiliated corporation that maintains a 0.01% ownership interest. The Authority, as the limited partner, owns 99.99% of the partnership. As the majority partner, the Authority can impose its will on Trillium Senior Apartments L.P.. As a result, it is presented as a blended component unit.

Villa Garcia, Inc. ("VGI") - A California non-profit corporation established in December 1970 to manage Villa Garcia Apartments, an 80-unit apartment project subject to U.S. Housing and Urban Development ("HUD") regulations. VGI is the managing general partner of Clarendon Street, L.P. ("Clarendon"), a California limited partnership, which was formed on June 28, 2012, to acquire, rehabilitate, and operate the Villa Garcia Apartments. In November 2012, Clarendon acquired the apartments from VGI. On December 4, 2017, Alvarado Park L.P. and Bellarmino Place L.P. were formed with VGI as the General Partner with 0.01% ownership interest, to develop and operate affordable housing complexes located in San Jose, California.

On April 7, 2022, VGI became the sole member of three newly formed LLCs, Las Golondrinas Acquisition LLC, Jardines Paloma Blanca Acquisition LLC and Girasol Acquisition LLC. These three LLCs were created to serve as a general partner with a 0.01% ownership of the limited partnerships. On November 14, 2022, VGI became the Managing Member of Bellarmino Place LLC a single purpose entity in the state of Delaware, which became the Managing General Partner of Bellarmino Place LP. On August 29, 2023, VGI became the sole owner of North First Gish Holding, LLC. The LLC was created to engage in business consistent with the charitable purpose of its sole member to acquire and own prospective projects. On October 20, 2023, VGI became the sole owner of Rincon de los Esteros LLC., created to purchase and manage Rincon de los Esteros Apartments. VGI is a blended component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff, the Authority is legally obligated to provide guarantees on behalf of its partnership and has operational and financial responsibility.

Villa San Pedro HDC, Inc. ("VSP") - A non-profit corporation established in March 1990 to provide low-income families with housing facilities and services. VSP is the managing general partner of Bendorf Drive, L.P. ("Bendorf"), a California limited partnership, which was formed on February 7, 2013, to acquire, rehabilitate, and operate the Villa San Pedro Apartments. VSP is a blended component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff, the Authority is legally obligated to provide guarantees on behalf of its partnership and has operational and financial responsibility.

For all of the above blended component units, refer to Note 16 for blended CUs' condensed financial statements and Note 17 for detailed debt and other information.

### **Discretely presented component units**

The Authority's discretely presented component units (DCUs) are reported in a separate column within the government-wide financial statements and have a December 31, 2023 year-end.

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The Authority's tax credit partnerships do not have board representation. The Authority's affiliated non-profit entities serve as the general partner which holds 1% or less ownership for these partnerships and the unaffiliated limited partners hold 99% or more ownership. Thus, the Authority reported these partnerships as DCUs as the Authority's affiliated non-profit entities do not hold a majority control of these entities.

In addition, there are seven entities that are 100% owned by the Authority's affiliated non-profit entities while the Authority does not bear any financial responsibility for these entities' debts. The financial activities of these entities, including Branham Lane LLC, Halford LLC, Hermocilla LLC, Huff Avenue LLC, Poinciana LLC, Rincon De Los Esteros LLC, and South Drive LLC, are presented as DCUs in the financial statements.

Refer to Note 17 for detailed debt and other information on the Authority's discretely presented component units.

### Change in reporting entity

During the year ended December 31, 2023, the Authority changed its relationship with one of its partnerships as discussed above. The effect of the change in the reporting entity is as follows:

|   | Primary<br>Government | Component<br>Units    |
|---|-----------------------|-----------------------|
| Net position, beginning of year, as previously reported                                 | \$ 603,454,007        | \$ 112,585,872        |
| Change in reporting entity:   |                       |                       |
| Reclassification of blended component units<br>to discretely presented component units: |                       |                       |
| Alvarado Park L.P.  | 1,538                 | (1,538)               |
| Net position, beginning of year, as restated  | <u>\$ 603,455,545</u> | <u>\$ 112,584,334</u> |

## Note 2 - Summary of significant accounting policies

### Government-wide and fund financial statements

The government-wide 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 of the primary government and its component units. The effect of inter-fund activity has been removed from these statements. The primary government is reported separately from certain legally separate discretely presented component units for which the primary government is financially accountable.

For financial reporting purposes, the Authority reports all of its operations as a single business-type activity in a single enterprise fund. Therefore, the government-wide and fund financial statements are the same. Separate financial schedules are provided for the Authority's individual programs and included in the other supplementary information section of this report. These basic financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) standards.

### Measurement focus, basis of accounting and financial statement presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Authority receives value without directly giving equal value in exchange, include revenues from federal, state and local assistance programs. Revenue from these sources is recognized in the fiscal year in which all eligibility requirements have been met.

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Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are HUD housing assistance payments earned, HUD administrative fees and rental income from its public housing units.

Operating expenses include employee services, services and supplies, administrative expenses, utilities, depreciation on capital assets and housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

For financial reporting purposes, the Authority considers its HUD grants and contracts associated with operations as operating revenues because these funds more closely represent revenues generated from operating activities rather than non-operating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after non-operating activity on the accompanying statement of revenues, expenses and changes in net position.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Deferred outflows of resources and deferred 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 asset that applies to a future period and so will not be recognized as an expense until then.

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 asset that applies to a future period and so will not be recognized as revenue until then.

### **Summary of significant programs**

The accompanying basic financial statements include the activities of several housing programs subsidized by HUD and other governmental entities. A summary of each significant program is provided below:

Section 8 Rental Voucher Program is used to account for the operations of the low-income housing program which is funded by HUD under the annual contributions contract numbers CA-056VO and CA-059VO for 19,886 units.

Moving to Work ("MTW") Program includes the Authority's demonstration program operations to design and test innovative approaches in assisted housing. The purpose of the Authority's demonstration program is to provide incentives to families to become economically self-sufficient, to reduce the Authority's costs and achieve greater cost effectiveness, and to increase housing choice for low-income families.

The accompanying basic financial statements also include the activities for Asset Management and Development programs. A summary of each significant program is provided below:

Asset Management Department is responsible for the effective stewardship of the Authority's portfolio of over 30 affordable housing communities. The Asset Management Department is entrusted with the responsibility of optimizing the utilization of housing assets, ensuring their sustainability, and maximizing returns on investments. Key areas include property acquisition, maintenance and modernization strategies, risk mitigation, financial reporting, and compliance within regulatory and financial frameworks. The department is also responsible for managing third-party property management contracts which include

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operations related to property management, maintenance services, resident services, and compliance monitoring. The Asset Management unit oversees more than 2,700 residential housing units, which includes occupied homes that are owned by the Authority and its affiliated entities. The revenues for the Asset Management department are mostly derived from the fees earned from these activities.

Real Estate Development Department is responsible for the strategic planning, acquisition, financing and construction of multi-family and single-family properties to expand the supply of affordable housing and meet the evolving needs of the community. Key duties of the department include site identification, feasibility assessments, project design, financing, zoning and entitlements, community engagement, construction, and overall alignment with the Authority's mission. The department utilizes a wide variety of federal, state and local financing programs and opportunities for the benefit of the project and its residents and manages a wide variety of financing instruments with multiple lenders and investors. The department is also responsible for managing major rehabilitation of existing low-income housing units/projects. Revenues for the department are generated through developer fees and other certain specialized revenues.

### **Cash and cash equivalents**

The Authority considers all highly liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents. This includes non-negotiable certificates of deposit with financial institutions and deposits with the State of California Local Agency Investment Fund ("LAIF").

### **Restricted cash, cash equivalents and investments**

Restricted cash, cash equivalents and investments represent deposits that are used as collateral for loans made by a bank, used for replacement reserve and impound accounts, insurance reserves, security deposits, and residual receipts accounts.

All investments are stated at fair value. Fair value is defined as 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.

### **Receivables**

Receivables consist of revenues earned during the fiscal year and not yet received. Amounts due from HUD and other governments represent reimbursable expenses, contract revenues or grant subsidies earned that have not been collected as of year-end; these amounts are considered fully collectible.

### **Capital assets**

The Authority defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Land, structures, and equipment are recorded at cost. Depreciation has been provided over estimated useful lives of the assets using the straight-line method.

The estimated useful lives are as follows:

|  |                 |
|--|-----------------|
| Buildings.....                           | 27.5 - 40 years |
| Site improvements and modernization..... | 10 - 40 years   |
| Dwelling and non-dwelling equipment..... | 3 - 5 years     |
| Vehicles .....                           | 5 years         |
| Computer hardware and software .....     | 3 - 5 years     |

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### **Impairment of capital assets**

The Authority 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, 2024, there has been no impairment of the capital assets.

### **Investments in partnerships**

Certain blended component units have investments in limited partnerships and account for their investments under the equity method of accounting. Investee partnerships are included as discretely presented component units.

### **Pension plan**

For purposes of measuring the net pension asset/liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's pension plan and additions to/deduction from the pension plan's fiduciary net position have been determined on the same basis as they are reported by California Public Employees' Retirement System (CalPERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

### **Other postemployment benefit (OPEB) plan**

For purposes of measuring the net OPEB asset/liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's OPEB plan and additions to/deduction from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the California Employers' Retiree Benefit Trust Fund Program ("CERBT"). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. OPEB plan investments are reported at fair value.

### **Unearned revenue**

Unearned revenue is recorded for transactions for which revenue has not yet been earned. At June 30, 2024, the unearned revenue was comprised of grants and lease payments received in advance that have not been earned.

### **Compensated absences**

Employees of the Authority are entitled to paid vacation, depending on job classification, length of service and other factors. Additionally, employees may accumulate unused sick leave benefits based on length of service. The estimated liability for vested leave benefits is recorded as an expense when earned and the cumulative unpaid amount is reported as a liability.

### **Permanent loan costs**

Costs incurred in order to obtain permanent financing are stated at cost and amortized on a straight-line basis into interest expense over the term of the loan. Permanent loan costs are reported as a direct deduction from the face amount of the related debt.

### **Family Self Sufficiency (FSS) Escrow Account**

The FSS escrow account is an interest-bearing bank account reported as part of restricted cash and cash equivalents and established by the Authority for participating families in the FSS Program. A monthly deposit (or deduction) is made by the Authority for each participating family during the term of their FSS contract, based on increases (or decreases) in earned income of the family. The Authority may make a

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portion of the escrow account balance available to the family, during the term of the contract, to enable the family to complete an interim goal such as education.

If the family completes the contract term and no member of the family is receiving subsidy, the full amount of the escrow account balance will be paid to the head of household of the family. However, if the family fails to comply with the FSS contract rules, the family's escrow account may be forfeited.

### **Eliminations**

Inter-program due from/due to and transfers - In the normal course of operations, certain programs may pay for common costs or advance funds for operational shortfalls that create inter-program receivables or payables. The inter-program receivables and payables net to zero and are eliminated for presentation of the Authority's government-wide financial statements. For the year ended June 30, 2024, offsetting amounts of \$9,015,775 were eliminated. The Authority also eliminated \$99,746,001 related to intercompany receivable/payable balances between and within programs from the consolidated financial statements. Furthermore, inter-program transfers of \$721,685,674 were eliminated.

Internal charges - The Authority internally charges its costs of support service, indirect costs allocations interest payments, and rent provided by one department to other Authority departments on a cost-reimbursement basis. For financial reporting purposes, \$11,769,030 of internal charges for services and rent and \$1,952,461 of prepaid rent payments have been eliminated for the year ended June 30, 2024.

Cumulative gains from related party sales - The Authority may acquire or sell capital assets from other commonly controlled affiliates. Generally accepted accounting principles require that the buyer record the transaction based on the seller's carrying value of the assets at the time of acquisition. The cumulative amount of the excess of the purchase price over the carrying value of the property acquired by the discretely presented component units totaling \$20,499,638 is eliminated for presentation of the Authority's government-wide financial statements.

### **Net position**

Net position includes the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation reduced by liabilities relating to those restricted assets. At June 30, 2024, the primary government's restricted net position of \$41.3 million was mainly comprised of \$38.2 million of restricted cash, cash equivalents, investments and receivables offset by related liabilities of \$6.3 million, and net pension asset of \$9.4 million.

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

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### Use of estimates

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

### New accounting pronouncements

During the year ended June 30, 2024, the Authority implemented the following GASB Statements:

- In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (a) practice issues that been identified during implementation and application of certain GASB Statements and (b) accounting and financial reporting for financial guarantees. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for the Authority's fiscal year ending June 30, 2024. Implementation of these requirements did not have any impact on the Authority's financial statements for the fiscal year ended June 30, 2024.
- In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant consistent, and comparable information for making decisions or assessing accountability. Implementation of this statement did not have a significant impact on the Authority's financial statements for the fiscal year ended June 30, 2024

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

- In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2025.
- In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide information to users of government financial statements about risks that could impact a government's financial health. The statement aims to improve the consistency and transparency of how governments disclose information about risk financing and insurance-related transactions. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2025.
- In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this statement is 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. This Statement also addresses certain application issues. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2026.

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- In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to establish requirements for certain types of capital assets to be disclosed separately for purposes of note disclosures, and to establish requirements for capital assets held for sale and note disclosures for those capital assets. The requirements of this statement are effective for the Authority's financial statements for the year ending June 30, 2026.

## Note 3 – Cash, cash equivalents and investments

Cash, cash equivalents and investments are presented on the accompanying statements of net position as of June 30, 2024, for the primary government and as of the various fiscal year ends of the individual presented component units are as follows:

|  | Primary<br>Government | Discretely<br>Presented<br>Component Units | Total                 |
|--|-----------------------|--|-----------------------|
| Unrestricted cash and cash equivalents | \$ 94,003,573         | \$ 39,144,934                              | \$ 133,148,507        |
| Unrestricted short term investments    | 26,838,009            | -  | 26,838,009            |
| Restricted cash and cash equivalents   | 35,302,077            | 22,353,594                                 | 57,655,671            |
| Restricted short term investments      | 298,735               | -  | 298,735               |
| Long term investments                  | 46,687,475            | -  | 46,687,475            |
| Restricted long term investments       | 2,403,016             | -  | 2,403,016             |
| Total                                  | <u>\$ 205,532,885</u> | <u>\$ 61,498,528</u>                       | <u>\$ 267,031,413</u> |
| Deposits with financial institutions   | \$ 129,305,650        | \$ 61,498,528                              | \$ 190,804,178        |
| Investments                            | 76,227,235            | -  | 76,227,235            |
| Total                                  | <u>\$ 205,532,885</u> | <u>\$ 61,498,528</u>                       | <u>\$ 267,031,413</u> |

### Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The Authority entered into collateralization agreements with the custodian of its deposits pursuant to the California Government Code which requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

### Investments authorized by the Authority

The Authority is empowered by the HUD Notice 96-33 (extended indefinitely by HUD Notice PIH 2002-13) to invest HUD funds in the following:

- A. United States Treasury bills, notes and bonds.
- B. Obligations issued by Agencies or Instrumentalities of the U.S. Government.
- C. State or Municipal Depository Funds, such as the Local Agency Investment Fund ("LAIF").



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- D. Insured Demand and Savings Deposits, provided that deposits in excess of the insured amount must be 100% collateralized by securities listed in A and B above.
- E. Insured Money Market Deposit Accounts, provided that deposits in excess of the insured amount must be 100% collateralized by securities listed in A and B above.
- F. Insured Super NOW accounts, provided that deposits in excess of the insured amount must be 100% collateralized by securities listed in A and B above.
- G. Repurchase Agreements of any securities authorized above. Securities purchased under repurchase agreements shall be no less than 102% of market value.
- H. Reverse Repurchase Agreements of any U.S. Treasury and Federal Agency securities in the portfolio. Securities purchased under reverse repurchase agreements shall be for temporary and unanticipated cash flow needs only.
- I. Sweep accounts that are 100% collateralized by securities listed in A and B above.
- J. Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized above (money market mutual funds). Such funds must carry the highest rating of at least two national rating agencies. Not more than 15% or 20% of surplus funds can be invested in Money Market Mutual Funds.
- K. Funds held under the terms of a Trust Indenture or other contract or agreement, including the HUD/Public Housing Agency Annual Contributions Contract, may be invested according to the provisions of those indentures or contracts.
- L. Any other investment security authorized under the provisions of HUD Notice 96-33, as extended by HUD Notice PIH 2002-13.

The Authority is empowered by the California Government Code Sections 5922 and 53601 et seq. and its Investment Policy to invest non-HUD funds in the following:

- A. Bonds issued by local government agencies with a maximum maturity of five years.
- B. United States Treasury Bills, Notes and Bonds.
- C. Registered warrants, treasury notes or bonds issued by the State of California.
- D. Bonds, notes, warrants or other evidence of debt issue by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurer, other local agencies or joint power agencies.
- E. Obligations issued by Agencies or instrumentalities of the U.S. Government.
- F. Bankers Acceptances with a term not to exceed 270 days. Not more than 40% of surplus funds can be invested in Bankers' Acceptances and no more than 30% of surplus funds can be invested in the Bankers' Acceptances of any single commercial bank.
- G. Prime Commercial Paper with a term not to exceed 180 days and the highest ranking issued by Moody's Investors Service ("Moody's") or Standard & Poor's Corporation ("S&P"). Commercial Paper cannot exceed 15% of total surplus funds, provided that if the average maturity of all Commercial Paper does not exceed 31 days, up to 30% of surplus funds can be invested in Commercial Paper.
- H. Repurchase Agreements of any securities authorized by this section. Securities purchased under repurchase agreements shall be no less than 102% of market value.
- I. Reverse Repurchase Agreements of any U.S. Treasury and Federal Agency Securities in the portfolio. Securities purchased under reverse repurchase agreements shall be for temporary and unanticipated cash flow needs only.
- J. Medium term notes (not to exceed five years) of U.S. Corporations rated "A" or better by Moody's or S&P. Not more than 30% of surplus funds can be invested in medium term notes.

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- K. Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this section ("Money Market Mutual Funds"). Such funds must carry the highest rating of at least two national rating agencies. Not more than 15% of surplus funds can be invested in Money Market Mutual Funds.
- L. Funds held under the terms of a Trust Indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements.
- M. Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code ("UCC") or applicable federal security regulations.
- N. Any mortgage pass-through security, collateralized mortgage obligation, mortgage backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five years. Securities in this category must be rated AA or better by a national rating service. No more than 30% of surplus funds can be invested in this category of securities.
- O. Any other investment security authorized under the provisions of the California Government Code section 5922 and 53601.

For the Authority's investment in California Employers' Pension Prefunding Trust (CEPPT), the Authority has applied the investment guidelines and policy of the CalPERS for the CEPPT which authorized the investments in global equities, fixed income, treasury inflation-protected securities, real estate investment trusts, and liquidity assets.

### **Interest rate and credit risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Credit ratings of securities other than LAIF are presented based on Moody's Credit Rating.

The Authority is a participant in LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute. LAIF does not have a rating provided by a nationally recognized statistical rating organization. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are U.S. Treasuries, federal agency obligations, time deposits, negotiable certificates of deposits, commercial paper, corporate bonds, and security loans. As of June 30, 2024, LAIF's weighted average to maturity is 217 days. More information on LAIF investment pool can be found at <http://www.treasurer.ca.gov/pmia-laif/laif/>.

### **Concentration of credit risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's holdings in a single issuer. The Authority diversifies its portfolio by limiting the percentage of the portfolio that can be invested in any one issuer's name. Investments in U.S. Treasuries, U.S. Agency securities explicitly backed by the U.S., and mutual and pooled funds are not subject to this limitation.

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A summary of the Authority's investments at June 30, 2024 is shown below:

| Investment                                     | Credit Rating | June 30, 2024        | Maturities (in years) |                      |                      |
|--|---------------|----------------------|-----------------------|----------------------|----------------------|
|  |               |                      | Less than 1           | 1-3                  | 3-5                  |
| Money Market Mutual Fund                       | Not rated     | \$ 2,877,243         | \$ 2,877,243          | \$ -                 | \$ -                 |
| State Local Agency Investment Fund             | Not rated     | 9,228,773            | 9,228,773             | -                    | -                    |
| California Employers' Pension Prefunding Trust | Not rated     | 2,403,016            | -                     | 2,403,016            | -                    |
| Negotiable Certificates of Deposits            | Not rated     | 1,663,026            | 728,956               | 934,070              | -                    |
| U.S. Federal Agencies Securities:              |               |                      |                       |                      |                      |
| Federal Agric Mtg Corp Mtn                     | Aaa           | 798,168              | -                     | 798,168              | -                    |
| Federal Home Loan Bank                         | Aaa           | 22,655,702           | 3,991,900             | 12,289,130           | 6,374,672            |
| Federal Farm Cr Bks Bond                       | Aaa           | 11,000,710           | 6,645,731             | -                    | 4,354,979            |
| Federal National Mtg Assn Note                 | Aaa           | 2,196,361            | 2,196,361             | -                    | -                    |
| Tennessee Valley Authority Federal BE Bond     | Aaa           | 1,110,661            | -                     | 1,110,661            | -                    |
| U.S. Treasury Securities:                      |               |                      |                       |                      |                      |
| United States Treasury Notes                   | Aaa           | 1,467,780            | 1,467,780             | -                    | -                    |
| United States Treasury Series H-2026           | Aaa           | 1,444,095            | -                     | 1,444,095            | -                    |
| Corporate Bonds:                               |               |                      |                       |                      |                      |
| Apple Inc                                      | Aaa           | 2,361,265            | -                     | 940,090              | 1,421,175            |
| Astrazeneca Finance                            | A2            | 928,430              | -                     | 928,430              | -                    |
| Bank New York Mellon Corp                      | A1            | 691,034              | -                     | 691,034              | -                    |
| Bank Of America Corp Serv N Mtn                | A1            | 687,369              | -                     | 687,369              | -                    |
| Berkshire Hathaway Inc Del Note                | Aa2           | 1,563,207            | -                     | 1,563,207            | -                    |
| BP Cap Mkts Amer Inc                           | A1            | 764,917              | -                     | 764,917              | -                    |
| Bristol-Myers Squibb Co                        | A2            | 337,425              | -                     | 337,425              | -                    |
| Citigroup Inc                                  | A3            | 724,350              | -                     | 724,350              | -                    |
| Citigroup Inc Ser G Mtc                        | A3            | 273,333              | -                     | 273,333              | -                    |
| Costco Wholesale Corporation                   | Aa3           | 1,433,820            | -                     | 1,433,820            | -                    |
| Deere John Capital Corp                        | A1            | 728,506              | -                     | 728,506              | -                    |
| Exxon Mobil Corp                               | Aa2           | 967,200              | -                     | 967,200              | -                    |
| Goldman Sachs Group Inc                        | A2            | 487,055              | -                     | 487,055              | -                    |
| Goldman Sachs Group Inc Mtn                    | A2            | 273,921              | -                     | 273,921              | -                    |
| JPMorgan Chase & Co                            | A1            | 1,875,160            | -                     | 1,875,160            | -                    |
| Microsoft Corp                                 | Aaa           | 485,234              | -                     | 485,234              | -                    |
| Morgan Stanley Ser F Mtn                       | A1            | 717,030              | -                     | 717,030              | -                    |
| Paypal Hldgs Inc                               | A3            | 449,559              | -                     | 449,559              | -                    |
| Phillips 66                                    | A3            | 140,412              | -                     | 140,412              | -                    |
| PNC Financial Svcs Group Inc                   | A3            | 946,820              | -                     | 946,820              | -                    |
| Public Storage                                 | A2            | 460,355              | -                     | 460,355              | -                    |
| Public Service Elec & Gas Co                   | A1            | 931,105              | -                     | 931,105              | -                    |
| Tele Communications Inc                        | A3            | 435,168              | -                     | -                    | 435,168              |
| Wells Fargo & Co                               | A1            | 719,025              | -                     | 719,025              | -                    |
| Subtotal Corporate Bonds                       |               | 19,381,700           | -                     | 17,525,357           | 1,856,343            |
| <b>Total investments</b>                       |               | <b>\$ 76,227,235</b> | <b>\$ 27,136,744</b>  | <b>\$ 36,504,497</b> | <b>\$ 12,585,994</b> |

The Authority categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs include inputs that are directly observable for the investment (including quoted price for similar investments) and inputs that are not directly observable but are derived from observable market data through correlation; and Level 3 inputs are significant unobservable inputs.

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A summary of the Authority's hierarchy of inputs of its investments at June 30, 2024 is shown below:

| Type of Investment                                      |                      |
|---|----------------------|
| Investment by fair value hierarchy - Level 1:           |                      |
| U.S. Treasury Securities                                | \$ 2,911,875         |
| Investment by fair value hierarchy - Level 2:           |                      |
| U.S. Federal Agency Securities                          | 37,761,602           |
| Negotiable Certificate of Deposits                      | 1,663,026            |
| Corporate Bonds   | 19,381,700           |
| Subtotal investments by fair value hierarchy - Level 2  | 58,806,328           |
| Investment not subject to fair value hierarchy:         |                      |
| Money Market Mutual Funds                               | 2,877,243            |
| State Local Agency Investment Fund                      | 9,228,773            |
| California Employers' Pension Prefunding Trust          | 2,403,016            |
| Subtotal investment not subject to fair value hierarchy | 14,509,032           |
| <b>Total investments</b>                                | <b>\$ 76,227,235</b> |

## Note 4 – Long-term receivables with non-related parties

In January 2013, the Authority entered into an Amended and Restated Promissory Note with the Ford Road Family Housing, L.P., a California limited partnership in the amount of \$5,760,000. The note bears simple interest at the rate of zero percent per year and matures on the earliest of the occurrence of an event of default; or fifty-five years from the Commencement Date of the Affordability Covenants. Payments are due and payable annually on July 1 and the annual payment is equal to the Authority's Proportionate Share of Net Cash Flow, as defined in the agreements. As of June 30, 2024, the amount due to the Authority is \$5,489,798.

In September 2021, Poco Way HDC, Inc. entered into three Secured Promissory Tenant Notes totaling \$262,994. No interest shall accrue on the principal balance of these notes except upon the occurrence of an event of default. The entire outstanding principal balance of these notes shall be payable in full on the date that the property or any interest therein is sold, assigned, transferred, conveyed, or encumbered, or the property is moved out. As of June 30, 2024, the amount due to the Authority is \$262,994.

On April 7, 2022, the Authority entered a note with JHC-4<sup>th</sup> Street LLC, a California limited liability company in the amount of \$8,700,000. The note bears simple interest at a rate of three percent per annum from the date of disbursement until full repayment of the principal balance of the loan. As of June 30, 2024, the amount due to the Authority is \$5,535,644 in principal and \$139,615 in interest.

## Note 5 - Disposition of public housing properties

As of June 30, 2024, the Authority has one remaining public housing project known as Deborah Drive (CA059016) with a total of 4 rental units managed under HUD's Public Housing rules and regulations. The Authority is waiting for the final confirmation from HUD in order to dispose of this remaining public housing project.

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## Note 6 - Capital assets

The primary government's capital assets activity for the year ended June 30, 2024 was as follows:

|  | July 1,<br>2023 | Change in<br>reporting entity | July 1, 2023,<br>as restated | Additions     | Reductions/<br>Transfers | June 30,<br>2024 |
|--|-----------------|-------------------------------|------------------------------|---------------|--------------------------|------------------|
| Capital assets, not being depreciated:                     |                 |                               |                              |               |                          |                  |
| Land   | \$ 125,522,529  | \$ -                          | \$ 125,522,529               | \$ 14,994,478 | \$ (4,580,000)           | \$ 135,937,007   |
| Construction in progress                                   | 12,751,541      | (2,400,197)                   | 10,351,344                   | 6,341,761     | (2,155,087)              | 14,538,018       |
| Total capital assets, not being depreciated                | 138,274,070     | (2,400,197)                   | 135,873,873                  | 21,336,239    | (6,735,087)              | 150,475,025      |
| Capital assets, being depreciated:                         |                 |                               |                              |               |                          |                  |
| Structures   | 186,289,117     | -                             | 186,289,117                  | 12,178,712    | (8,530,615)              | 189,937,214      |
| Furniture and equipment                                    | 11,469,430      | -                             | 11,469,430                   | 613,230       | (77,890)                 | 12,004,770       |
| Total capital assets, being depreciated                    | 197,758,547     | -                             | 197,758,547                  | 12,791,942    | (8,608,505)              | 201,941,984      |
| Less accumulated depreciation                              |                 |                               |                              |               |                          |                  |
| Structures   | (97,304,121)    | -                             | (97,304,121)                 | (5,215,300)   | 487,032                  | (102,032,389)    |
| Furniture and equipment                                    | (9,601,063)     | -                             | (9,601,063)                  | (908,965)     | 77,890                   | (10,432,138)     |
| Total accumulated depreciation                             | (106,905,184)   | -                             | (106,905,184)                | (6,124,265)   | 564,922                  | (112,464,527)    |
| SBITA assets, being amortized:                             |                 |                               |                              |               |                          |                  |
| SBITA assets   | 3,535,506       | -                             | 3,535,506                    | 510,494       | -                        | 4,046,000        |
| Less accumulated amortization                              | (362,623)       | -                             | (362,623)                    | (836,903)     | -                        | (1,199,526)      |
| SBITA assets, being amortized, net                         | 3,172,883       | -                             | 3,172,883                    | (326,409)     | -                        | 2,846,474        |
| Total capital assets, being depreciated and amortized, net | 94,026,246      | -                             | 94,026,246                   | 6,341,268     | (8,043,583)              | 92,323,931       |
| Total capital assets, net                                  | \$ 232,300,316  | \$ (2,400,197)                | \$ 229,900,119               | \$ 27,677,507 | \$ (14,778,670)          | \$ 242,798,956   |

The primary government reported depreciation and amortization expenses in the amount of \$6,961,168 for the year ended June 30, 2024.

During the year ended June 30, 2024, the Authority sold a building of \$7,897,500 for a sale price of \$1,921,599 and recognized a loss on disposal of capital assets of \$5,975,901. In addition, the Authority sold land at book value of \$4,580,000 to Alvarado Place L.P., a discretely presented component unit.

The discretely presented component units' capital assets activity for the year ended December 31, 2023 is as follows:

|  | January 1,<br>2023 | Change in<br>reporting entity | January 1, 2023<br>as restated | Additions     | Reductions/<br>Transfers | December 31,<br>2023 |
|--|--------------------|-------------------------------|--------------------------------|---------------|--------------------------|----------------------|
| Capital assets, not being depreciated:                     |                    |                               |                                |               |                          |                      |
| Land   | \$ 29,027,719      | \$ -                          | \$ 29,027,719                  | \$ 32,257,725 | \$ -                     | \$ 61,285,444        |
| Construction in progress                                   | 11,693,648         | 2,400,197                     | 14,093,845                     | 31,520,408    | (676,967)                | 44,937,286           |
| Total capital assets, not being depreciated                | 40,721,367         | 2,400,197                     | 43,121,564                     | 63,778,133    | (676,967)                | 106,222,730          |
| Capital assets, being depreciated:                         |                    |                               |                                |               |                          |                      |
| Structures   | 405,247,418        | -                             | 405,247,418                    | 30,475,356    | (457,175)                | 435,265,599          |
| Furniture and equipment                                    | 6,873,927          | -                             | 6,873,927                      | 216,641       | -                        | 7,090,568            |
| Total capital assets, being depreciated                    | 412,121,345        | -                             | 412,121,345                    | 30,691,997    | (457,175)                | 442,356,167          |
| Less accumulated depreciation                              | (113,067,266)      | -                             | (113,067,266)                  | (12,496,045)  | 167,214                  | (125,396,097)        |
| Lease assets, being amortized                              |                    |                               |                                |               |                          |                      |
| Lease assets   | 22,131,657         | -                             | 22,131,657                     | -             | (231,009)                | 21,900,648           |
| Total capital assets, being depreciated and amortized, net | 321,185,736        | -                             | 321,185,736                    | 18,195,952    | (520,970)                | 338,860,718          |
| Total capital assets, net                                  | \$ 361,907,103     | \$ 2,400,197                  | \$ 364,307,300                 | \$ 81,974,085 | \$ (1,197,937)           | \$ 445,083,448       |

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The discretely presented component units reported depreciation expense in the amount of \$12,496,045 for the year ended December 31, 2023.

As discussed in Note 1, during the year ended December 31, 2023, Alvarado Park L.P. changed from a blended component unit to a discretely presented component unit. As a result, the Authority restated the beginning capital assets balance of \$2,400,197.

## Note 7 - Long-term obligations

Outstanding long-term obligations consisted of the following at June 30, 2024:

| Type of Indebtedness (purpose)                                   | Maturity  | Interest Rate | Principal<br>Installment | Issue<br>Amount | Balance as of<br>June 30, 2024 |
|--|-----------|---------------|--------------------------|-----------------|--------------------------------|
| <b>Notes Payable</b>   |           |               |                          |                 |                                |
| City of San Jose   | 9/23/2024 | 4%            | \$ 972,500               | \$ 972,500      | \$ 972,500                     |
| <b>Blended Component Units (detailed information in Note 17)</b> |           |               |                          |                 | 98,437,864                     |
| <b>SBITA Liabilities</b>   |           |               |                          |                 | 2,411,118                      |
| Total primary government   |           |               |                          |                 | <u>\$ 101,821,482</u>          |

Changes to the primary government's long-term obligations are as follows:

|  | July 1,<br>2023       | Additions           | Retirements         | June 30,<br>2024      | Due within<br>one year |
|--|-----------------------|---------------------|---------------------|-----------------------|------------------------|
| <b>Notes Payable</b>                   |                       |                     |                     |                       |                        |
| Payable to the City of San Jose        | \$ 972,500            | \$ -                | \$ -                | \$ 972,500            | \$ 972,500             |
| <b>Blended Component Units</b>         |                       |                     |                     |                       |                        |
| AE Associates                          | 4,353,004             | -                   | 24,818              | 4,328,186             | 1,047,860              |
| Bascom HACSC Associates                | 4,685,000             | -                   | 130,000             | 4,555,000             | 135,000                |
| Blossom River Associates               | 9,735,150             | -                   | 291,367             | 9,443,783             | 320,000                |
| HACSC/Choices Family Associates        | 14,366,426            | -                   | 271,790             | 14,094,636            | 311,446                |
| HACSC/Choices Senior Associates        | 10,241,092            | -                   | 131,183             | 10,109,909            | 145,000                |
| Helzer Associates                      | 13,071,567            | -                   | 315,500             | 12,756,067            | 360,000                |
| Klamath Associates                     | 902,644               | -                   | 44,962              | 857,682               | 49,489                 |
| Poco Way HDC, Inc                      | 29,000,000            | -                   | -                   | 29,000,000            | -                      |
| Rincon Gardens Associates              | 10,568,272            | -                   | 642,329             | 9,925,943             | 383,206                |
| Rotary Plaza/Hacsc HDC Inc             | 497,032               | -                   | 215,233             | 281,799               | 191,134                |
| San Pedro Gardens Associates           | 1,491,028             | -                   | 1,528               | 1,489,500             | -                      |
| S.P.G. Housing Inc.                    | 1,659,310             | -                   | 63,951              | 1,595,359             | 66,497                 |
| Total blended component units          | <u>100,570,525</u>    | <u>-</u>            | <u>2,132,661</u>    | <u>98,437,864</u>     | <u>3,009,632</u>       |
| <b>Interest Payable</b>                |                       |                     |                     |                       |                        |
| Other programs                         | 708,659               | 17,155              | 20,000              | 705,814               | 705,814                |
| Blended component units                | <u>8,643,784</u>      | <u>3,631,970</u>    | <u>3,451,677</u>    | <u>8,824,077</u>      | <u>934,776</u>         |
| Total interest payable                 | <u>9,352,443</u>      | <u>3,649,125</u>    | <u>3,471,677</u>    | <u>9,529,891</u>      | <u>1,640,590</u>       |
| <b>SBITA Liabilities</b>               |                       |                     |                     |                       |                        |
|  | 3,262,304             | 510,494             | 1,361,680           | 2,411,118             | 758,217                |
| <b>Accrued Vacation and Sick Leave</b> |                       |                     |                     |                       |                        |
|  | <u>2,367,019</u>      | <u>-</u>            | <u>350,784</u>      | <u>2,016,235</u>      | <u>138,912</u>         |
| Total Primary Government               | <u>\$ 116,524,791</u> | <u>\$ 4,159,619</u> | <u>\$ 7,316,802</u> | <u>\$ 113,367,608</u> | <u>\$ 6,519,851</u>    |

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The annual debt service requirements for the primary government's note payable to maturity are as follows:

|                      | <u>Principal</u>  | <u>Interest</u> |
|----------------------|-------------------|-----------------|
| Year Ending June 30, |                   |                 |
| 2025                 | <u>\$ 972,500</u> | <u>\$ 8,969</u> |

The blended component units' long-term debt service is payable from excess distributable cash that are generally subject to changes in net cash flows. See additional information on the debt in Note 17.

As part of normal operations, the Authority entered into various subscription-based information technology arrangements (SBITAs) for operations. SBITA liabilities were calculated based on the Net Present Value (NPV) of future subscription payments, discounted using daily treasury par yield curve rates for the term of the contract. The Authority only recorded SBITA liabilities for arrangements with a NPV of \$250,000 or more.

The annual payment requirements for the primary government's SBITA liabilities are as follows:

|                      | <u>Principal</u>   | <u>Interest</u>   |
|----------------------|--------------------|-------------------|
| Year Ending June 30, |                    |                   |
| 2025                 | \$ 758,217         | \$ 93,305         |
| 2026                 | 802,943            | 60,128            |
| 2027                 | 849,958            | 24,999            |
|                      | <u>\$2,411,118</u> | <u>\$ 178,432</u> |

**Note 8 - Deficit net position**

The following blended and discretely presented component units have a deficit net position as of December 31, 2023:

**Blended Component Units**

|                                    |                |
|------------------------------------|----------------|
| A.E. Associates, LP                | \$ (4,526,750) |
| Avenida Espana HDC, Inc.           | (2,786,186)    |
| Blossom River Associates, LP       | (6,335,511)    |
| Bracher HDC. INC.                  | (1,567,782)    |
| DeRose HDC, Inc.                   | (1,209,842)    |
| HACSC/Choices Family Associates    | (51,129)       |
| HACSC/Choices Senior Associates    | (1,773,196)    |
| Hawthorn Senior, LP                | (833)          |
| Helzer Associates, LP              | (4,999,194)    |
| Klamath Associates LP              | (557,339)      |
| North First Gish Holding LLC       | (23,665)       |
| Pinmore HDC, Inc.                  | (2,773,687)    |
| Sage Family Apartment LP           | (569)          |
| San Pedro Gardens Associates, Ltd. | (1,749,024)    |

**Discretely Presented Component Units**

|                                       |              |
|---------------------------------------|--------------|
| Girasol Acquisition LP                | \$ (228,311) |
| Jardones Paloma Blanca Acquisition LP | (183,247)    |
| Las Golondrinas Acquisition LP        | (48)         |
| Willows HACSC Associates              | (602,095)    |

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These entities are the non-profit entities or limited partnerships that were created by the Authority to own and operate low-income residential properties in the County of Santa Clara. The net deficit of these entities is mainly from cumulative operating losses, including depreciation expense on the properties. However, based on the Authority's prior experience, these deficit balances are likely to be recovered from the sale or transfer of the low-income property at fair market value. The remaining deficits can be funded by the Authority's MTW funds under its MTW plan non-traditional activity 2012-4 (Create Affordable Housing Preservation Fund).



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**Note 9 - Related parties**

The Authority has the following receivables from related parties and other component units as of June 30, 2024:

| Receivables due from<br>Blended Component Units | Short-term<br>receivables | Long-term Receivables |                                |                          |                            |                                   | Subtotal              | Elimination            | Total               |
|---|---------------------------|-----------------------|--------------------------------|--------------------------|----------------------------|-----------------------------------|-----------------------|------------------------|---------------------|
|   |                           | Notes<br>Receivables  | Lease/ Mortgage<br>Receivables | Seller<br>Take-Back Note | Interest on<br>Receivables | Development and<br>Other Services |                       |                        |                     |
| AE Associates Ltd                               | \$ 15,532                 | \$ 7,099              | \$ 30,000                      | \$ -                     | \$ -                       | \$ -                              | \$ 37,099             | \$ (42,624)            | \$ 10,007           |
| Avenida Espana HDC, Inc                         | -                         | -                     | -                              | -                        | -                          | 12,330,000                        | 12,330,000            | (12,330,000)           | -                   |
| Bascom HACSC Assoc. L.P.                        | 16,275                    | 7,338,479             | -                              | -                        | 120,327                    | 3,750                             | 7,462,556             | (7,478,816)            | 15                  |
| Blossom River Assoc. L.P.                       | 16,876                    | 8,507,934             | -                              | -                        | 87,340                     | -                                 | 8,595,274             | (8,612,084)            | 66                  |
| Derosé HDC                                      | -                         | -                     | -                              | -                        | -                          | -                                 | -                     | -                      | -                   |
| HACSC Family                                    | 16,346                    | -                     | -                              | -                        | -                          | 11,794                            | 11,794                | (28,087)               | 53                  |
| HACSC Senior                                    | 834                       | -                     | -                              | -                        | -                          | 106,054                           | 106,054               | (97,833)               | 9,055               |
| Hawthorn Senior L.P.                            | -                         | 18,365,091            | -                              | -                        | -                          | -                                 | 18,365,091            | (18,365,091)           | -                   |
| Helzer Associates                               | 17,330                    | 8,171,549             | -                              | -                        | 99,856                     | -                                 | 8,271,405             | (8,284,865)            | 3,870               |
| Klamath Associates L.P.                         | 187                       | 400,000               | -                              | -                        | 21,040                     | 137,287                           | 558,327               | (504,662)              | 53,852              |
| North First Gish Holding LLC                    | -                         | 1,500,000             | -                              | -                        | -                          | -                                 | 1,500,000             | (268,756)              | 1,231,244           |
| Poco Way HDC, Inc                               | 487                       | 24,262,513            | -                              | -                        | 16,603                     | -                                 | 24,279,116            | (21,574,809)           | 2,704,794           |
| Rincon Garden Associates L.P.                   | 195,367                   | -                     | -                              | 11,618,382               | 356,416                    | -                                 | 11,974,798            | (12,170,165)           | -                   |
| Rotary Plaza/HACSC HDC, Inc                     | 22,260                    | 2,648,140             | 10,000                         | -                        | 81,951                     | -                                 | 2,740,091             | (2,714,509)            | 47,842              |
| Sage Family Apartments L.P.                     | -                         | 2,173,045             | -                              | -                        | -                          | -                                 | 2,173,045             | (2,173,045)            | -                   |
| San Pedro Garden Associates                     | 11,076                    | 1,027,661             | 4,999                          | -                        | 32,995                     | 255                               | 1,065,910             | (1,055,087)            | 21,899              |
| SPG Housing, Inc                                | 727                       | -                     | 1,604,785                      | -                        | 11,937                     | -                                 | 1,616,722             | (1,469,089)            | 148,360             |
| Trillium Senior Apartments L.P.                 | -                         | 1,432,471             | -                              | -                        | -                          | -                                 | 1,432,471             | (1,432,471)            | -                   |
| Villa San Pedro HDC, Inc.                       | -                         | 1,051,888             | -                              | -                        | 115,228                    | -                                 | 1,167,116             | (1,144,009)            | 23,107              |
| <b>Total</b>                                    | <b>\$ 313,297</b>         | <b>\$ 76,885,870</b>  | <b>\$ 1,649,784</b>            | <b>\$ 11,618,382</b>     | <b>\$ 943,693</b>          | <b>\$ 12,589,140</b>              | <b>\$ 103,686,869</b> | <b>\$ (99,746,001)</b> | <b>\$ 4,254,165</b> |

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2024

(Continued)

| <b>Long-term Receivables</b>   |                                   |                          |                                  |                                    |   |                       |                       |
|--|-----------------------------------|--------------------------|----------------------------------|------------------------------------|---|-----------------------|-----------------------|
| <b>Receivables due from<br/>Discretely Presented Component Units</b>           | <b>Short-term<br/>receivables</b> | <b>Notes Receivables</b> | <b>Seller<br/>Take-Back Note</b> | <b>Interest on<br/>Receivables</b> | <b>Development and<br/>Other Services</b> | <b>Subtotal</b>       | <b>Total</b>          |
| Alvarado Park L.P.   | \$ -                              | \$ 10,738,102            | \$ -                             | \$ 545,231                         | \$ -                                      | \$ 11,283,333         | \$ 11,283,333         |
| Bellarmino Place, L.P.   | -                                 | 35,273,985               | -                                | -                                  | -   | 35,273,985            | 35,273,985            |
| Bendorf Drive L.P.   | 1,626                             | 1,804,808                | 9,277,939                        | 3,791,358                          | 113,202                                   | 14,987,307            | 14,988,933            |
| Branham Lane LLC   | 10,635                            | 2,591,456                | -                                | 29,746                             | 5,384                                     | 2,626,586             | 2,637,221             |
| Clarendon Street, L.P.   | 688,192                           | 716,946                  | 4,416,057                        | 25,817                             | -   | 5,158,820             | 5,847,012             |
| Fairgrounds Luxury Family Apartments L.P.                                      | 16,608                            | -                        | -                                | -                                  | -   | -                     | 16,608                |
| Fairgrounds Senior Housing L.P.  | 16,572                            | -                        | -                                | -                                  | -   | -                     | 16,572                |
| Girasol Acquisition L.P.   | -                                 | 4,630,172                | -                                | 175,306                            | 69,828                                    | 4,875,306             | 4,875,306             |
| Halford Avenue LLC   | 10,243                            | -                        | 1,800,462                        | -                                  | -   | 1,800,462             | 1,810,705             |
| Hermocilla LLC   | 11,013                            | -                        | -                                | -                                  | -   | -                     | 11,013                |
| Huff Avenue LLC  | 10,000                            | -                        | -                                | -                                  | -   | -                     | 10,000                |
| Jardines Paloma Blanca Acquisition L.P.  | -                                 | 3,171,551                | -                                | 119,473                            | 45,450                                    | 3,336,474             | 3,336,474             |
| Julian Street Partners L.P.  | 75,753                            | -                        | 14,320,823                       | 316,911                            | -   | 14,637,734            | 14,713,487            |
| Las Golondrinas Acquisition L.P.   | -                                 | 5,000,000                | -                                | 187,604                            | -   | 5,187,604             | 5,187,604             |
| Laurel Grove Lane, L.P.  | 30,109                            | 5,823,982                | 2,557,609                        | 1,825,007                          | 146,718                                   | 10,353,316            | 10,383,425            |
| McCreery Avenue L.P.   | 154,123                           | 600,000                  | 10,346,647                       | 1,489,087                          | -   | 12,435,734            | 12,589,857            |
| Park Avenue Senior L.P.  | 1,806                             | 14,328,987               | 6,000,000                        | 4,122,777                          | -   | 24,451,764            | 24,453,570            |
| Poinciana Drive LLC  | 10,172                            | -                        | 616,892                          | -                                  | -   | 616,892               | 627,064               |
| Rincon de los Esteros LLC  | -                                 | 54,525,723               | -                                | -                                  | -   | 54,525,723            | 54,525,723            |
| South Drive LLC  | 10,697                            | -                        | -                                | -                                  | -   | -                     | 10,697                |
| Willows/HACSC Associates   | 528                               | -                        | -                                | -                                  | 367,765                                   | 367,765               | 368,293               |
| <b>Total</b>   | <b>\$ 1,048,077</b>               | <b>\$ 139,205,712</b>    | <b>\$ 49,336,429</b>             | <b>\$ 12,628,317</b>               | <b>\$ 748,347</b>                         | <b>\$ 201,918,805</b> | <b>202,966,882</b>    |
| <b>Total receivables due from blended component units (from previous page)</b> |                                   |                          |                                  |                                    |   |                       | <b>4,254,165</b>      |
|  |                                   |                          |                                  |                                    |   |                       | <b>\$ 207,221,047</b> |
| <b>Due from component units and related parties, current portion</b>           |                                   |                          |                                  |                                    |   |                       | <b>\$ 1,080,718</b>   |
| <b>Due from component units and related parties, net of current portion</b>    |                                   |                          |                                  |                                    |   |                       | <b>206,140,329</b>    |
|  |                                   |                          |                                  |                                    |   |                       | <b>\$ 207,221,047</b> |

## SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Notes to Financial Statements

For the Year Ended June 30, 2024

### Short-term receivables and other advances

The Authority earns fees for providing partnership management and other services. Outstanding fees are paid in future years from available cash flow of affiliate entities.

### Notes receivable

The notes receivable executed between the Authority and the affiliates are approved by the Authority's Board. Significant notes receivables between the Authority and its discretely presented component units are noted below:

Alvarado Park, LP - In December 2017, the Authority loaned Alvarado Park L.P. \$970,000 to pay for pre-development costs associated with the affordable housing project for seniors located at Grand Avenue and Race Street in San Jose, California. On October 4, 2018, the loan agreement was amended to increase the loan amount to \$6,000,000. On June 22, 2021, the loan agreement was amended to increase the loan amount to \$22,910,000. The note bears simple interest at 3% annum and has a maturity date of November 30, 2092. As of June 30, 2024, the balance on the note is \$10,738,102.

Bellarmino Place, L.P. - In December 2017, the Authority loaned Bellarmino Place L.P. \$1,130,000 to pay for pre-development costs associated with the affordable housing project for families located at Grand Avenue and Race Street in San Jose, California. On October 4, 2018, the loan agreement was amended to increase the loan amount to \$7,200,000. On November 28, 2022, the loan agreement was amended and restated the loan amount to \$32,270,654. The note bears no interest and has a maturity date of December 31, 2080. As of June 30, 2024, the balance on the note is \$32,270,654.

In addition, in April 2020, Bellarmino Place, L.P. obtained a loan from the Authority for \$3,003,331. The loan bears no interest and has a maturity date of December 31, 2080. As of June 30, 2024, the balance on the note is \$3,003,331.

Bendorf Drive L.P. - In December 2013, the Authority loaned Bendorf Drive L.P. \$800,000 to pay the pre-existing HUD financing in connection with its acquisition of the Villa San Pedro Apartment complex. The note bears interest at 3.32% compounded annually, matures on December 31, 2069 and is payable from excess/distributable cash. As of June 30, 2024, the balance on the note is \$800,000.

Additionally, on October 1, 2015, Bendorf obtained a loan from the Authority for \$1,155,058. The note bears interest at 2.64% compounded annually, payable from excess/distributable cash, with the entire principal and interest due in full in December 2070. As of June 30, 2024, the balance on the note is \$1,004,808.

Branham Lane LLC - In June 2018, the Authority loaned Branham Lane LLC \$2,591,456 to refinance its loan with the City of San Jose loan. The loan bears 2% simple interest, with annual payments from excess/distributable cash, due in full by June 1, 2073. As of June 30, 2024, the balance on the note is \$2,591,456.

Clarendon Street L.P. - The Authority loaned its affiliated partnership, Clarendon Street, L.P., an original amount of \$1,275,397. This loan bears interest at 2.40%, compounded annually, matures on December 31, 2068, and is payable from excess/distributable cash. The balance as of June 30, 2024 is \$716,946.

Girasol Acquisition, L.P. - In April 2023, the Authority loaned its affiliate, Girasol Acquisition, L.P., an original amount of \$6,000,000. The loan bears 3% simple interest, with annual payments from excess/distributable cash, due in full by April 1, 2078. The balance as of June 30, 2024 is \$4,630,172.

Jardines Paloma Blanca Acquisition, L.P. - In April 2023, the Authority loaned its affiliate, Jardines Paloma Blanca Acquisition, L.P., an original amount of \$4,600,000. The loan bears 3% simple interest, with annual payments from excess/distributable cash, due in full by payable by April 1, 2078. The balance as of June 30, 2024 is \$3,171,551.

## SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Notes to Financial Statements

For the Year Ended June 30, 2024

Las Golondrinas Acquisition, L.P. - In April 2023, the Authority loaned its affiliate, Las Golondrinas Acquisition, L.P., an original amount of \$6,250,000. The loan bears 3% simple interest, with annual payments from excess/distributable cash, due in full by April 1, 2078. The balance as of June 30, 2024 is \$5,000,000.

Laurel Grove Lane, L.P. - In June 2016, the Authority loaned its affiliate, Laurel Grove Lane, L.P., \$679,213. This loan bears interest at 5% compounding annually, is due and payable on June 30, 2073. On September 1, 2018, the loan agreement was amended to increase the loan amount to \$2,679,213. Then in January 2019, the amount was increased to \$5,079,213, and the additional \$2,400,000 amount bears no interest. The balance as of June 30, 2024 is \$4,433,485.

In addition, in June 2016, Laurel Grove Lane, L.P. obtained a loan from the Authority for \$1,390,497. The loan bears simple interest at a rate of 5% per annum, is due and payable on June 30, 2073. The balance as of June 30, 2024 is \$1,390,497.

McCreery Avenue L.P. - On December 2019, the Authority loaned its affiliate McCreery Avenue L.P. \$600,000 for capital repairs to Poco Way Apartments. This loan bears simple interest at the rate of the then published long-term applicable federal rate with annual payments from excess/ distributable cash and is due and payable in December 2079. The balance as of June 30, 2024 is \$600,000.

Park Avenue Seniors, L.P. - In November 2016, the Authority loaned its affiliate Park Avenue Seniors, L.P. \$399,497. On November 1, 2018, the loan agreement was amended to increase the loan amount to \$1,771,391. This loan bears simple interest at 4% per annum. The loan is due in full on the earlier of 55 years after the completion date or November 1, 2073. The balance as of June 30, 2024 is \$1,771,391.

In addition, in November 2016, Park Avenue Seniors, L.P. obtained a loan from the Authority for \$5,060,044. On November 1, 2018, the loan agreement was amended to increase the amount to \$13,003,611. The loan bears simple interest at 4% annum. The loan is due in full on the earlier of 55 years after the completion date or November 1, 2073. The balance as of June 30, 2024 is \$12,557,596.

Rincon de Los Esteros, LLC. - In December 2023, the Authority loaned its affiliate Rincon de Los Esteros, LLC, \$55,000,000. The loan bears 3% simple interest, with monthly payments commencing on February 1, 2024, and due in full on December 31, 2053. The balance as of June 30, 2024 is \$54,525,723.

Furthermore, the Authority made loans to its blended component units. The amounts, which are included within the blended component units' December 31, 2023 financial statements, have been eliminated on the statement of net position against the related payables because these component units are reported with the primary government.

The notes receivable between the Authority and its blended component units are noted below:

AE Associates, Ltd. - In October 1994, The Authority provided an unsecured loan, in the original amount of \$96,693, to the partnership. The balance as of June 30, 2024 was \$7,099. The loan is non-interest bearing and is due October 2024.

Bascom HACSC Associates - In May 2021, the Authority loaned Bascom HACSC Associates \$7,964,740 to refinance its loan with the City of San Jose and loaned another \$1,000,000 for Capital Repairs at El Parador Apartments. These notes bear simple interest at 2% annum, with annual payments from excess/distributable cash, and has a maturity date of December 31, 2076. As of June 30, 2024, the balance on the notes is \$6,338,479 and \$1,000,000, respectively.

Blossom River Associates LP - In June 2018, the Authority loaned Blossom River Associates LP \$9,540,474 to refinance its loan with the City of San Jose loan. This note bears 2% interest, compounded annually with annual payments from excess/distributable cash, due in full by June 1, 2073. As of June 30, 2024, the balance on the loan is \$8,507,934.

**SANTA CLARA COUNTY HOUSING AUTHORITY**

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Notes to Financial Statements

For the Year Ended June 30, 2024

Hawthorn Senior Apartments LP – On August 5, 2021, Hawthorn obtained a development loan from the Authority for \$17,790,000. The loan amount was amended to \$20,552,881 during 2023. This loan bears no interest, due in full on the earlier of August 5, 2026 or the construction closing. The balance as of June 30, 2024 is \$18,365,091.

Helzer Associates LP - In June 2018, the Authority loaned Helzer Associates LP \$8,753,500 to refinance its loan with the City of San Jose loan. This note bears 2% interest, compounded annually with annual payments from excess/distributable cash, due in full by June 1, 2073. As of June 30, 2024, the balance on the loan is \$8,171,549.

Klamath Associates LP - In November 2020, the Authority loaned Klamath Associates LP \$350,000 for the use of the property's expenditures. This note bears simple interest at the rate of the published long-term Applicable Federal Rate (interest), with annual payments from excess/distributable cash, due in full by July 1, 2081 or the sale or transfer of the property. As of June 30, 2024, the balance on the loan is \$350,000.

In addition, in April 2024, Klamath Associates, L.P. obtained a loan from the Authority for \$50,000. The note bears simple interest at the rate of the then published long-term applicable federal rate, is due and payable on April 17, 2084. The balance as of June 30, 2024 is \$50,000.

Poco Way HDC, Inc. – On September 29, 2017, the Authority loaned its affiliate, Poco Way HDC, Inc., \$26,000,000 to acquire the Buena Vista property. On May 21, 2021, \$14,500,000 was returned to the Authority and can be subsequently reissued for predevelopment costs for Poco Way HDC, Inc. This loan bears 3% simple interest, payable from excess/distributable cash to be repaid in full by September 2092. Interest shall not begin to accrue until the earlier of (a) the date that major improvements to Buena Vista are complete or (b) September 29, 2027. As of June 30, 2024, the balance on the loan is \$11,500,000.

On September 1, 2018, the Authority issued a second loan of \$2,000,000 to Poco Way HDC, Inc. to support pre-development costs associated with the development of affordable housing for the Buena Vista Property. On July 29, 2021, the loan agreement was amended to increase the loan amount to \$19,925,000. The note bears 3% simple annual interest. The note is due and payable in one lump sum on the date that is the earliest of: (i) the date that major improvements to Buena Vista are complete or (ii) September 29, 2027. As of June 30, 2024, the balance on the second loan is \$11,750,000.

On December 19, 2019, the Authority issued a third loan to Poco Way HDC for Buena Vista Mobile Home Park's property expenses. The note bears simple interest at the rate of the then published long-term applicable federal rate and payable out of Net Cash Flow commencing July 1, 2020. As of June 30, 2024, the balance on the third loan is \$250,000.

On December 22, 2020, the Authority issued a fourth loan to Poco Way HDC in the amount of \$575,000 for additional expenses incurred in connection with the acquisition of the Buena Vista Property. The note bears 3% simple interest and will be paid excess/distributable cash and shall be payable in full on September 29, 2075. Interest shall not begin to accrue until the earlier of (a) the date major improvements to the property are complete and both the City of Palo Alto and the California Department of Housing and Community Development have determined there are no material code violations at the property and (b) September 29, 2027. As of June 30, 2024, the balance on the fourth loan is \$562,077.

On April 1, 2023, the Authority approved a fifth loan to Poco Way HDC for Buena Vista Mobile Home Park's capital repairs. The note bears simple interest at the rate of the then published long-term applicable federal rate and payable out of Net Cash Flow commencing July 1, 2023. As of June 30, 2024, the balance on the loan is \$200,436.

Rotary Plaza/HACSC HDC, Inc. – In June 2018, the Authority loaned Rotary Plaza/ HACSC HDC, Inc. \$3,265,770 to refinance its loan obligation with the City of San Jose loan. This loan bears 2% simple interest, with annual payments from excess/distributable cash, due in full by June 1, 2073. As of June 30, 2024, the balance on the loan is \$2,648,140.

## SANTA CLARA COUNTY HOUSING AUTHORITY

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Notes to Financial Statements

For the Year Ended June 30, 2024

Sage Family Apartments LP – On July 24, 2023, Sage obtained a development loan from the Authority in the maximum amount of \$5,000,000. This loan bears no interest, due in full on the earlier of July 24, 2028 or the construction closing. The balance as of June 30, 2024 is \$2,173,045.

San Pedro Gardens Associates, Ltd. –The Authority provided an unsecured loan to the partnership in the original amount of \$50,000. The loan is non-interest bearing and is due on demand. As of June 30, 2024, the balance on the loan is \$7,500.

In December 2019, the Authority provided a loan of \$350,000 to San Pedro Gardens Associates, Ltd for the use of the property's expenditures. In March 2022, the Authority provided a loan of \$350,000 to San Pedro Gardens Associates, Ltd for the use of the property's expenditures. The maximum loan amount was increased to \$5,000,000. These notes bear simple interest at the rate of the published long-term applicable federal rate, with annual payments from excess/distributable cash, due in full in December 2079. As of June 30, 2024, the balance on the loan is \$1,020,161.

Trillium Senior Apartments LP – On September 28, 2023, Trillium obtained a development loan from the Authority in the maximum amount of \$5,000,000. This loan bears no interest, due in full on the earlier of September 28, 2028 or the construction closing. The balance as of June 30, 2024 is \$1,432,471.

Villa San Pedro HDC, Inc. – In March 2013, the Authority provided an unsecured loan to the Villa San Pedro HDC, Inc. \$1,500,000 to pay for pre-development costs associated with the affordable housing project located at 282 Danze Drive, San Jose, California (Villa San Pedro Apartments). The note bears simple interest at the published Applicable Federal Rate and is due at the earlier of the sale or transfer of the property or March 2069. As of June 30, 2024, the balance on the note is \$1,051,888.

### **Leases/mortgage receivable**

Lease/Mortgage receivables are accrued lease payments incurred by land lease agreements between the Authority (Lessor) and several affiliated entities (Lessees), which are paid back to the extent of the entities' available operating cash flow surplus. The Authority made leases and mortgage loans receivable to its blended component units. The amounts have been eliminated on the statement of net position against the related payables because these component units are reported with the primary government. The lease/mortgage receivables between the Authority and its blended component units are noted below:

AE Associates, Ltd. - The Authority (Lessor) and the partnership (Lessee) have entered into a 65-year land lease agreement for the premises on which the 84 residential apartment units are built. The annual rent is \$20,000 and is only payable to the extent of surplus cash. Any unpaid rent shall accrue without interest and is payable at the end of the lease term. As of June 30, 2024, the lease receivable balance is \$30,000.

Rotary Plaza/HACSC HDC, Inc./Morrone Gardens Associates – The Authority (Lessor) and the partnership (Lessee) have entered into a 60-year land lease agreement. The annual rent is \$20,000 and is payable to the extent of surplus cash, as defined. Any unpaid rent shall accrue interest at 7% compounded annually and is payable in subsequent years from surplus cash. As of June 30, 2024, the lease receivable is \$10,000.

San Pedro Gardens Associates, Ltd. - The Authority (Lessor) and the partnership (Lessee) have entered into a 65-year land lease agreement for the premises on which 20 residential apartment units are built. The annual rent is \$10,000 and is payable only to the extent of surplus cash, as defined. Any unpaid rent shall accrue interest at 8% compounded annually. As of June 30, 2024, the lease receivable is \$4,999.

S.P.G. Housing, Inc. - S.P.G. Housing, Inc., subleases the land, on which a 76-unit affordable housing complex for the elderly was built, from the Authority. The sublease ends in 2028 and requires a monthly base payment of \$5,500 to the lessor which is subject to annual increases and annual payment of \$66,000 to the Authority which is payable from distributable cash. The unpaid rent accrues without interest. At the end of the lease term, the Authority has the right to acquire the leasehold improvements at the fair market price as established in the sublease agreement. In 2020, the Authority purchased the land from the owner. The terms of the sublease are still in effect. As of June 30, 2024, the lease receivable is \$1,604,785.

## SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Notes to Financial Statements

For the Year Ended June 30, 2024

### **Seller take-back notes**

Seller take-back notes receivable are accrued payments related to a note entered into between the Authority (seller) and the limited Partnership (buyer), when the buyer is not in a position to fully fund the purchase and the parties close the sale with the seller taking from the buyer a purchase money note in lieu of payment of the purchase price in full.

Bendorf Drive, L.P. - In December 2013, Bendorf Drive, L.P. entered into a seller take-back note with Villa San Pedro HDC, Inc. in the amount of \$9,277,939 for a 100-unit affordable housing complex (Villa San Pedro Apartments). The note bears interest at 3.32% compounded annually, payable from excess distributable cash, with the entire principal and interest due in full in December 2069. As of June 30, 2024, the outstanding amount is \$9,277,939.

Clarendon Street, L.P. - In 2013, Clarendon Street, L.P. entered into a seller take-back note with Villa Garcia, Inc. in the amount of \$8,724,603. The note bears interest at 2.4% compounded annually, payable from available excess/distributable cash, with the entire principal and interest due in full by December 31, 2068. As of June 30, 2024, the outstanding amount is \$4,416,057.

Halford LLC - On June 30, 2014, the Authority (Lessor) and the partnership (Lessee) entered into a seller take-back note in the amount of \$2,843,750. The note is secured by a subordinate deed of trust recorded against the Eklund Gardens I property and bears no interest. Payments are due and payable beginning June 1, 2015, continuing on the same day of each year thereafter until the maturity date of December 31, 2044, to the extent of available Net Cash Flow. As of June 30, 2024, the outstanding amount is \$1,800,462.

Julian Street Partners, L.P. - On November 1, 2010, the Authority (Lessor), and the partnership (Lessee) have entered into a seller take-back note in the amount of \$22,802,850 for the premises on which six multifamily rental housing properties (Cypress Gardens, Lenzen Gardens, Sunset Gardens, Lucretia Gardens, Julian Gardens and Miramar Way) are located. The note is secured by a subordinate deed of trust recorded against these properties, bears interest at 4.35% compounded annually, payments are due and payable beginning June 1, 2011 and continues on the first day of each year thereafter until the maturity date, December 31, 2055, to the extent of available net cash flow as defined in the agreement. As of June 30, 2024, the outstanding amount is \$14,320,823.

Laurel Grove Lane L.P. - On June 1, 2016, the Authority (Lessor) and the partnership (Lessee) have entered into a seller take-back note in the amount of \$2,557,609. The note is secured by a deed of trust recorded against the Laurel Grove Property, bears interest at 5% compounding annually, is due and payable on the earlier of the 55<sup>th</sup> anniversary of the completion date or June 1, 2073, and payable from residual receipts. As of June 30, 2024, the outstanding amount is \$2,557,609.

McCreery Avenue L.P. - On February 1, 2015, Poco Way HDC (Lessor), and the partnership (Lessee) have entered into a seller take-back note in the amount of \$10,021,352. The note is secured by a deed of trust recorded against the Poco Way Property, bears interest at 2.41% annum, compounding annually, payments are due and payable beginning April 1, 2016 and continues on the first day of each year thereafter until the maturity date, December 31, 2070, to the extent of available net cash flow as defined in the agreement. As of June 30, 2024, the outstanding amount is \$10,021,352.

On December 1, 2016, a Recourse, Unsecured Promissory Note was issued between the partnership and the Authority for \$325,295. The note does not bear interest. Payments are due and payable, beginning April 1, 2017, and continuing on the same day each year thereafter until the maturity date of December 31, 2071, to the extent of available net cash flow. As of June 30, 2024, the outstanding amount is \$325,295.

Park Avenue Seniors, L.P. - On November 1, 2016, the Authority (Lessor) and the partnership (Lessee) have entered into a seller take-back note in the amount of \$6,000,000. The note is secured by a deed of trust recorded against the Park Avenue Property, bears simple interest at 4% annum, is due and payable on the

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earlier of 55 years after the completion date or November 1, 2073, and payable from residual receipts. As of June 30, 2024, the outstanding amount is \$6,000,000.

Poinciana LLC - On June 30, 2014, the Authority (Lessor) and the partnership (Lessee) entered into a seller take-back note in the amount of \$1,706,250. The note is secured by a subordinate deed of trust recorded against the Eklund Gardens II property and bears no interest. Payments are due and payable beginning June 1, 2015, continuing on the same day of each year thereafter until the maturity date of December 31, 2044, to the extent of available Net Cash Flow. As of June 30, 2024, the outstanding amount is \$616,892.

Rincon Garden Associates, L.P. - On September 16, 2008, the Authority (Lessor) and the partnership (Lessee) have entered into a seller take-back note in the amount of \$15,670,000 for the premises on which a 200-unit multifamily rental housing property (Rincon Gardens) is located. The note is secured by a subordinate deed of trust recorded against the Rincon Gardens property, bears interest at 5.35% compounding annually, payments are due and payable beginning October 1, 2008 and continues on the first day of each month thereafter until the maturity date October 1, 2063, to the extent of available net cash flow. As of June 30, 2024, the outstanding amount is \$11,618,382.

**Development and other services**

The Authority advanced funds to affiliated entities for development costs, and/or to finance the repurchase and acquisition of properties. These advances are non-interest bearing. The advance receivables included in the Authority's financial statements from blended component units have been eliminated against the entities' payables, which are also included on their respective financial statements.



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**Equity interest in affiliated limited partnerships**

Equity interest in affiliated limited partnerships and limited liability corporations as of December 31, 2023 includes the following:

| <u>Blended Component Units</u> | <u>Investee Partnerships</u>   | <u>Amount</u>       |
|--------------------------------|--|---------------------|
| Avenida Espana HDC, Inc.       | AE Associates, Ltd.<br>Julian Street Partners, L.P.<br>McCreery Avenue L.P.<br>Rincon Gardens Associates, L.P.   | \$ 6,667,941        |
| Bracher HDC, Inc.              | HACSC/Choices Senior Associates<br>HACSC/Choices Family Associates   | (1,824,325)         |
| DeRose HDC, Inc.               | Bascom HACSC Associates<br>Blossom River Associates<br>Hermocilla LLC<br>Hawthorn Senior L.P.<br>Sage Family Apartments L.P.<br>Trillium Senior Apartments L.P.  | (3,290,408)         |
| Pinmore HDC, Inc.              | Fairground Luxury Family Apartments L.P.<br>Fairgrounds Senior Housing, L.P.<br>Helzer Associates<br>Laurel Grove Lane L.P.<br>Park Avenue Seniors L.P.<br>Willows HACSC Associates                      | (4,800,058)         |
| Rotary Plaza/HACSC HDC, Inc    | Huff Avenue LLC  | 5,252,756           |
| SPG Housing Inc.               | Branham Lane LLC<br>Halford Avenue LLC<br>Klamath Associates L.P.<br>Poinciana Drive LLC<br>San Pedro Gardens Associates, Ltd<br>South Drive LLC   | 1,924,568           |
| Villa Garcia, Inc.             | Alvarado Park L.P.<br>Bellarmino Place L.P.<br>Clarendon Street L.P.<br>Girasol Acquisition L.P.<br>Jardines Paloma Blanca Acquisition L.P.<br>North First Gish Holding LLC<br>Rincon de Los Esteros LLC | (314,443)           |
| Villa San Pedro HDC, Inc.      | Bendorf Drive, LP  | 1,149,108           |
| Total                          |  | <u>\$ 4,765,139</u> |

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## Guarantees, commitments and contingencies

**Guarantees** - The Authority has agreed to guarantee obligations of affiliated entities that are general partners in affordable housing limited partnerships. At June 30, 2024, the Authority's significant guarantees and commitments are summarized as follows:

| Properties                                    | Operating Deficit<br>Guarantees | General Partner<br>Demand Note | Tax<br>Indemnification<br>Guarantees | Construction Loan<br>Repayment<br>Guarantee | General Partner &<br>Developer<br>Guaranty | HAP Contract,<br>Property Tax,<br>Meals Service<br>Programs (if<br>applicable) |
|---|---------------------------------|--------------------------------|--------------------------------------|---|--|--|
| AE Associates Ltd.                            | \$ -                            | \$ 150,000.00                  | \$ -                                 | \$ -  | \$ -                                       | -  |
| Alvarado Park L.P.                            | -                               | -                              | -                                    | 33,247,500                                  | -  | -  |
| Bellamino Place, L.P.                         | 1,425,000                       | -                              | -                                    | 45,199,688                                  | -  | -  |
| Bendorf Drive L.P.                            | -                               | -                              | 511,999                              | -   | -  | HAP Contract   |
| Blossom River Assoc. L.P.                     | -                               | 250,000                        | -                                    | -   | -  | -  |
| Clarendon Street Associates L.P.              | 575,000                         | -                              | -                                    | -   | -  | HAP Contract   |
| DeRose Gardens Apartments (SPG Housing, Inc.) | -                               | 175,000                        | -                                    | -   | -  | -  |
| Julian Street Partners L.P.                   | -                               | -                              | -                                    | -   | 6,981,596                                  | HAP Contract   |
| Laurel Grove Lane, L.P.                       | 1,000,000                       | -                              | 8,566,623                            | -   | -  | HAP Contract   |
| McCreery Avenue L.P.                          | -                               | -                              | 3,182,632                            | -   | -  | HAP Contract   |
| Park Avenue Senior L.P.                       | -                               | -                              | 11,221,395                           | -   | -  | HAP Contract   |
| Rincon Garden Associates L.P.                 | -                               | -                              | -                                    | -   | 1,400,000                                  | HAP Contract   |
| Rotary Plaza/HACSC HDC, Inc                   | -                               | 194,000                        | -                                    | -   | -  | -  |
| San Pedro Garden Associates                   | -                               | 80,000                         | -                                    | -   | -  | -  |
| <b>Total</b>                                  | <b>\$ 3,000,000</b>             | <b>\$ 849,000</b>              | <b>\$ 23,482,649</b>                 | <b>\$ 78,447,188</b>                        | <b>\$ 8,381,596</b>                        |  |

## Note 10 - Conduit debt

From time to time, the Authority has issued multifamily housing revenue bonds to provide funds to developers of multifamily housing projects. The bonds are payable solely from the revenues collected by the developers of these projects. The Authority is not obligated in any manner for repayment of the indebtedness. Accordingly, these liabilities are conduit debt of the Authority and are not reported in the Authority's basic financial statements.

Conduit debt with the Authority's related parties are as follows:

**Blossom River Associates L.P.** - In March 1998, the Authority participated in the issuance of \$13,000,000 of Multifamily Housing Revenue Bonds Series 1998A and 1998A-T. These bonds were issued to provide financing for the construction and development by Blossom River Associates L.P. of a 144-unit multifamily rental housing project, Blossom River Apartments, and related support facilities. In accordance with the Indenture of Trust, trusts were established with the Bond Trustee to receive revenues from this project and distribute those revenues to various funds for principal and interest and other reserves, with the balance available for operating expenses. The series A-T bonds matured on September 1, 2004. At June 30, 2024, the principal amount payable for Series A was \$9,435,000.

**Clarendon Street Associates L.P.** - In November 2012, the Authority participated in the issuance of Multifamily Housing Revenue Bonds in the amount of \$13,000,000. These bonds were issued to provide a portion of the financing for the acquisition and construction renovation by Clarendon Street L.P. of an 80-unit multifamily rental housing development project to be known as Clarendon Street Apartments (formerly Villa Garcia Apartments). The tax-exempt bond was purchased by Bank of the West and proceeds were distributed through three separate loan notes. The multifamily Housing Revenue Construction Note was paid off at permanent loan conversion in May 2014. At June 30, 2024, principal amount payable for the remaining Multifamily Housing Revenue Construction/Permanent Tranche A and Tranche B were \$3,341,128 and \$185,940, respectively.

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HACSC/Choices Family Associates - In August 2001, the Authority participated in the issuance of Multifamily Housing Revenue Bonds Series 2001A in the amount of \$8,865,000. These bonds were issued to provide a portion of the financing for the construction and development by HACSC/Choices Family Associates of 100 apartment units located in the City of Santa Clara for the Rivertown Apartment Project. In accordance with the Indenture of Trust, trusts were established with the Bond Trustee to receive revenues from this project and distribute those revenues to various funds for principal and interest and other reserves, with the balance available for operating expenses. At June 30, 2024, the principal amount payable was \$6,437,458.

HACSC/Choices Senior Associates - In August 2001, the Authority participated in the issuance of Multifamily Housing Revenue Bonds Series 2001A in the amount of \$6,715,000. These bonds were issued to provide part of the financing for the construction and development by HACSC/Choices Senior Associates of a 100-unit multifamily rental housing development for seniors and related support facilities to be known as John Burns Gardens Apartments. In accordance with the Indenture of Trust, trusts were established with the Bond Trustee to receive revenues from this project and distribute those revenues to various funds for principal and interest and other reserves, with the balance available for operating expenses. At June 30, 2024, the principal amount payable was \$4,876,631.

Julian Street Partners L.P. - The Authority issued Multifamily Housing Revenue Bonds, 2010 Series A-1 loan in an amount of \$18,035,000 and 2010 Series A-2 in an amount of \$26,115,000 to provide financing to Julian Street Partners L.P. for the acquisition and rehabilitation of six affordable housing complexes. Series A-2 was paid in full in June 2012, as part of the permanent loan conversion. At June 30, 2024, the principal amount payable for the Series A-1 was \$5,731,329.

Rincon Garden Associates, LP - In August 2010, the Authority issued Multifamily Housing Revenue Bonds, 2008 Series A-1 loan in the amount of \$13,630,000 and 2008 Series A-2 in the amount of \$3,391,000 to provide financing to Rincon Garden Associates L.P. for the rehabilitation of Rincon Garden Apartments. Series A-2 was paid in full in 2024. At June 30, 2024, the principal amount payable for Series A-1 was \$9,892,753.

Willows/HACSC Associates - In April 2005, the Authority issued multifamily housing revenue bonds in the amount of \$4,284,000 in tax-exempt Series A bonds. The bonds were issued to provide refunding funds related to the acquisition of a leasehold interest in the land and fee interest in the improvements and rehabilitation by Willows/HACSC Associates of the Willows Apartments, a 47-unit multifamily rental housing project. At June 30, 2024, the principal amount payable was \$3,241,909.

### Note 11 - Risk management

The Authority is exposed to various risks of loss including but not limited to tort liabilities; theft of, damage to, and destruction of assets; injuries to employees; and property loss due to natural disasters. There have been no significant reductions in insurance coverage from the previous year. The Authority did not have settled claims that exceeded its insurance coverage in any of the past three fiscal years. The Authority purchased insurance for commercial general liability, all-risk property, commercial auto liability and physical damage, employee theft/crime and director's and officer's liability including employment practices liability from various insurers including the Housing Authority Risk Retention Group, Inc. ("HARRG"), Travelers Insurance Company, Scottsdale Insurance Company, RSUI Indemnity, and United National Insurance Company and has added cyber-security insurance through Tokio Marine.

Workers' compensation and employer's liability insurance are provided through California Housing Workers Compensation Authority ("CHWCA"), a joint powers insurance authority, and the excess coverage is provided by the Local Agency Workers Compensation Excess ("LAWCX"), a joint powers authority. The purpose of CHWCA is to pool resources of its members to provide coverage through group self-insurance, purchase insurance beyond what is provided through the pool and obtain favorable rates

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afforded through purchasing as a pool. Members are assessed premiums to cover both the self-insurance as well as the purchased insurance coverage of this risk management. Workers' compensation for non-California based employees is provided by the Hartford Accident and Indemnity Company and the State of Washington.

| <b>Liabilities</b>                    | <b>Deductible</b> | <b>Coverage</b>   | <b>Excess</b> |
|---------------------------------------|-------------------|-------------------|---------------|
| Commercial Property - Julian building | \$ 25,000         | \$ 34,768,684     | N/A           |
| Commercial Liability - Others         | 25,000            | 10,000,000        | N/A           |
| Commercial Automobile Liability       | -                 | 3,000,000         | N/A           |
| Automobile Physical Damage            | 500               | Actual Cash Value | N/A           |
| Directors and Officers Liability      | 75,000            | 4,000,000         | N/A           |
| Employment Practices Liability        | 250,000           | 4,000,000         | N/A           |
| Worker's Compensation                 |                   |                   |               |
| CHWCA                                 | -                 | 750,000           | Statutory     |
| LAWCX                                 | -                 | 5,000,000         | Statutory     |
| Hartford                              | -                 | 1,000,000         | Statutory     |
| Fidelity Insurance                    | 6,500             | 1,000,000         | N/A           |
| Security and Privacy Liability        | 100,000           | 3,000,000         | N/A           |

There were no significant reductions in coverage and there were no claims exceeding the coverage limits during the past three years.

## **Note 12 – Pension plan**

### **A. General Information about the Pension Plans**

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the Authority's Miscellaneous Plan (Plan), an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and the Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website <https://www.calpers.ca.gov/page/employers/actuarial-services/gasb>.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Classic and non-classic members with five years of total service are eligible to retire, with statutorily reduced benefits, at age 50 and 52, respectively. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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The Plan's provisions and benefits in effect for the fiscal year ended June 30, 2024 are summarized as follows:

|   | Prior to<br>January 1, 2013<br>(Classic) | On or After<br>January 1, 2013<br>(Non-Classic) |
|---|--|---|
| Hire Date   |  |   |
| Benefit Formula                                   | 2% @ 55                                  | 2% @ 62   |
| Benefit Vesting Schedule                          | 5 years service                          | 5 years service                                 |
| Benefit Payments                                  | monthly for life                         | monthly for life                                |
| Retirement Age                                    | 50 -55                                   | 62 - 67   |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.7%                             | 1.0% to 2.5%                                    |
| Required employee contribution rates              | 7.00%                                    | 6.75%   |
| Required employer contribution rates              | 9.39%                                    | 9.39%   |

Employees Covered – As of June 30, 2023, the most recent information available, the following employees were covered by the benefit terms for the Plan:

|  |     |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 98  |
| Inactive employees entitled to but not yet receiving benefits    | 183 |
| Active employees   | 151 |
| Total  | 432 |

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the measurement period ended June 30, 2023, the employer's contribution rate for classic employees (employees hired before January 1, 2013 or employees hired after January 1, 2013 and have been in CalPERS system) is 9.39 percent and the employee contribution rate is 7.00 percent of annual pay. The employer's contribution rate for non-classic members (employees hired after January 1, 2013) is 9.39 percent of annual payroll and the employee's contribution rate is 6.75 percent. For the year ended June 30, 2024, the Authority contributed the actuarially determined contribution in the amount of \$1,449,320. The contributions made during the year ended June 30, 2024 are reported as deferred outflows of resources on the statement of net position as discussed below.

California Employers' Pension Prefunding Trust (CEPPT) – In May 2021, the Authority established a Section 115 irrevocable trust with the CEPPT. The Board approved an initial deposit of \$2.5 million into the trust during 2021. Of the deposit, 88.55% were from federal funds and 11.45% from non-federal funds. Participation in CEPPT provides the Authority a strategic means to finance its long-term pension benefit commitment and allows more control and flexibility in investment allocations. At June 30, 2024, the Authority reported the investment in the amount of \$2,403,016 as restricted long-term investments.

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### B. Net Pension Liability (Asset)

The Authority's net pension liability (asset) for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability (asset) of its Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. At June 30, 2024, the Authority reported a net pension asset of \$9.4 million for the Plan, a decrease of \$1.3 million from the previous year.

A summary of principal assumptions and methods used to determine the net pension liability (asset) is shown below:

|                                  |  |
|----------------------------------|--|
| Valuation Date                   | June 30, 2022  |
| Measurement Date                 | June 30, 2023  |
| Actuarial Cost Method            | Entry Age Actuarial Cost Method  |
| Actuarial Assumptions:           |  |
| Discount Rate                    | 6.90%  |
| Inflation                        | 2.30%  |
| Projected Salary Increase        | Varies by Entry Age and Services   |
| Mortality <sup>1</sup>           | Derived using CalPERS' Membership Data for all Funds   |
| Post Retirement Benefit Increase | The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter |

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<sup>1</sup> The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on the table, refer to the 2021 CalPERS Experience Study available on the CalPERS website.

All other actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the 2021 CalPERS Experience Study, including updates to salary increase, mortality and retirement rates. Further details of the 2021 CalPERS Experience Study can be found on the CalPERS website under Forms and Publications.

**Discount Rate** - The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expense of 10 basis points.

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The expected real rates of return by asset class are as follows:

| Asset Class:                     | Assumed Asset<br>Allocation | Real Return <sup>1, 2</sup> |
|----------------------------------|-----------------------------|-----------------------------|
| Global Equity - Cap-Weighted     | 30.0%                       | 4.54%                       |
| Global Equity - Non-Cap-Weighted | 12.0%                       | 3.84%                       |
| Private Equity                   | 13.0%                       | 7.28%                       |
| Treasury                         | 5.0%                        | 0.27%                       |
| Mortgage-Backed Securities       | 5.0%                        | 0.50%                       |
| Investment Grade Corporates      | 10.0%                       | 1.56%                       |
| High Yield                       | 5.0%                        | 2.27%                       |
| Emerging Market Debt             | 5.0%                        | 2.48%                       |
| Private Debt                     | 5.0%                        | 3.57%                       |
| Real Assets                      | 15.0%                       | 3.21%                       |
| Leverage                         | -5.0%                       | -0.59%                      |

<sup>1</sup> An expected inflation of 2.50% used for this period.

<sup>2</sup> Figures are based on the 2021 Asset Liability Management study.

## C. Changes in the Net Pension Liability (Asset)

The following table shows the changes in net pension liability (asset) recognized over the measurement period.

|   | Total Pension<br>Liability | Plan Net<br>Position | Net Pension<br>Liability (Asset) |
|---|----------------------------|----------------------|----------------------------------|
| Balances reported at July 1, 2023                             | \$ 86,153,755              | \$ 96,872,952        | \$ (10,719,197)                  |
| Changes for the year:   |                            |                      |                                  |
| Service cost  | 2,505,328                  | -                    | 2,505,328                        |
| Interest on total pension liability                           | 6,001,676                  | -                    | 6,001,676                        |
| Differences between expected and actual experiences           | 1,177,612                  | -                    | 1,177,612                        |
| Contributions from employer                                   | -                          | 1,390,148            | (1,390,148)                      |
| Contributions from employees                                  | -                          | 1,145,601            | (1,145,601)                      |
| Net investment income   | -                          | 5,917,767            | (5,917,767)                      |
| Benefit payments, including refunds of employee contributions | (3,206,444)                | (3,206,444)          | -                                |
| Administrative expense  | -                          | (71,236)             | 71,236                           |
| Net change  | 6,478,172                  | 5,175,836            | 1,302,336                        |
| Balances reported at June 30, 2024                            | \$ 92,631,927              | \$ 102,048,788       | \$ (9,416,861)                   |

## Pension Plan Fiduciary Net Position

Detailed information about the pension plan fiduciary net position is available in the separately issued CalPERS financial reports.

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Sensitivity of the Net Pension Liability (Asset) to Changes in Discount Rate - The following presents the net pension liability (asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

|                               | Current       |                |                 |
|-------------------------------|---------------|----------------|-----------------|
|                               | Discount Rate | Discount Rate  | Discount Rate   |
|                               | -1% (5.90%)   | (6.90%)        | +1% (7.90%)     |
| Net Pension Liability (Asset) | \$ 3,823,181  | \$ (9,416,861) | \$ (20,304,461) |

**D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2024, the Authority recognized pension expense of \$3.0 million. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

|   | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|---|--------------------------------------|-------------------------------------|
| Pension contributions subsequent to measurement date                        | \$ 1,449,320                         | \$ -                                |
| Changes of assumptions  | 1,519,319                            | -                                   |
| Difference between expected and actual experiences                          | 1,037,908                            | (188,424)                           |
| Net difference between projected and actual earnings<br>on plan investments | 4,768,259                            | -                                   |
| Total   | <u>\$ 8,774,806</u>                  | <u>\$ (188,424)</u>                 |

\$1.4 million of deferred outflows of resources shown above relates to contributions subsequent to the measurement date and will be recognized as a reduction of (addition to) the net pension liability (asset) in the year ending June 30, 2025.

Amounts reported as deferred inflows and outflow of resources (except for pension contributions subsequent to measurement date as discussed in the paragraph above) will be recognized as future pension expense as follows.

| Year Ending<br>June 30, |                     |
|-------------------------|---------------------|
| 2025                    | \$ 1,995,880        |
| 2026                    | 1,500,492           |
| 2027                    | 3,492,521           |
| 2028                    | 148,169             |
|                         | <u>\$ 7,137,062</u> |



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## Note 13 –Other postemployment benefits

### A. General Information about the OPEB Plans

Plan description - The Authority provides eligible employees with post-retirement medical healthcare benefits. Upon retirement, qualified employees and spouses/domestic partners are eligible for continued medical coverage up to the Employer Coverage Cap in effect on the date of the employee's retirement. The medical provider at the time of retirement will be the same medical provider during the final year of employment unless the employee moves from the plan service area. In the event the employee moves out of the plan service area, a supplemental medical plan will be made available at that time. Participation in Part A and Part B of the Medicare plan available at the time of retirement is a requirement of the plan.

The surviving spouse or domestic partner may continue to purchase medical coverage after the death of the retiree at the surviving spouse/partner's expense. The Authority participates in the CalPERS medical program as permitted under the Public Employees' Medical and Hospital and Care Act ("PEMHCA"). As such, the Authority is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued.

Benefits provided - As provided by the PEMHCA, the Authority has been under contract with CalPERS for medical plan coverage since 2008 and has chosen to satisfy its retiree medical benefit commitment using the unequal contribution method.

The Authority has made contributions toward the medical premiums of retirees who meet the conditions set forth in the following table.

| Minimum<br>Retirement Age * | Years of Service with the Authority |                                 |            |
|-----------------------------|-------------------------------------|---------------------------------|------------|
|                             | At least 20 and<br>less than 25     | At least 25 and<br>less than 30 | 30 or more |
| 62                          | 80%                                 | 90%                             | 100%       |
| 63                          | 85%                                 | 95%                             | 100%       |
| 64                          | 90%                                 | 100%                            | 100%       |
| 65                          | 100%                                | 100%                            | 100%       |

\* Employee must reach this age while employed.

In addition to its monthly contributions of up to the \$1,780 cap, toward the cost of retiree medical coverage, the Authority pays 100% of the cost of dental and vision insurance for those retirees that opted for the "early retirement option plans" offered by the Authority in the past as an incentive for early retirement. During the year ended June 30, 2010, the Authority entered into an agreement with CalPERS whereby the Authority is a contracting agency under PEMHCA, which is administered by CalPERS for the provision of healthcare insurance programs for both active and retired employees. The Authority participates in the CERBT, an agent-multiple employer postemployment health plan, to prefund other postemployment benefits through CalPERS. The financial statements for CERBT may be obtained by writing the CalPERS, Constituent Relations Office, CERBT (OPEB), P.O. Box 242709, Sacramento, California 94229-2709 or by calling 888-225-7377.

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Employees Covered – As of June 30, 2023, the most recent information available, the following employees were covered by the benefit terms for the OPEB plan:

|  |                   |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 52                |
| Inactive employees entitled to but not yet receiving benefits    | 16                |
| Active employees   | <u>154</u>        |
| Total  | <u><u>222</u></u> |

Contributions – The Authority makes contributions on an actuarial basis, funding the full actuarially determined contributions. The Authority's contribution to the plan occurs as benefits are paid to the retirees or as contributions to CERBT. Benefit payments occur in the form of direct payments for premiums and taxes (explicit subsidies) and indirect payments to retirees in the form of higher premiums for active employees (implicit subsidies).

Benefits and other contributions paid by the Authority during the measurement period and those made in the year following the measurement period but prior to June 30, 2024 are shown below.

|  | Employer Contributions for the<br>Measurement Period |                                    |
|--|--|------------------------------------|
|  | July 1, 2022 thru<br>June 30, 2023                   | July 1, 2023 thru<br>June 30, 2024 |
| Employer contributions in the form of direct benefit | \$ 354,832   | \$ 651,794                         |
| Implicit contributions                               | <u>104,193</u>                                       | <u>156,036</u>                     |
| Total  | <u><u>\$ 459,025</u></u>                             | <u><u>\$ 807,830</u></u>           |

The amount of implicit contributions paid are reflected as a reduction in (active) employee premiums. The contributions made during the year ended June 30, 2024 are reported as deferred outflows of resources on the statement of net position as discussed below.

**B. Net OPEB Liability (Asset)**

The Authority's net OPEB liability (asset) is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability (asset) is measured as of June 30, 2023 (measurement date), using an annual actuarial valuation as of June 30, 2023.

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A summary of principal actuarial assumptions and methods used to determine the net OPEB liability (asset) is as follows:

|                        |   |
|------------------------|---|
| Valuation Date         | June 30, 2023   |
| Measurement Date       | June 30, 2023   |
| Measurement Period     | June 30, 2022 to June 30, 2023  |
| Actuarial Cost Method  | Entry Age Normal Level Percent of Pay   |
| Actuarial Assumptions: |   |
| Discount Rate          | 5.50%   |
| Inflation              | 2.50%   |
| Salary Increase        | 3.00%   |
| Medical trend          | Medical premium: Healthcare cost trend rate of 6.5% for initial year, fluctuating down to 3.9% in 2075<br>PMEHCA: 4.0%<br>Dental and vision premium: 3.5% |
| Mortality              | Derived using CalPERS' Membership Data for all Funds (1)  |

<sup>1</sup> Demographic actuarial assumptions used are based on the 2021 CalPERS Experience Study, except for the MacLeod Watts Scale 2022 applied generationally from 2017 as the basis to project future mortality improvements. The representative mortality rates were those published by CalPERS.

Change of Assumptions - During measurement year 2023, healthcare cost trend rates were adjusted and demographic assumptions were changed in accordance with CalPERS 2021 Experience Study.

Discount Rate - The discount rate used to measure the total OPEB liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made equal to the actuarially determined contribution. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return for OPEB plan investments is 5.50 percent. Using historical returns of all the funds' asset classes, expected compound geometric returns were calculated over the short-term (first 5 years) and the long-term (6-20 years) using a building-block approach. The long-term expected real rate of return by asset class and the target allocation are as follows:

| Asset Class              | Current<br>Target<br>Allocation | Real Return<br>Years 1-5 <sup>1</sup> | Real Return<br>Years 6-20 <sup>2</sup> |
|--------------------------|---------------------------------|---------------------------------------|--|
| Global Equity            | 34.0%                           | 4.40%                                 | 4.50%                                  |
| Fixed Income             | 41.0                            | -1.00                                 | 2.20                                   |
| Global Real Estate REITS | 17.0                            | 3.00                                  | 3.90                                   |
| TIPS                     | 5.0                             | -1.80                                 | 1.30                                   |
| Commodities              | 3.0                             | 0.80                                  | 1.20                                   |

(1) An expected inflation rate of 2.40% is used for this period.

(2) An expected inflation rate of 2.30% is used for this period.

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**C. Changes in the Net OPEB Liability (Asset)**

The following table shows the changes in net OPEB liability (asset) for the year ended June 30, 2024:

|                                    | Total OPEB<br>Liability | OPEB Plan<br>Net Position | Net OPEB<br>Liability<br>(Asset) |
|------------------------------------|-------------------------|---------------------------|----------------------------------|
| Balances reported at July 1, 2023  | \$ 13,331,323           | \$ 15,601,323             | \$ (2,270,000)                   |
| Changes for the year:              |                         |                           |                                  |
| Service cost                       | 496,077                 | -                         | 496,077                          |
| Interest on total OPEB liability   | 747,884                 | -                         | 747,884                          |
| Changes in benefit terms           | 2,563,284               | -                         | 2,563,284                        |
| Contributions from employer        | -                       | 459,025                   | (459,025)                        |
| Net investment income              | -                       | 555,521                   | (555,521)                        |
| Benefit payments                   | (459,025)               | (459,025)                 | -                                |
| Assumption changes                 | 165,239                 | -                         | 165,239                          |
| Plan Experience                    | 360,498                 | -                         | 360,498                          |
| Administrative expense             | -                       | (4,475)                   | 4,475                            |
| Net change                         | 3,873,957               | 551,046                   | 3,322,911                        |
| Balances reported at June 30, 2024 | \$ 17,205,280           | \$ 16,152,369             | \$ 1,052,911                     |

The following presents the net OPEB liability (asset) of the OPEB plan as of the measurement date, calculated using the discount rate of 5.5 percent, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (4.5 percent) or 1 percentage-point higher (6.5 percent) than the current rate:

|                            | Discount Rate<br>-1% (4.5%) | Current<br>Discount Rate<br>(5.5%) | Discount Rate<br>+1% (6.5%) |
|----------------------------|-----------------------------|------------------------------------|-----------------------------|
| Net OPEB Liability (Asset) | \$ 3,516,812                | \$ 1,052,911                       | \$ (966,149)                |

The following presents the net OPEB liability (asset) of the OPEB plan as of the measurement date, as well as what the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current rates:

|                            | Heathcare<br>Trend Rate<br>(less 1%) | Current<br>Heathcare<br>Trend Rate | Heathcare<br>Trend Rate<br>(plus 1%) |
|----------------------------|--------------------------------------|------------------------------------|--------------------------------------|
| Net OPEB Liability (Asset) | \$ (1,138,630)                       | \$ 1,052,911                       | \$ 3,776,140                         |

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report.

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**D. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2024 the Authority recognized OPEB expense of \$2.9 million. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

|   | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|---|--------------------------------------|-------------------------------------|
| OPEB contributions subsequent to measurement date                           | \$ 807,830                           | \$ -                                |
| Changes of assumptions  | 340,743                              | 512,591                             |
| Difference between expected and actual experiences                          | 316,373                              | 1,298,267                           |
| Net difference between projected and actual earnings<br>on plan investments | 1,335,176                            | -                                   |
| Total   | <u>\$ 2,800,122</u>                  | <u>\$ 1,810,858</u>                 |

\$0.8 million of deferred outflows of resources shown above relates to contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025.

Other amounts reported as deferred inflows and outflow of resources (except for OPEB contributions subsequent to measurement date as discussed in the paragraph above) will be recognized as future OPEB expense as follows.

| Year Ending<br>June 30, |                   |
|-------------------------|-------------------|
| 2025                    | \$ 8,973          |
| 2026                    | (32,632)          |
| 2027                    | 389,804           |
| 2028                    | (130,057)         |
| 2029                    | (110,406)         |
| Thereafter              | 55,752            |
|                         | <u>\$ 181,434</u> |

**Note 14 - Commitments and contingent liabilities****Lawsuit and claims**

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

**Grants and contracts**

The Authority participates in various federally and locally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal and other regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting

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from a review or audit may become a liability of the Authority; however, as of the date of this report, no such liabilities are reflected in the accompanying financial statements.

### **Concentrations**

For the year ended June 30, 2024, approximately 96.8% of operating revenues and 99.0% of accounts receivables reflected in the financial statements are from HUD. The Authority operates in a highly regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory 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 costs and the additional administrative burden to comply with the changes.

### **Note 15 - Moving-to-Work program**

Pursuant to the 2008 Appropriations Act, HUD and the Santa Clara County Housing Authority (which includes the Housing Authority of the City of San Jose) (collectively, "MTW Authority") entered into Moving-to-Work Demonstration (MTW) agreements on February 26, 2008. These agreements are effective from January 2, 2008 until the MTW Authority's fiscal year 2028. Under MTW, the MTW Authority as provided by Section 204(a) of the 1996 Appropriations Act (Section 204(a)), is able to administer its Section 8 and public housing programs with flexibility to reduce costs and achieve efficiencies; to provide incentives to families that are working, seeking work, or participating in job training; and to increase housing choices for low-income families.

According to Section 204(a), HUD may permit agencies to combine funds appropriated under Section 8 and Section 9 of the 1937 Act. The Conventional Housing Program ("Public Housing") and the Public Housing Capital Reserves are also considered MTW Reserves and are reported as unrestricted net position in its separate programs.

The Section 8 Voucher Housing Assistance Payments ("HAPs") and Administrative Fees revenues that are not utilized to pay HAPs and/or administrative/operating expenses will be part of the unrestricted net position balance in accordance with GAAP. Unrestricted net position also includes, but is not limited to, interest and investment income on HAP investments. The eligible uses of MTW funds are defined in the MTW agreements and states that the eligibility would be as under Sections 9(d)(1), 9(e)(1) and 8(o) of the 1937 Act. Thus, the MTW Authority may use MTW Reserves for activities that would be eligible for Public Housing and Voucher programs. Additionally, MTW funds can be used for activities that fall outside of Section 8 and Section 9 provided these activities are HUD approved through the annual MTW plan. Some of these excess HAP reserves may be subject to recapture by HUD based on future Congressional Appropriations Bills and HUD Rules and Regulations.

Each fiscal year since 2008, when the Authority became an MTW agency, the Authority has earned and recognized on its financial statements MTW HAPs revenues based on the annual MTW contractual agreement, irrespective if these funds were received, spent and expensed in that year. However, beginning in January 2014, based on HUD PIH Notice 2011-67, issued on December 9, 2011, HUD has implemented the United States Treasury's rule on cash management on all MTW Public Housing Authorities (MTW-PHA), including the Authority, that results in changes associated with HAP accounting and revenue recognition, as follows:

- HUD will limit the disbursement of HAP funds to the amount that is needed by MTW-PHA to make immediate payments.

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- Undisbursed HAP fund will be held by HUD as “*HUD Held Program Reserves*” and will be available for future HAPs.

Cash management does not change the amount of HAP funds that are available to the MTW-PHA, as the amount of funds available is still determined by the MTW agreement and Annual Budget Authority. However, the cash management rules will impact the timing when such funds are available to the MTW-PHA. PIH-REAC PHA Accounting Briefs #19, *Revenue Recognition for HAPs and Administrative Fees for HCV Program*, issued in June 2013, states that, as per HUD guidance, HCV program funds that the PHA receives are considered a voluntary non-exchange transaction.

GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions* defines a voluntary non-exchange transaction as a transaction in which a government gives and receives value without directly receiving or giving something of equal value in return. These transactions, typically resulting from a legislative or contractual agreement, are entered into willingly by two parties. GASB Statement No. 33 also provides that a PHA that treats the HCV program as an enterprise fund and uses the accrual basis (as does the Authority) should recognize revenues under a voluntary non-exchange transaction if it meets four conditions: that the revenues are measurable, probable of collection, meet eligibility requirements and are a legally enforceable claim. Accordingly, PHAs, that are not MTW agencies meet all the conditions of the revenue recognition except that they are not normally considered to have a legally enforceable claim (under their agreements they are entitled to receive what is actually spent, up to the limit of their annual appropriation) and thus these PHAs could not recognize their HCV funds as revenues. The Authority believes that MTW PHAs meet all the conditions of the revenue recognition, and in contrast, have an agreement with HUD that authorizes expenditure of funds up to a stated annual funding level and unspent funds are earned and carried over from year to year. The underlying contract between HUD and a MTW-PHA provides the basis for a legally enforceable claim, and the Authority’s management is of the opinion that HUD-Held Program funds should be recognized as revenues on the Authority’s financial statement as the funds meet all the criteria and conditions of GASB Statement No. 33 for a voluntary non-exchange transaction. Accordingly, the Authority has recognized these HUD-Held HCV (MTW) Program funds as revenues and receivables (\$116,139,802 as of June 30, 2024) on its financial statements.

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During the year ended June 30, 2024, the unrestricted net position activities of the Moving To Work Programs are as follows:

|   | Conventional Housing<br>Program and Public Housing<br>Capital | Section 8 Rental Voucher<br>Program | Moving To Work<br>Program |
|---|---|-------------------------------------|---------------------------|
| Unrestricted net position at June 30, 2023, as reported   | \$ 6,489,474  | \$ 8,817,484                        | \$ 338,261,999            |
| Year ended June 30, 2024 operating activity:  |   |                                     |                           |
| HAP earned  | -   | -                                   | 478,009,031               |
| Administrative fees earned  | -   | -                                   | 26,377,689                |
| Public Housing rental income  | 25,752  | -                                   | -                         |
| Operating subsidy   | -   | -                                   | 18,620                    |
| Capital funds   | -   | -                                   | 617,466                   |
| Other income  | 600   | 55,480                              | 280,716                   |
| 50% of fraud recovery   | -   | 21,254                              | 21,254                    |
| FSS Escrow forfeits   | -   | -                                   | 55,507                    |
| Gain (loss) on investments  | -   | 123,239                             | -                         |
| HAP expenses  | -   | (400,429,103)                       | -                         |
| Interim Housing Rental Subsidy payment  | -   | -                                   | (1,350,100)               |
| Administrative and operational expenses   | (74,327)  | (24,763,957)                        | (48,966)                  |
| Net change in long term obligations   | -   | (851,186)                           | -                         |
| Net change in capital assets  | 23,757  | 624,046                             | 9,622,917                 |
| Year ended June 30, 2024 transfers in (out):  |   |                                     |                           |
| Transfer reimbursement from HARA for executive compensation per HUD regulations                         | -   | 758,664                             | -                         |
| Transfer related to year-end pension (GASB 68) adjustments  | -   | 138,694                             | -                         |
| Transfer related to Acquisition & Development activities (MTW activity 2012-3)                          | -   | -                                   | 581,456                   |
| Transfer related to Preservation activities (MTW activity 2012-4)                                       | -   | -                                   | 427,246                   |
| Transfer out for FY 2024 Asset Management activities (MTW activity 2012-4)                              | -   | -                                   | (1,470,000)               |
| Transfer out for FY 2024 Development activities (MTW activity 2012-3)                                   | -   | -                                   | (2,957,644)               |
| Transfer out capital funds to Development Services  | (6,476,723)   | -                                   | -                         |
| Transfer out Race Street land to Development Services   | -   | -                                   | (4,580,000)               |
| Transfer out Acquisition, Development, and Preservation activities to Development Services              | -   | -                                   | (276,772,993)             |
| Other interfund transfers between MTW and MTW related programs  | 636,086   | 423,526,995                         | (424,163,081)             |
| Year ended June 30, 2024 other changes:   |   |                                     |                           |
| Decreases in net Pension and OPEB assets balance  | -   | 3,003,917                           | -                         |
| Increase in the restricted California Employer's Prefunding Pension Trust Fund (CEPPT) investment value | -   | (118,546)                           | -                         |
| Decrease in the restricted escrow deposit   | -   | -                                   | 65,000                    |
| Decrease in the restricted cash due to interest payment to HUD  | -   | 103                                 | -                         |
| Subtotal year ended June 30, 2024 activity  | (5,864,855)   | 2,089,601                           | (195,265,882)             |
| Unrestricted net position at June 30, 2024  | \$ 624,619  | \$ 10,907,085                       | \$ 142,996,116            |



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**Note 16 – Condensed blended component unit information**

Condensed net position information of the blended component units is presented as follows:

|  | AE<br>Associates, Ltd.<br>(1)(2) | Avenida<br>España<br>HDC, Inc.<br>(1)(2) | Bascom<br>HACSC<br>Associates<br>(1)(2) | Blossom<br>River<br>Associates LP<br>(1)(2) | Bracher<br>HDC, Inc.<br>(1)(2) | DeRose<br>HDC, Inc.<br>(1)(2) | HACSC/Choices<br>Family<br>Associates<br>(1)(2) | HACSC/Choices<br>Senior<br>Associates<br>(1)(2) | Hawthorn<br>Senior<br>Apartment LP<br>(1)(2) | Helzer<br>Associates LP<br>(1)(2) | Klamath<br>Associates LP<br>(1)(2) |
|--|----------------------------------|--|---|---|--------------------------------|-------------------------------|---|---|--|-----------------------------------|------------------------------------|
| Current assets                               | \$ 515,736                       | \$ 2,586,417                             | \$ 2,597,755                            | \$ 4,037,798                                | \$ 158,486                     | \$ 2,063,066                  | \$ 3,173,690                                    | \$ 2,235,399                                    | \$ 15,485,654                                | \$ 2,973,339                      | \$ 294,561                         |
| Due from component units and related parties | -                                | 300,856                                  | -                                       | -   | 106,957                        | 40,000                        | -   | -   | -  | -                                 | -                                  |
| Other noncurrent assets                      | -                                | 6,667,941                                | -                                       | -   | (1,824,325)                    | (3,290,408)                   | -   | -   | -  | -                                 | -                                  |
| Capital assets                               | 2,423,015                        | -  | 11,566,334                              | 8,550,378                                   | -                              | -                             | 11,897,355                                      | 8,709,430                                       | 2,930,964                                    | 13,972,294                        | 1,728,850                          |
| Total assets                                 | 2,938,751                        | 9,555,214                                | 14,164,089                              | 12,588,176                                  | (1,558,882)                    | (1,187,342)                   | 15,071,045                                      | 10,944,829                                      | 18,416,618                                   | 16,945,633                        | 2,023,411                          |
| Current liabilities                          | 1,245,453                        | 11,400                                   | 436,471                                 | 767,770                                     | 8,900                          | 12,500                        | 797,154   | 393,427   | 52,360                                       | 839,167                           | 306,720                            |
| Due to component units and related parties   | 42,624                           | 12,330,000                               | 8,165,389                               | 9,032,134                                   | -                              | 10,000                        | 39,881  | 97,833  | 18,365,091                                   | 8,709,593                         | 505,363                            |
| Noncurrent liabilities                       | 6,177,424                        | -  | 4,420,000                               | 9,123,783                                   | -                              | -                             | 14,285,139                                      | 12,226,765                                      | -  | 12,396,067                        | 1,768,667                          |
| Total liabilities                            | 7,465,501                        | 12,341,400                               | 13,021,860                              | 18,923,687                                  | 8,900                          | 22,500                        | 15,122,174                                      | 12,718,025                                      | 18,417,451                                   | 21,944,827                        | 2,580,750                          |
| Net position:                                |                                  |  |   |   |                                |                               |   |   |  |                                   |                                    |
| Net investment in capital assets             | (1,905,171)                      | -  | 7,011,334                               | (893,405)                                   | -                              | -                             | (2,197,281)                                     | (1,400,479)                                     | 2,930,964                                    | 1,216,227                         | 871,168                            |
| Restricted                                   | 345,335                          | -  | 1,540,698                               | 3,132,187                                   | -                              | -                             | 2,515,112                                       | 2,016,033                                       | -  | 1,470,103                         | 44,140                             |
| Unrestricted                                 | (2,966,914)                      | (2,786,186)                              | (7,409,803)                             | (8,574,293)                                 | (1,567,782)                    | (1,209,842)                   | (368,960)                                       | (2,388,750)                                     | (2,931,797)                                  | (7,685,524)                       | (1,472,647)                        |
| Total net position                           | \$ (4,526,750)                   | \$ (2,786,186)                           | \$ 1,142,229                            | \$ (6,335,511)                              | \$ (1,567,782)                 | \$ (1,209,842)                | \$ (51,129)                                     | \$ (1,773,196)                                  | \$ (833)                                     | \$ (4,999,194)                    | \$ (557,339)                       |

  

|  | North First Gish<br>Holding LLC<br>(1)(2) | Pinmore<br>HDC, Inc.<br>(1)(2) | Poco Way<br>HDC, Inc.<br>(1)(2) | Rincon<br>Gardens<br>Associates, L.P.<br>(1)(2) | Rotary Plaza/<br>HACSC<br>HDC, Inc.<br>(1)(2) | Sage Family<br>Apartments LP<br>(1)(2) | San Pedro<br>Gardens<br>Associates, Ltd.<br>(1)(2) | S.P.G.<br>Housing, Inc.<br>(1)(2) | Trillium<br>Senior<br>Apartments LP<br>(1)(2) | Villa<br>Garcia Inc.<br>(1)(2) | Villa<br>San Pedro<br>HDC, Inc.<br>(1)(2) |
|--|---|--------------------------------|---------------------------------|---|---|--|--|-----------------------------------|---|--------------------------------|---|
| Current assets                               | \$ 400,194                                | \$ 1,777,003                   | \$ 2,072,179                    | \$ 5,569,565                                    | \$ 2,215,262                                  | \$ 1,499,281                           | \$ 1,031,576                                       | \$ 721,246                        | \$ 1,000,000                                  | \$ 4,611,512                   | \$ 230,139                                |
| Due from component units and related parties | -   | 261,068                        | 11,939,450                      | -   | 10,000  | -                                      | -  | 177,287                           | -   | 5,103,640                      | 12,646,916                                |
| Other noncurrent assets                      | -   | (4,800,058)                    | 262,994                         | -   | 5,252,756                                     | -                                      | -  | 1,924,568                         | -   | (314,443)                      | 1,149,108                                 |
| Capital assets                               | 178,575                                   | -                              | 48,377,832                      | 27,450,567                                      | 2,667,843                                     | 1,084,104                              | 852,711  | 3,901,163                         | 433,687                                       | -                              | -   |
| Total assets                                 | 578,769                                   | (2,761,987)                    | 62,652,455                      | 33,020,132                                      | 10,145,861                                    | 2,583,385                              | 1,884,287  | 6,724,264                         | 1,433,687                                     | 9,400,709                      | 14,026,163                                |
| Current liabilities                          | 333,678                                   | 11,700                         | 218,874                         | 611,994   | 413,259                                       | 410,909                                | 44,771   | 261,356                           | 1,216   | 6,800                          | 9,600                                     |
| Due to component units and related parties   | 268,756                                   | -                              | 21,574,809                      | 13,972,353                                      | 2,725,468                                     | 2,173,045                              | 1,060,533  | 1,615,215                         | 1,432,471                                     | -                              | 1,144,009                                 |
| Noncurrent liabilities                       | -   | -                              | 29,112,027                      | 9,542,737                                       | 208,055                                       | -                                      | 2,528,007  | 1,528,862                         | -   | -                              | -   |
| Total liabilities                            | 602,434                                   | 11,700                         | 50,905,710                      | 24,127,084                                      | 3,346,782                                     | 2,583,954                              | 3,633,311  | 3,405,433                         | 1,433,687                                     | 6,800                          | 1,153,609                                 |
| Net position:                                |   |                                |                                 |   |   |  |  |                                   |   |                                |   |
| Net investment in capital assets             | 178,575                                   | -                              | 19,377,832                      | 17,524,624                                      | 2,386,044                                     | 1,084,104                              | (636,789)  | 2,305,804                         | 433,687                                       | -                              | -   |
| Restricted                                   | -   | -                              | 117                             | 2,351,170                                       | 186,318                                       | -                                      | 196,915  | 197,115                           | -   | -                              | -   |
| Unrestricted                                 | (202,240)                                 | (2,773,687)                    | (7,631,204)                     | (10,982,746)                                    | 4,226,717                                     | (1,084,673)                            | (1,309,150)  | 815,912                           | (433,687)                                     | 9,393,909                      | 12,872,554                                |
| Total net position                           | \$ (23,665)                               | \$ (2,773,687)                 | \$ 11,746,745                   | \$ 8,893,048                                    | \$ 6,799,079                                  | \$ (569)                               | \$ (1,749,024)                                     | \$ 3,318,831                      | \$ -  | \$ 9,393,909                   | \$ 12,872,554                             |

(1) Component unit was audited by other auditors.

(2) As of December 31, 2023.

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
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Condensed revenues, expenses, and changes in net position information of the blended component units is presented as follows:

|                                       | AE<br>Associates, Ltd.<br>(1)(2) | Avenida<br>Espana<br>HDC, Inc.<br>(1)(2) | Bascom<br>HACSC<br>Associates<br>(1)(2) | Blossom<br>River<br>Associates LP<br>(1)(2) | Bracher<br>HDC, Inc.<br>(1)(2) | DeRose<br>HDC, Inc.<br>(1)(2) | HACSC/Choices<br>Family<br>Associates<br>(1)(2) | HACSC/Choices<br>Senior<br>Associates<br>(1)(2) | Hawthorn<br>Senior<br>Apartment LP<br>(1)(2) | Helzer<br>Associates LP<br>(1)(2) | Klamath<br>Associates LP<br>(1)(2) |
|---------------------------------------|----------------------------------|--|---|---|--------------------------------|-------------------------------|---|---|--|-----------------------------------|------------------------------------|
| Operating revenues                    | \$ 865,400                       | \$ 627,916                               | \$ 2,091,209                            | \$ 2,942,530                                | \$ (276,675)                   | \$ 307,186                    | \$ 2,161,142                                    | \$ 1,328,109                                    | \$ -   | \$ 3,639,783                      | \$ 372,095                         |
| Operating expenses                    | 1,174,904                        | 471,094                                  | 1,280,255                               | 2,206,387                                   | 9,318                          | 28,650                        | 1,494,184                                       | 1,256,658                                       | 205  | 2,545,316                         | 428,227                            |
| Operating income (loss)               | (309,504)                        | 156,822                                  | 810,954                                 | 736,143                                     | (285,993)                      | 278,536                       | 666,958   | 71,451  | (205)  | 1,094,467                         | (56,132)                           |
| Nonoperating revenues (expenses), net | (98,545)                         | 5,417                                    | (402,521)                               | (699,623)                                   | -                              | -                             | (510,072)                                       | (334,886)                                       | -  | (1,029,824)                       | (91,966)                           |
| Change in net position                | (408,049)                        | 162,239                                  | 408,433                                 | 36,520                                      | (285,993)                      | 278,536                       | (39,060)  | (263,435)                                       | (205)  | 64,643                            | (148,098)                          |
| Net position, beginning of year       | (4,118,701)                      | (2,948,425)                              | 733,796                                 | (6,372,031)                                 | (1,281,789)                    | (1,488,378)                   | (12,069)  | (1,509,761)                                     | (628)  | (5,063,837)                       | (409,241)                          |
| Net position, end of year             | \$ (4,526,750)                   | \$ (2,786,186)                           | \$ 1,142,229                            | \$ (6,335,511)                              | \$ (1,567,782)                 | \$ (1,209,842)                | \$ (51,129)                                     | \$ (1,773,196)                                  | \$ (833)                                     | \$ (4,999,194)                    | \$ (557,339)                       |

  

|                                       | North First Gish<br>Holding LLC<br>(1)(2) | Pinmore<br>HDC, Inc.<br>(1)(2) | Poco Way<br>HDC, Inc.<br>(1)(2) | Rincon<br>Gardens<br>Associates, L.P.<br>(1)(2) | Rotary Plaza/<br>HACSC<br>HDC, Inc.<br>(1)(2) | Sage Family<br>Apartments LP<br>(1)(2) | San Pedro<br>Gardens<br>Associates, Ltd.<br>(1)(2) | S.P.G.<br>Housing, Inc.<br>(1)(2) | Trillium<br>Senior<br>Apartments LP<br>(1)(2) | Villa<br>Garcia Inc.<br>(1)(2) | Villa<br>San Pedro<br>HDC, Inc.<br>(1)(2) |
|---------------------------------------|---|--------------------------------|---------------------------------|---|---|--|--|-----------------------------------|---|--------------------------------|---|
| Operating revenues                    | \$ 339,980                                | \$ 59,876                      | \$ 960,716                      | \$ 6,353,467                                    | \$ 1,488,378                                  | \$ -                                   | \$ 319,365   | \$ 1,174,744                      | \$ -  | \$ 1,040                       | \$ 15,677                                 |
| Operating expenses                    | 363,645                                   | 13,490                         | 1,373,984                       | 3,465,875                                       | 1,383,440                                     | 569                                    | 321,280  | 1,517,364                         | -   | 330,156                        | 10,152                                    |
| Operating income (loss)               | (23,665)                                  | 46,386                         | (413,268)                       | 2,887,592                                       | 104,938                                       | (569)                                  | (1,915)  | (342,620)                         | -   | (329,116)                      | 5,525                                     |
| Nonoperating revenues (expenses), net | -   | -                              | 155,505                         | (1,387,693)                                     | (81,079)                                      | -                                      | (66,902)   | (56,815)                          | -   | 124,966                        | 360,183                                   |
| Change in net position                | (23,665)                                  | 46,386                         | (257,763)                       | 1,465,843                                       | 23,859  | (569)                                  | (68,817)   | (399,435)                         | -   | (204,150)                      | 365,708                                   |
| Net position, beginning of year       | -   | (2,820,073)                    | 12,004,508                      | 7,427,205                                       | 6,775,220                                     | -                                      | (1,680,207)  | 3,718,266                         | -   | 9,598,059                      | 12,506,846                                |
| Net position, end of year             | \$ (23,665)                               | \$ (2,773,687)                 | \$ 11,746,745                   | \$ 8,893,048                                    | \$ 6,799,079                                  | \$ (569)                               | \$ (1,749,024)                                     | \$ 3,318,831                      | \$ -  | \$ 9,393,909                   | \$ 12,872,554                             |

- (1) Component unit was audited by other auditors.  
(2) For the year ended December 31, 2023.

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Condensed cash flows information of the blended component units is presented as follows:

|  | AE<br>Associates, Ltd.<br>(1)(2) | Avenida<br>España<br>HDC, Inc.<br>(1)(2) | Bascom<br>HACSC<br>Associates<br>(1)(2) | Blossom<br>River<br>Associates LP<br>(1)(2) | Bracher<br>HDC, Inc.<br>(1)(2) | DeRose<br>HDC, Inc.<br>(1)(2) | HACSC/Choices<br>Family<br>Associates<br>(1)(2) | HACSC/Choices<br>Senior<br>Associates<br>(1)(2) | Hawthorn<br>Senior<br>Apartment LP<br>(1)(2) | Helzer<br>Associates LP<br>(1)(2) | Klamath<br>Associates LP<br>(1)(2) |
|--|----------------------------------|--|---|---|--------------------------------|-------------------------------|---|---|--|-----------------------------------|------------------------------------|
| Cash flows from:                             |                                  |  |   |   |                                |                               |   |   |  |                                   |                                    |
| Operating activities                         | \$ (57,452)                      | \$ 73,948                                | \$ 849,847                              | \$ 795,095                                  | \$ 16,749                      | \$ 24,450                     | \$ 546,573                                      | \$ 176,432                                      | \$ (205)                                     | \$ 859,166                        | \$ (4,341)                         |
| Investing activities                         | -                                | 23,605                                   | -                                       | (186,914)                                   | 20                             | 522,819                       | (68,408)  | (75,085)  | (2,215,780)                                  | (391,356)                         | (6,873)                            |
| Financing activities                         | (31,518)                         | -  | (613,882)                               | (601,722)                                   | -                              | -                             | (477,955)                                       | (140,000)                                       | 17,195,035                                   | (598,305)                         | (46,345)                           |
| Net change in cash and cash equivalents      | (88,970)                         | 97,553                                   | 235,965                                 | 6,459                                       | 16,769                         | 547,269                       | 210   | (38,653)  | 14,979,050                                   | (130,495)                         | (57,559)                           |
| Cash and cash equivalents, beginning of year | 517,072                          | 2,488,864                                | 2,330,508                               | 3,905,269                                   | 141,717                        | 1,515,797                     | 3,100,849                                       | 2,243,935                                       | 506,604                                      | 2,996,519                         | 334,576                            |
| Cash and cash equivalents, end of year       | <u>\$ 428,102</u>                | <u>\$ 2,586,417</u>                      | <u>\$ 2,566,473</u>                     | <u>\$ 3,911,728</u>                         | <u>\$ 158,486</u>              | <u>\$ 2,063,066</u>           | <u>\$ 3,101,059</u>                             | <u>\$ 2,205,282</u>                             | <u>\$ 15,485,654</u>                         | <u>\$ 2,866,024</u>               | <u>\$ 277,017</u>                  |

  

|  | North First Gish<br>Holding LLC<br>(1)(2) | Pinmore<br>HDC, Inc.<br>(1)(2) | Poco Way<br>HDC, Inc.<br>(1)(2) | Rincon<br>Gardens<br>Associates, L.P.<br>(1)(2) | Rotary Plaza/<br>HACSC<br>HDC, Inc.<br>(1)(2) | Sage Family<br>Apartments LP<br>(1)(2) | San Pedro<br>Gardens<br>Associates, Ltd.<br>(1)(2) | S.P.G.<br>Housing, Inc.<br>(1)(2) | Trillium<br>Senior<br>Apartments LP<br>(1)(2) | Villa<br>Garcia Inc.<br>(1)(2) | Villa<br>San Pedro<br>HDC, Inc.<br>(1)(2) |
|--|---|--------------------------------|---------------------------------|---|---|--|--|-----------------------------------|---|--------------------------------|---|
| Cash flows from:                             |   |                                |                                 |   |   |  |  |                                   |   |                                |   |
| Operating activities                         | \$ (206,046)                              | \$ 32,423                      | \$ (268,043)                    | \$ 2,715,524                                    | \$ 343,136                                    | \$ (569)                               | \$ 27,060  | \$ (93,699)                       | \$ -  | \$ 118,439                     | \$ (8,825)                                |
| Investing activities                         | (54,570)                                  | 22                             | (1,958,180)                     | (196,004)                                       | 272,124                                       | (150)                                  | (2,772)  | (138,799)                         | -   | 503,105                        | -   |
| Financing activities                         | 268,756                                   | -                              | 2,073,122                       | (1,712,767)                                     | (408,667)                                     | 1,500,000                              | (13,781)   | (63,951)                          | 1,000,000                                     | -                              | -   |
| Net change in cash and cash equivalents      | 8,140                                     | 32,445                         | (153,101)                       | 806,753   | 206,593                                       | 1,499,281                              | 10,507   | (296,449)                         | 1,000,000                                     | 621,544                        | (8,825)                                   |
| Cash and cash equivalents, beginning of year | -   | 1,744,558                      | 2,123,846                       | 4,660,089                                       | 1,943,055                                     | -                                      | 1,012,317  | 905,651                           | -   | 3,989,968                      | 238,964                                   |
| Cash and cash equivalents, end of year       | <u>\$ 8,140</u>                           | <u>\$ 1,777,003</u>            | <u>\$ 1,970,745</u>             | <u>\$ 5,466,842</u>                             | <u>\$ 2,149,648</u>                           | <u>\$ 1,499,281</u>                    | <u>\$ 1,022,824</u>                                | <u>\$ 609,202</u>                 | <u>\$ 1,000,000</u>                           | <u>\$ 4,611,512</u>            | <u>\$ 230,139</u>                         |

- (1) Component unit was audited by other auditors.  
(2) For the year ended December 31, 2023.

**SANTA CLARA COUNTY HOUSING AUTHORITY**

(A Component Unit of the County of Santa Clara)

Notes to Financial Statements

June 30, 2024

**Note 17 – Summary Financial Information of Component Units**

The following entities are considered component units of the Authority. Certain items may have changed for presentation purposes from the separately issued audited financial statements to conform to the Authority's presentation. The following disclosures are those that are material to the Authority and are not meant to be a full representation of each component unit's required disclosures. A copy of each component unit's separately issued audited financial statements can be obtained from the Authority's management.

The debt obligation noted in the following section, with the exception of land leases, does not include debt related to the Authority or its affiliates.

**A. Blended Component Units****AE Associates, LTD****Ground lease**

This Partnership leases land on which the Avenida Espana Gardens Project was built from the Authority. The lease is for 65 years and requires annual payments of \$20,000 from excess/distributable cash. Any unpaid rent shall accrue without interest.

**Long-Term debt**

State of California, Department of Housing and Community Development Rental Housing Construction Program ("RHCP") Loan - The loan is secured by its project, bears simple interest at 3%, matures in December 2048, and is payable in annual payments of principal and interest from excess/distributable cash.

City of San Jose Note - The note bears no interest, is due in full in October 2022, and is payable in annual payments of \$25,000 with additional payments from excess/distributable cash. The note has not been paid off as of December 31, 2023.

|                                       | December 31, 2023 |              |              |                             |
|---------------------------------------|-------------------|--------------|--------------|-----------------------------|
|                                       | Interest Payable  | Principal    | Total        | Amounts due within one year |
| RHCP Loan                             | \$ 2,897,098      | \$ 3,285,000 | \$ 6,182,098 | \$ -                        |
| City of San Jose                      | -                 | 1,047,860    | 1,047,860    | 1,047,860                   |
| Subtotal                              | 2,897,098         | 4,332,860    | 7,229,958    | 1,047,860                   |
| Less unamortized permanent loan costs | -                 | (4,674)      | (4,674)      | -                           |
| Total                                 | \$ 2,897,098      | \$ 4,328,186 | \$ 7,225,284 | \$ 1,047,860                |

**SANTA CLARA COUNTY HOUSING AUTHORITY**

(A Component Unit of the County of Santa Clara)

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**Bascom HACSC Associates****Long-term debt**

Series 2000A Multifamily Housing Revenue Bonds issued by the City of San Jose - The bonds in the original amount of \$6,130,000 are secured by a direct pay letter of credits from Union Bank of California through the construction period and stabilization period. The bonds bear interest at a rate of 6.1% from the year 2001 to 2030, and 6.2% from the year 2031 to 2041. Payments of principal and interest are due every six months, amortized over a 38-year, 3-month term.

|                    | December 31, 2023 |              |              |                             |
|--------------------|-------------------|--------------|--------------|-----------------------------|
|                    | Interest Payable  | Principal    | Total        | Amounts due within one year |
| Series 2000A Bonds | \$ 140,579        | \$ 4,555,000 | \$ 4,695,579 | \$ 275,579                  |

**Blossom River Associates L.P.****Long-term debt**

Series 1998A Multifamily Housing Revenue Bonds issued by the Authority - The bonds in the amount of \$13,000,000 bears 6.5% simple interest. Payments of principal and interest which are due every 6 months, and amortized over a 40-year term.

|                                       | December 31, 2023 |              |              |                             |
|---------------------------------------|-------------------|--------------|--------------|-----------------------------|
|                                       | Interest Payable  | Principal    | Total        | Amounts due within one year |
| Series 1998A Bonds                    | \$ 207,892        | \$ 9,595,000 | \$ 9,802,892 | \$ 527,892                  |
| Less unamortized permanent loan costs | -                 | (151,217)    | (151,217)    | -                           |
| Total                                 | \$ 207,892        | \$ 9,443,783 | \$ 9,651,675 | \$ 527,892                  |

**HACSC/Choices Family Associates****Long-term debt**

City of Santa Clara Note (Successor Agency to the Redevelopment Agency of the City of Santa Clara) - The note, originally amounting to \$4,323,000, bears simple interest at 2%, due in full in April 2042, and payable annually in principal and interest from excess/distributable cash.

Series 2001A Multifamily Housing Revenue Bonds issued by the Authority - The bonds, originally amounting to \$8,865,000, bear interest at rates ranging from 3.95% to 6% and mature in August 2041. Monthly principal and interest payments of \$45,385 are made to a trustee, and semi-annual payments to bondholders are made in August and February.

California Department of Housing and Community Development Multifamily Housing Program Loan - The loan bears simple interest at 3%, with an annual payment of 0.42% of the unpaid principal amount, to be repaid in full by October 2058.

**SANTA CLARA COUNTY HOUSING AUTHORITY**

(A Component Unit of the County of Santa Clara)

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June 30, 2024

|                                       | December 31, 2023 |               |               |                             |
|---------------------------------------|-------------------|---------------|---------------|-----------------------------|
|                                       | Interest Payable  | Principal     | Total         | Amounts due within one year |
| City of Santa Clara Note              | \$ 77,840         | \$ 3,690,415  | \$ 3,768,255  | \$ 194,286                  |
| Series 2001A Bonds                    | 42,068            | 6,530,000     | 6,572,068     | 237,068                     |
| California HCD Loan                   | 688,616           | 4,050,500     | 4,739,116     | 186,667                     |
| Subtotal                              | 808,524           | 14,270,915    | 15,079,439    | 618,021                     |
| Less unamortized permanent loan costs | -                 | (176,279)     | (176,279)     | -                           |
| Total                                 | \$ 808,524        | \$ 14,094,636 | \$ 14,903,160 | \$ 618,021                  |

**HACSC/Choices Senior Associates****Long-term debt**

City of Santa Clara (Successor Agency to the Redevelopment Agency of the City of Santa Clara) Loan - The note bears simple interest at 2%, due in full in April 2042, and payable annually in principal and interest from excess/distributable cash.

Series 2001A Multifamily Housing Revenue Bonds issued by the Authority - The bonds, originally amounting to \$6,715,000, bears interest at rates ranging from 3.95% to 6% and mature in August 2041. Monthly principal and interest payments of \$34,419 are made to a trustee, and semi-annual payments to bondholders are made in August and February.

|                                       | December 31, 2023 |               |               |                             |
|---------------------------------------|-------------------|---------------|---------------|-----------------------------|
|                                       | Interest Payable  | Principal     | Total         | Amounts due within one year |
| City of Santa Clara Note              | \$ 2,261,856      | \$ 5,317,000  | \$ 7,578,856  | \$ -                        |
| Series 2001A Bonds                    | 122,722           | 4,945,000     | 5,067,722     | 267,722                     |
| Subtotal                              | 2,384,578         | 10,262,000    | 12,646,578    | 267,722                     |
| Less unamortized permanent loan costs | -                 | (152,091)     | (152,091)     | -                           |
| Total                                 | \$ 2,384,578      | \$ 10,109,909 | \$ 12,494,487 | \$ 267,722                  |

**Helzer Associates L.P.****Long-term debt**

Series 1999A Multifamily Housing Revenue Bonds issued by the City of San Jose - The bonds, dated May 1, 1999, were issued in the amount of \$16,948,000. They mature in December 1, 2041 and are amortized over a 40-year term with a simple interest rate of 6.34%. Payments of principal and interest are due and payable semi-annually on the first day of June and December.

California Housing Finance Agency ("CalHFA") Note - The note, dated December 1, 2000, in the original amount of \$333,547, bears 0% interest. The outstanding principal amount is due 55 years following the effective date of the Regulatory Agreement.

**SANTA CLARA COUNTY HOUSING AUTHORITY**

(A Component Unit of the County of Santa Clara)

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|  | December 31, 2023 |               |               |                                |
|--|-------------------|---------------|---------------|--------------------------------|
|  | Interest Payable  | Principal     | Total         | Amounts due<br>within one year |
| Series 1999A Bonds                       | \$ 90,201         | \$ 12,758,000 | \$ 12,848,201 | \$ 450,201                     |
| CalHFA Note                              | -                 | 333,547       | 333,547       | -                              |
| Subtotal                                 | 90,201            | 13,091,547    | 13,181,748    | 450,201                        |
| Less unamortized<br>permanent loan costs | -                 | (335,480)     | (335,480)     | -                              |
| Total                                    | \$ 90,201         | \$ 12,756,067 | \$ 12,846,268 | \$ 450,201                     |

**Klamath Associates L.P.**

**Long-term debt**

Citibank Loan - The loan with an original amount of \$750,000, bears an adjustable interest rate and is payable in monthly installments of \$5,045, that was reduced to \$5,007, until maturity in May 2027. Interest was adjusted in June 2017 to 6.58% and calculated by applying 2.42% over the average monthly 10-year treasury constant maturity yield, not to exceed 12.42% per annum or to fall below 6.42%.

City of Santa Clara Note (Successor Agency to the Redevelopment Agency of the City of Santa Clara) - The note bears simple interest at 6% and is due in full in February 2025. Annual payments of principal and interest are payable from excess/distributable cash.

|  | December 31, 2023   |            |              |                                |
|--|---------------------|------------|--------------|--------------------------------|
|  | Interest<br>Payable | Principal  | Total        | Amounts due<br>within one year |
| Citibank Loan                            | \$ -                | \$ 183,393 | \$ 183,393   | \$ 49,489                      |
| City of Santa Clara Note                 | 960,474             | 681,176    | 1,641,650    | -                              |
| Subtotal                                 | 960,474             | 864,569    | 1,825,043    | 49,489                         |
| Less unamortized<br>permanent loan costs | -                   | (6,887)    | (6,887)      | -                              |
| Total                                    | \$ 960,474          | \$ 857,682 | \$ 1,818,156 | \$ 49,489                      |

**Poco Way HDC, Inc.**

**Buena Vista Mobile Home Park Property Acquisition and Lease**

In September 2017, Poco Way HDC, Inc. acquired the property known as Buena Vista for \$40.4 million and entered into loans with the Authority in the amount of \$26 million and with the City of Palo Alto in the amount of \$14.5 million. Pursuant to the Memorandum of Understanding by and among the County of Santa Clara, the City of Palo Alto, and the Authority, Poco Way HDC, Inc. intends to preserve Buena Vista as a mobile home park, or equivalent, for up to 50 years. Poco Way HDC, Inc. expects to complete major improvements and renovations to the property as funding becomes available. Effective November 1, 2019, Poco Way HDC leased a portion of the Buena Vista land directly to tenants.

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(A Component Unit of the County of Santa Clara)

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**Long-term debt**

City of Palo Alto Note - The note bears 3% simple interest, payable from excess/distributable cash, to be repaid in full by September 2092. Interest shall not begin to accrue until the earlier of (i) the date that major improvements to Buena Vista are complete or (ii) September 29, 2023.

County of Santa Clara Note - The note bears 3% simple interest, payable from excess/distributable cash, to be repaid in full by September 2092. Interest shall not begin to accrue until the earlier of (i) the date that major improvements to Buena Vista are complete or (ii) September 29, 2027.

|                            | December 31, 2023 |                      |                      |                             |
|----------------------------|-------------------|----------------------|----------------------|-----------------------------|
|                            | Interest Payable  | Principal            | Total                | Amounts due within one year |
| City of Palo Alto Note     | \$ 112,027        | \$ 14,500,000        | \$ 14,612,027        | \$ -                        |
| County of Santa Clara Note | -                 | 14,500,000           | 14,500,000           | -                           |
| Total                      | <u>\$ 112,027</u> | <u>\$ 29,000,000</u> | <u>\$ 29,112,027</u> | <u>\$ -</u>                 |

**Rincon Gardens Associates, L.P.****Ground lease**

Rincon Gardens Associates, L. P. leases land from the Authority on a 75-year term, which expires in 2083. Rent for the lease is equal to \$1 annually. The rent has been set at a nominal amount for the specific purpose of assisting the lessee to operate and maintain its project as an affordable housing complex in accordance with the terms and other requirements as specified in the ground lease agreement.

**Long-term debt**

2008 Series A-1 and A-2 Multifamily Housing Revenue Bonds issued by the Authority - The bonds, in the maximum amount of \$13,630,000 and \$3,391,000, respectively, bear interest at 5.33% and 5.02%, respectively. Interest-only payments were due monthly until the conversion date in August 2010, at which time the Series A-1 loan was converted to a 30-year amortizing loan and the Series A-2 loan was converted to a 13- year amortizing loan.

|                                       | December 31, 2023 |                     |                     |                             |
|---------------------------------------|-------------------|---------------------|---------------------|-----------------------------|
|                                       | Interest Payable  | Principal           | Total               | Amounts due within one year |
| 2008 Series A-1 and A-2 Bonds         | \$ 44,781         | \$ 10,082,015       | \$ 10,126,796       | \$ 427,987                  |
| Less unamortized permanent loan costs | -                 | (156,072)           | (156,072)           | -                           |
| Total                                 | <u>\$ 44,781</u>  | <u>\$ 9,925,943</u> | <u>\$ 9,970,724</u> | <u>\$ 427,987</u>           |



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**Rotary Plaza/HACSC HDC, Inc. (Morrone Garden Apartments)****Ground lease**

On April 19, 2013, Rotary Plaza/HACSC HDC, Inc. assumed the 60-year ground lease agreement entered into by Morrone Gardens Associates and the Authority on July 22, 1994, for the land on which the Morrone Gardens Apartments (the project) was built. The annual rent is \$20,000 and is payable to the extent of surplus cash. Any unpaid rent accrues interest at 7% compounded annually and is payable in subsequent years from surplus cash.

**Long-term debt**

California Community Reinvestment Corporation Note ("CCRC") Note - The note is dated September 23, 1994, in the original amount of \$2,982,000, is secured by the Morrone Gardens Apartment building, bears interest at 6.5% per annum and is payable in monthly payment of principal and interest of \$19,688 until maturity on October 1, 2024. This note was assumed by Rotary Plaza/HACSC HDC, Inc. at the time it acquired the project, on April 19, 2013.

County of Santa Clara Note - The note bears simple interest at 6% per annum, due in full in July 2033.

|  | December 31, 2023   |            |            |                                |
|--|---------------------|------------|------------|--------------------------------|
|  | Interest<br>Payable | Principal  | Total      | Amounts due<br>within one year |
| CCRC Note                                | \$ 2,206            | \$ 191,134 | \$ 193,340 | \$ 193,340                     |
| County of Santa Clara Note               | 117,390             | 95,000     | 212,390    | -                              |
| Subtotal                                 | 119,596             | 286,134    | 405,730    | 193,340                        |
| Less unamortized<br>permanent loan costs | -                   | (4,335)    | (4,335)    | -                              |
| Total                                    | \$ 119,596          | \$ 281,799 | \$ 401,395 | \$ 193,340                     |

**San Pedro Gardens Associates, Ltd.****Ground lease**

The Partnership leases the land on which the San Pedro Gardens Project was built from the Authority. The lease ends in 2056 and requires an annual payment of \$10,000, which is payable from excess/distributable cash. The unpaid rent accrues interest at 8% compounded annually.

**Long-term debt**

Citibank (Serviced by Berkadia Commercial Mortgage) Loan - The original loan amount of \$337,400, bears interest at 2% per annum per annum and is payable in monthly installments of \$1,520. The note was paid off during the year ended December 31, 2023.

State of California, Department of Housing and Community Development Rental Housing Construction Program (RHCP) Loan - The loan bears simple interest at 3% and is due in full in January 2047. Annual payments of principal and interest are payable from excess/distributable cash.

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|           | December 31, 2023 |              |              |                             |
|-----------|-------------------|--------------|--------------|-----------------------------|
|           | Interest Payable  | Principal    | Total        | Amounts due within one year |
| RHCP Loan | \$ 1,058,327      | \$ 1,489,500 | \$ 2,547,827 | \$ 19,820                   |

**S.P.G. Housing, Inc. (DeRose Gardens Apartments)****Ground lease**

S.P.G. Housing, Inc. subleases the land on which DeRose Senior Housing was built from the Authority. The sublease ends in year 2028 and requires a monthly base payment of \$5,500 which is subject to annual increases and an annual payment of \$66,000, which is payable from distributable cash. The unpaid rent accrues without interest.

**Long-term debt**

Citibank Loan - The loan in the original amount of \$1,015,000, bears an adjustable interest rate (currently 3.91% per annum), is payable in monthly installments of \$6,079 and is due in full in October 2026.

City of San Jose Note - The note bears interest at 8% compounded annually and is to be repaid in full in December 2020. Any unpaid balance for the year is to be added to the maximum annual payment of the following year. The terms of the loan were amended in 2007 from which date the loan shall not accrue interest and the accumulated interest on the loan was forgiven as part of the amendment. The loan has not been paid off as of December 31, 2023.

|                       | December 31, 2023 |              |              |                             |
|-----------------------|-------------------|--------------|--------------|-----------------------------|
|                       | Interest Payable  | Principal    | Total        | Amounts due within one year |
| Citibank Loan         | \$ -              | \$ 195,359   | \$ 195,359   | \$ 66,497                   |
| City of San Jose Note | -                 | 1,400,000    | 1,400,000    |                             |
| Total                 | \$ -              | \$ 1,595,359 | \$ 1,595,359 | \$ 66,497                   |

**B. Discretely Presented Component Units****Bellarmino Place LP****Organization**

Bellarmino Place LP, a California limited partnership ("Bellarmino"), was formed on December 4, 2017, to develop, own and operate affordable housing complex located in San Jose, California, which is under construction as of December 31, 2023. Bellarmino is controlled by its general partner, Bellarmino Place LLC (0.01%). The Authority, the initial limited partner, transferred its partnership interest to Wells Fargo Community Investment Holdings LLC (99.99%), the current limited partner, on December 15, 2022. v

**Long-term debt**

County of Santa Clara Measure A Housing Bond - The loan in the maximum amount of \$5,750,000, bears no interest. Payments are subject to excess distributable cash, with the entire balance due in full 55 years after the project's completion.

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No Place Like Home Program (NPLH) Loan - The loan in the maximum amount of \$4,800,000, bears no interest. Payments are subject to excess distributable cash, with the entire balance due in full 55 years after the project's completion date.

|                | December 31, 2023 |              |              |                             |
|----------------|-------------------|--------------|--------------|-----------------------------|
|                | Interest Payable  | Principal    | Total        | Amounts due within one year |
| Measure A loan | \$ -              | \$ 5,181,992 | \$ 5,181,992 | \$ -                        |
| NPLH loan      | -                 | 4,325,010    | 4,325,010    | -                           |
| Total          | \$ -              | \$ 9,507,002 | \$ 9,507,002 | \$ -                        |

## **Bendorf Drive LP**

### **Organization**

Bendorf Drive LP, a California limited partnership ("Bendorf"), was formed on February 7, 2013 to acquire, rehabilitate and operate a 100-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Villa San Pedro Apartments. On December 19, 2013, the project was acquired from its general partner, Villa San Pedro HDC, Inc. Bendorf is controlled by its general partner, Villa San Pedro HDC, Inc. (0.009%). The Authority, the initial limited partner, transferred its partnership interest to RSEP Holding, LLC, the limited partner, and Red Stone Equity Manager, LLC, the special limited partner, on December 1, 2013. RSEP Holding, LLC and Red Stone Equity Manager, LLC assigned its partnership interest to Red Stone VS Pedro, LLC (99.99%) and Red Stone Equity Manager 2, LLC (0.001%), respectively, on February 14, 2014.

### **Long-term debt**

HDC California Housing Rehabilitation Program (CHRP) Loan - The loan bears simple interest at 3%, with an annual payment of 0.42% of the unpaid principal amount, and the remaining 2.58% interest to be paid from excess/distributable cash after the transition reserve account is fully funded. The entire principal and interest are due in December 2068.

CalHFA Acquisition/Rehabilitation and Permanent Loan - The loan is 50% insured by HUD through the Federal Housing Administration under Section 542(c) of the Housing and Community Development Act of 1992, in the maximum amount of \$20,215,000. The loan bears simple interest at 4% with interest-only payments due monthly until conversion in October 2015, at which time, \$11,710,000 was converted to a 30-year amortizing loan with interest at 5.75%. Payments and interest are due monthly, with the entire principal and interest due in full in October 2045.

|                                       | December 31, 2023 |               |               |                             |
|---------------------------------------|-------------------|---------------|---------------|-----------------------------|
|                                       | Interest Payable  | Principal     | Total         | Amounts due within one year |
| CHRP Loan                             | \$ 89,191         | \$ 3,491,894  | \$ 3,581,085  | \$ 288,388                  |
| CalHFA Loan                           | 48,882            | 10,201,380    | 10,250,262    | 734,200                     |
| Subtotal                              | 138,073           | 13,693,274    | 13,831,347    | 1,022,588                   |
| Less unamortized permanent loan costs | -                 | (223,201)     | (223,201)     | -                           |
| Total                                 | \$ 138,073        | \$ 13,470,073 | \$ 13,608,146 | \$ 1,022,588                |

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### **Branham Lane LLC**

#### **Organization**

Branham Lane LLC, a California limited liability company ("Branham"), was formed on April 1, 2014, to acquire and operate a 51-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Pinmore Gardens. Branham is controlled by its sole member, S.P.G. Housing, Inc.

#### **Long-term debt**

Citibank Loan - The loan originally amounting to \$1,976,000 bears interest at 5.65% per annum and is payable in monthly installments of \$12,342. The loan is due in full in January 2026. An interest rate adjustment occurred on February 2021.

|  | December 31, 2023   |            |            |                                |
|--|---------------------|------------|------------|--------------------------------|
|  | Interest<br>Payable | Principal  | Total      | Amounts due<br>within one year |
| Citibank Loan                            | \$ 6,067            | \$ 289,547 | \$ 295,614 | \$ 137,627                     |
| Less unamortized<br>permanent loan costs | -                   | (31,484)   | (31,484)   | -                              |
| Total                                    | \$ 6,067            | \$ 258,063 | \$ 264,130 | \$ 137,627                     |

### **Clarendon Street, L.P.**

#### **Organization**

Clarendon Street, L.P., a California limited partnership ("Clarendon"), was formed on June 28, 2012 to acquire, rehabilitate and operate an 80-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Villa Garcia Apartments. On November 8, 2012, the project was acquired from its general partner, Villa Garcia, Inc. Clarendon is controlled by its general partner, Villa Garcia, Inc. The Authority, the initial limited partner, transferred its partnership interest to MCCC, LLC on November 1, 2012. MCCC, LLC assigned its partnership interest to Merritt Community Capital Fund XV, L.P. on April 10, 2013.

#### **Long-term debt**

Bank of the West as the servicer of the HACSC Multifamily Note ("Tranche A") - The note, in the original amount of \$4,725,000, bears interest at 3.96%, with interest payments only due monthly commencing December 2012. Beginning in May 2014, monthly payments of principal and interest are due based on a 25-year loan amortization, with the entire principal and interest due based on an 11-year loan amortization and due May 2030.

Bank of the West, as the servicer of the HACSC Multifamily Note ("Tranche B") - The note, in the original amount of \$2,132,000, bears interest at 2.80%, with interest only payments due monthly commencing December 2012. Beginning in May 2014, monthly payments of principal and interest are due based on an 11-year loan amortization, with the entire principal and interest due in May 2025.

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|                                       | December 31, 2023 |              |              |                             |
|---------------------------------------|-------------------|--------------|--------------|-----------------------------|
|                                       | Interest Payable  | Principal    | Total        | Amounts due within one year |
| Bank of the West (Tranche A)          | \$ -              | \$ 3,423,425 | \$ 3,423,425 | \$ 165,536                  |
| Bank of the West (Tranche B)          | -                 | 295,180      | 295,180      | 219,978                     |
| Subtotal                              | -                 | 3,718,605    | 3,718,605    | 385,514                     |
| Less unamortized permanent loan costs | -                 | (48,186)     | (48,186)     | -                           |
| Total                                 | \$ -              | \$ 3,670,419 | \$ 3,670,419 | \$ 385,514                  |

**Fairground Luxury Family Apartments, L.P.**

**Organization**

Fairground Luxury Family Apartments, L.P., a California limited partnership ("Fairground Family"), was formed on January 14, 2003 to construct and operate a 300-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Corde Terra Family Apartments. The Fairground Family's managing general partner is Pinmore HDC, Inc., the co-general partner is ROEM Fairgrounds Family, LLC, the special limited partner is Hudson SLP, LLC and the investor limited partner is Hudson Fairgrounds ROEM, LLC.

**Long-term debt**

California Housing Finance Authority (CalHFA) - On December 17, 2003, CalHFA made a construction loan to the partnership in principal amount of \$40,405,000, which converted to a permanent loan of \$24,235,000 on February 1, 2008. The permanent loan is secured by a deed of trust, bears interest at a fixed rate of 5.7% per annum, is payable in monthly installments of principal and interest of \$128,312 and matures February 1, 2048.

City of San Jose Loan - On September 1, 2005, the City of San Jose made a construction loan and permanent loan to the partnership in the amount of up to \$19,235,050 during the construction period and up to \$21,084,426 for the period of time after the construction loan period. On February 1, 2008, the City of San Jose Loan was converted to a permanent loan. The loan is secured by a deed of trust, bears interest at a fixed rate of 4% per annum, payable out of available cash flow (as defined in the loan agreement) and matures March 1, 2046.

|                                       | December 31, 2023 |               |               |                             |
|---------------------------------------|-------------------|---------------|---------------|-----------------------------|
|                                       | Interest Payable  | Principal     | Total         | Amounts due within one year |
| CalHFA Loan                           | \$ 106,506        | \$ 20,177,807 | \$ 20,284,313 | \$ 106,506                  |
| City of San Jose Note                 | 2,607,637         | 17,245,082    | 19,852,719    | 399,945                     |
| Subtotal                              | 2,714,143         | 37,422,889    | 40,137,032    | 506,451                     |
| Lease liabilities                     | -                 | 12,502,208    | 12,502,208    | -                           |
| Less unamortized permanent loan costs | -                 | (99,423)      | (99,423)      | -                           |
| Total                                 | \$ 2,714,143      | \$ 49,825,674 | \$ 52,539,817 | \$ 506,451                  |

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**Fairgrounds Senior Housing, L.P.**

**Organization**

Fairgrounds Senior Housing, L.P., a California limited partnership (“Fairgrounds Senior”), was formed on May 14, 2007 to construct and operate a 201-unit affordable housing project located in San Jose, California, which is currently operating under the name of Fairgrounds Senior Housing Apartments. The Fairground Senior’s managing general partner is Pinmore HDC, Inc., the co-general partner is ROEM FG Senior, LLC, the investor limited partner is Alliant Tax Credit Fund 52, Ltd., a Florida limited partnership, and the administrative limited partner is Alliant ALP 52, LLC, a Florida limited liability company.

**Long-term debt**

City of San Jose issued Multifamily Housing Revenue Bonds - On May 8, 2008, the bonds, secured by the property, were issued in the amount of \$26,000,000, to provide financing for the Fairgrounds Senior Housing Apartments project. Citicorp Municipal Mortgage Inc. provided notes collateralized by the bond issue. The notes bear interest at a variable rate equal to SIFMA plus 150 basis points during the first 24 months of the interim phase, a 5.5% fixed interest rate for the remaining six months of the interim phase and a 5.5% fixed interest rate during the permanent phase. The bonds mature on July 12, 2040.

City of San Jose Loan - The loan, dated May 1, 2008, is secured by a deed of trust, in the amount of up to \$12,300,000. The loan bears interest at a fixed rate of 4% per annum and is payable out of available cash flow, as defined in the loan agreement. The loan matures on July 12, 2040.

|                                       | December 31, 2023 |               |               |                             |
|---------------------------------------|-------------------|---------------|---------------|-----------------------------|
|                                       | Interest Payable  | Principal     | Total         | Amounts due within one year |
| City of San Jose Revenue Bonds        | \$ 52,949         | \$ 9,675,000  | \$ 9,727,949  | \$ 292,949                  |
| City of San Jose Note                 | 209,962           | 4,916,019     | 5,125,981     | 209,962                     |
| Subtotal                              | 262,911           | 14,591,019    | 14,853,930    | 502,911                     |
| Lease liabilities                     | -                 | 8,331,377     | 8,331,377     | -                           |
| Less unamortized permanent loan costs | -                 | (266,199)     | (266,199)     | -                           |
| Total                                 | \$ 262,911        | \$ 22,656,197 | \$ 22,919,108 | \$ 502,911                  |

**Girasol Acquisition L.P.**

**Organization**

Girasol Acquisition, L.P., a California limited partnership, was formed on June 1, 2022 to develop and operate a 61-unit affordable housing complex located in San Jose, California. The partnership is comprised of its general partner, Girasol Acquisition, LLC., with a 0.01% ownership and Bracher HDC, Inc., an Authority affiliate, as its limited partner with 99.99% ownership.

**Long-term debt**

At December 31, 2023, Girasol Acquisition L.P. does not have unaffiliated long-term debt.

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### **Halford Avenue LLC**

#### **Organization**

Halford Avenue LLC was formed as a limited liability company on May 13, 2014, to acquire and operate a 10-unit affordable housing complex located in the City of Santa Clara, California, operating under the name of Eklund Gardens I. The company is owned by its sole member, S.P.G. Housing, Inc., which is a nonprofit organization affiliated with the Authority.

#### **Ground lease**

Halford Avenue LLC has a land lease agreement from the Authority, which expires in 2069. Rent for the lease is equal to \$1 annually. The rent has been set at a nominal amount for the specific purpose of assisting the lessee to operate and maintain its project as an affordable housing complex in accordance with the terms and other requirements as specified in the ground lease agreement.

#### **Long-term debt**

At December 31, 2023, Halford Avenue LLC does not have unaffiliated long-term debt.

### **Hermocilla LLC**

#### **Organization**

Hermocilla LLC, a California limited liability company, was formed on July 29, 2015 to acquire and operate a 100-unit affordable senior housing complex located in San Jose, California, which is currently operating under the name of Villa Hermosa Apartments (the Project). The Project was placed in service in July 1999. Hermocilla LLC is controlled by its sole member, DeRose HDC, Inc., which is a California nonprofit public benefit corporation affiliated with the Authority. On August 3, 2015, Hermocilla LLC acquired the Project from Thunderbird Associates (Thunderbird) and assumed its liabilities.

#### **Long-term debt**

**Citibank Loan** - The loan originally amounting to \$2,525,000 bears variable interest at 5.68% per annum and is payable in monthly installments of \$14,260 and due in full in October 2029.

|                                       | December 31, 2023 |            |            |                             |
|---------------------------------------|-------------------|------------|------------|-----------------------------|
|                                       | Interest Payable  | Principal  | Total      | Amounts due within one year |
| Citibank Loan                         | \$ 6,927          | \$ 890,212 | \$ 897,139 | \$ 145,366                  |
| Less unamortized permanent loan costs | -                 | (63,839)   | (63,839)   | -                           |
| Total                                 | \$ 6,927          | \$ 826,373 | \$ 833,300 | \$ 145,366                  |

### **Huff Avenue LLC**

#### **Organization**

Huff Avenue LLC, a limited liability company formed on July 3, 2014, to acquire and operate a 72-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Huff Avenue Apartments (the project). The company is owned by its sole member Rotary Plaza/HACSC HDC, Inc., which is a nonprofit organization affiliated with the Authority.

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**Long-term debt**

HUD Note – The note in the original amount of \$9,000,000 is insured by HUD. It bears interest at 2.65% per annum, payable in monthly installments, due in full in September 2041.

|  | December 31, 2023   |                     |                     |                                |
|--|---------------------|---------------------|---------------------|--------------------------------|
|  | Interest<br>Payable | Principal           | Total               | Amounts due<br>within one year |
| HUD Note                                 | \$ 18,127           | \$ 8,208,645        | \$ 8,226,772        | \$ 385,269                     |
| Less unamortized<br>permanent loan costs | -                   | (205,947)           | (205,947)           | -                              |
| Total                                    | <u>\$ 18,127</u>    | <u>\$ 8,002,698</u> | <u>\$ 8,020,825</u> | <u>\$ 385,269</u>              |

**Jardines Poloma Blanca Acquisition L.P.****Organization**

Jardines Paloma Blanca Acquisition, L.P., a California limited partnership was formed on June 1, 2022 to develop and operate a 43-unit affordable housing complex located in San Jose, California. The partnership is comprised of its general partner, Jardines Paloma Blanca Acquisition, LLC., with a 0.01% ownership and Bracher HDC, Inc., an Authority affiliate, as its limited partner with 99.99% ownership.

**Long-term debt**

At December 31, 2023, Jardines Poloma Blanca Acquisition L.P. does not have unaffiliated long-term debt.

**Julian Street Partners, L.P.****Organization**

Julian Street Partners, L.P. ("Julian"), was formed on September 22, 2009 to acquire, rehabilitate, and operate six affordable housing complexes: Cypress Gardens (125 units in San Jose); Julian Gardens (9 units in San Jose); Lenzen Gardens (94 units in San Jose); Lucretia Gardens (16 units in San Jose); Miramar Way (16 units in Santa Clara); and Sunset Gardens (75 units in Gilroy). The partnership is controlled by its general partner, Avenida Espana HDC, Inc. The special limited partner is Columbia Housing SLP Corporation and the investor limited partner is PNC Real Estate Tax Credit Capital Institutional Fund 45 Limited Partnership.

**Ground lease**

Julian Street Partners, L.P.'s projects were built on land owned by and leased from the Authority, on a 75-year term, which expires in 2085. Under the terms of the lease, this partnership pays a rent of \$1 per each site per year or \$6 in the aggregate, and title to the improvements reverts to the lessor at the end of the lease.

**Long-term debt**

Series 2010A-1 Multifamily Housing Revenue Bonds issued by the Authority - The Series 2010A-1 bonds, with U.S. Bank as the trustee, consists of three bonds bearing a current aggregate interest rate of 4.31%. Interest only payments were due monthly until the loan was converted in June 2012 to a 15-year bond amortizing loan, with the entire principal and interest due in full in November 2027.



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|                      | December 31, 2023 |              |              | Amounts due     |
|----------------------|-------------------|--------------|--------------|-----------------|
|                      | Interest Payable  | Principal    | Total        | within one year |
| Series 2010A-1 Bonds | \$ 55,151         | \$ 6,426,329 | \$ 6,481,480 | \$ 1,551,480    |
| Less unamortized     |                   |              |              |                 |
| permanent loan costs | -                 | (184,150)    | (184,150)    | -               |
| Total                | \$ 55,151         | \$ 6,242,179 | \$ 6,297,330 | \$ 1,551,480    |

**Las Golondrinas Acquisition L.P.****Organization**

Las Golondrinas Acquisition, L.P., a California limited partnership was formed on June 1, 2022 to acquire, develop and operate an affordable housing complex located in San Jose, California, as of December 31, 2023, the partnership has not acquired the property. The partnership is comprised of its general partner, Las Golondrinas Acquisition, LLC., with a 0.01% ownership and Bracher HDC, Inc., an Authority affiliate, as its limited partner with 99.99% ownership.

**Long-term debt**

At December 31, 2023, Las Golondrinas Acquisition L.P. does not have unaffiliated long-term debt.

**Laurel Grove Lane L.P.****Organization**

Laurel Grove Lane, L.P. (Laurel Grove), a California limited partnership, was formed on March 27, 2015, to develop, own and operate affordable housing complex located in San Jose, California, which is currently operating under the name of Laurel Grove Family Apartments. The project participates in the low-income housing tax credit program under section 42 of the IRS as modified by the State of California. The project was placed in service in October 2018. The Partnership is controlled by its general partner, Pinmore HDC, Inc. which is a nonprofit organization affiliated with the Authority.

**Long-term debt**

California Municipal Finance Agency ("CalMFA")/Citibank N.A. Loan - The loan, with original amount of \$27,449,500, bears interest rate at 3.84% per annum. Payments of principal and interest in the amount of \$125,529 are due monthly until maturity in December 2049.

|                      | December 31, 2023 |               |               | Amounts due     |
|----------------------|-------------------|---------------|---------------|-----------------|
|                      | Interest Payable  | Principal     | Total         | within one year |
| CalMFA/Citibank Loan | \$ -              | \$ 25,294,576 | \$ 25,294,576 | \$ 581,192      |
| Less unamortized     |                   |               |               |                 |
| permanent loan costs | -                 | (170,946)     | (170,946)     | -               |
| Total                | \$ -              | \$ 25,123,630 | \$ 25,123,630 | \$ 581,192      |

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## McCreery Avenue L.P.

### Organization

McCreery Avenue LP (the partnership), a California limited partnership, was formed on June 13, 2014 to develop and operate a 130-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Poco Way Apartments (the Project). On February 20, 2015, the Project was acquired from an affiliate, Poco Way HDC, Inc., which is a nonprofit organization. A portion of the Project (9 of 21 buildings) was placed in service on various dates from August through December 2015. The rehabilitation of the rest of the Project was completed in June 2016. The Partnership is controlled by its general partner, Avenida Espana HDC, Inc. which is a nonprofit organization affiliated with the Authority. The project participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code as modified by the State of California. Various loan, regulatory and other agreements dictate the maximum income levels of new tenants and provide rent and other restrictions through 2071.

### Long-term debt

Citibank, N.A Loan - As funding lender of the City of San Jose Multifamily Housing Revenue Note series 2015 A-1, in the maximum amount of \$21,833,354, bears variable interest at 1.4% plus the 1-month LIBOR rate. Interest-only payments are due monthly until December 2016 when \$11,525,000 is converted into a 30-year amortizing loan with interest at 3.95%.

City of San Jose Loan - The loan bears interest at 2.41% compounded annually, payable from excess/distributable cash, with entire principal and interest due in full in February 2070.

|                                       | December 31, 2023 |               |               |                             |
|---------------------------------------|-------------------|---------------|---------------|-----------------------------|
|                                       | Interest Payable  | Principal     | Total         | Amounts due within one year |
| Citibank Loan                         | \$ 32,683         | \$ 9,928,914  | \$ 9,961,597  | \$ 301,610                  |
| City of San Jose Note                 | 58,104            | 2,410,942     | 2,469,046     | 381,677                     |
| Subtotal                              | 90,787            | 12,339,856    | 12,430,643    | 683,287                     |
| Less unamortized permanent loan costs | -                 | (170,486)     | (170,486)     | -                           |
| Total                                 | \$ 90,787         | \$ 12,169,370 | \$ 12,260,157 | \$ 683,287                  |

## Park Avenue Seniors L.P.

### Organization

Park Avenue Seniors, L.P., a California limited partnership was formed on March 27, 2015 to develop and operate affordable housing complex located in San Jose, California. Pinmore HDC, Inc. has 0.01% ownership interest in Park Avenue Senior, L.P.

### Long-term debt

California Municipal Finance Agency ("CalMFA") Loan - The loan, in the amount of \$20,330,000, bears a variable interest rate. Payments of principal and interest are due every month with the entire principal and interest due in full on November 1, 2049.

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Notes to Financial Statements  
June 30, 2024

|  | December 31, 2023 |               |               |                                |
|--|-------------------|---------------|---------------|--------------------------------|
|  | Interest Payable  | Principal     | Total         | Amounts due<br>within one year |
| CalMFA/Citibank Loan                     | \$ -              | \$ 19,168,212 | \$ 19,168,212 | \$ 315,246                     |
| Less unamortized<br>permanent loan costs | -                 | (262,741)     | \$ (262,741)  | -                              |
| Total                                    | \$ -              | \$ 18,905,471 | \$ 18,905,471 | \$ 315,246                     |

**Poinciana LLC**

**Organization**

Poinciana LLC was formed as a limited liability company on May 13, 2014, to acquire and operate a 6-unit affordable housing complex located in the City of Santa Clara, California, operating under the name of Eklund Gardens II. The company is owned by its sole member, S.P.G. Housing, Inc., which is a nonprofit organization affiliated with the Authority.

**Ground lease**

Poinciana LLC has a land lease agreement from the Authority, which expires in 2069. Rent for the lease is equal to \$1 annually. The rent has been set at a nominal amount for the specific purpose of assisting the lessee to operate and maintain its project as an affordable housing complex in accordance with the terms and other requirements as specified in the ground lease agreement.

**Long-term debt**

At December 31, 2023, Poinciana LLC does not have unaffiliated long-term debt.

**Rincon De Los Esteros LLC**

**Organization**

Rincon De Los Esteros LLC a California limited liability company was formed on September 22, 2023, to acquire and operate a 246-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Rincon De Los Esteros Apartments. The company is owned by its sole member, Villa Garcia, Inc., which is a nonprofit organization affiliated with the Authority.

**Long-term debt**

At December 31, 2023, Rincon De Los Esteros LLC does not have unaffiliated long-term debt.

**South Drive LLC**

**Organization**

South Drive LLC a California limited liability company was formed on June 4, 2014, to acquire and operate a 72-unit affordable housing complex located in Santa Clara, California, which is currently operating under the name of Bracher Garden Apartments. The company is owned by its sole member, S.P.G. Housing, Inc., which is a nonprofit organization affiliated with the Authority. The project was operated by Bracher Associates until it was assumed by South Drive LLC on November 14, 2014.

# SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Notes to Financial Statements

June 30, 2024

## Long-term debt

Citibank Loan - The loan originally amounting to \$1,950,000 bears interest at 6.5% per annum is payable in monthly installments \$12,736 until maturity in January 2026. The interest rate and monthly payment were adjusted to 4.125% in February 2016. The principal and interest were assigned to South Drive LLC in November 2014, as part of the transfer of the Bracher Senior Housing project from Bracher Associates L.P. to South Drive LLC.

City of Santa Clara Note (Successor Agency to the Redevelopment Agency of the City of Santa Clara) - The note bears simple interest at 6%, is payable from excess/distributable cash and is due in August 2024. The principal and interest were assigned to South Drive LLC in November 2014, as part of the transfer of the Bracher Senior Housing project from Bracher Associates L.P. to South Drive LLC.

|                                       | January 3, 1900  |              |              |                             |
|---------------------------------------|------------------|--------------|--------------|-----------------------------|
|                                       | Interest Payable | Principal    | Total        | Amounts due within one year |
| Citibank Loan                         | \$ -             | \$ 273,127   | \$ 273,127   | \$ 128,179                  |
| City of Santa Clara Note              | 74,319           | 1,081,522    | 1,155,841    | 222,366                     |
| Subtotal                              | 74,319           | 1,354,649    | 1,428,968    | 350,545                     |
| Less unamortized permanent loan costs | -                | (15,293)     | (15,293)     | -                           |
| Total                                 | \$ 74,319        | \$ 1,339,356 | \$ 1,413,675 | \$ 350,545                  |

## Willows/HACSC Associates

### Organization

Willows/HACSC Associates, a California limited partnership ("Willows"), was formed on December 1, 1998, to develop and operate a 47-unit affordable housing complex, which is currently operating under the name of The Willows. Willows is controlled by its general partner, Pinmore HDC, Inc. On December 31, 2015, Willows' limited partner is California Affordable Housing Fund 2000-I, LLC. On June 1, 2017, California Affordable Housing Fund 2000-1, LLC's limited partner (99.9%) interest was assigned to HACSC Housing Partners, LLC which in turn assigned its interest to Bracher HDC, Inc.

## Long-term debt

Series 2005A Multifamily Housing Revenue Refunding Bonds issued by the Authority - The bonds, in the original amount of \$4,284,000, bear a variable interest rate, to be repaid in full by April 2040. Payments of principal and interest, which are secured by a direct pay Letter of Credit issued by Union Bank of California, N.A. maturing April 1, 2040 are due every six months on June 1 and December 1.

|                                       | December 31, 2023 |              |              |                             |
|---------------------------------------|-------------------|--------------|--------------|-----------------------------|
|                                       | Interest Payable  | Principal    | Total        | Amounts due within one year |
| Series 2005 Bonds                     | \$ -              | \$ 3,309,000 | \$ 3,309,000 | \$ 97,000                   |
| Less unamortized permanent loan costs | -                 | (132,141)    | (132,141)    | -                           |
| Total                                 | \$ -              | \$ 3,176,859 | \$ 3,176,859 | \$ 97,000                   |

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
Required Supplementary Information (Unaudited)  
Schedule of Changes in Net Pension Liability and Related Ratios  
Last Ten Fiscal Years

|   | Fiscal Year Ended June 30, |                        |                        |                        |                        |                        |                       |                       |                       |                       |
|---|----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2024                       | 2023                   | 2022                   | 2021                   | 2020                   | 2019                   | 2018                  | 2017                  | 2016                  | 2015                  |
| Measurement period  | 2023                       | 2022                   | 2021                   | 2020                   | 2019                   | 2018                   | 2017                  | 2016                  | 2015                  | 2014                  |
| <b>Total pension liability</b>  |                            |                        |                        |                        |                        |                        |                       |                       |                       |                       |
| Service cost  | \$ 2,505,328               | \$ 2,407,677           | \$ 2,061,356           | \$ 1,897,315           | \$ 1,942,195           | \$ 1,667,037           | \$ 1,681,600          | \$ 1,375,763          | \$ 1,327,942          | \$ 1,413,145          |
| Interest on the total pension liability   | 6,001,676                  | 5,576,321              | 5,253,573              | 4,909,723              | 4,635,577              | 4,244,612              | 4,010,164             | 3,735,363             | 3,522,787             | 3,356,632             |
| Differences between expected and actual experience  | 1,177,612                  | (360,254)              | 634,367                | (160,040)              | 1,708,139              | 203,993                | 400,225               | (187,868)             | (539,512)             | -                     |
| Changes of assumptions  | -                          | 2,966,292              | -                      | -                      | -                      | (463,355)              | 3,588,716             | -                     | (932,527)             | -                     |
| Benefit payments, including refunds of employee contributions                             | (3,206,444)                | (2,885,311)            | (2,623,533)            | (2,805,163)            | (2,316,995)            | (2,261,652)            | (2,030,601)           | (1,959,484)           | (1,856,519)           | (2,064,928)           |
| Net change in total pension liability   | 6,478,172                  | 7,704,725              | 5,325,763              | 3,841,835              | 5,968,916              | 3,390,635              | 7,650,104             | 2,963,774             | 1,522,171             | 2,704,849             |
| Total pension liability, beginning  | 86,153,755                 | 78,449,030             | 73,123,267             | 69,281,432             | 63,312,516             | 59,921,881             | 52,271,777            | 49,308,003            | 47,785,832            | 45,080,983            |
| <b>Total pension liability, ending</b>  | <b>\$ 92,631,927</b>       | <b>\$ 86,153,755</b>   | <b>\$ 78,449,030</b>   | <b>\$ 73,123,267</b>   | <b>\$ 69,281,432</b>   | <b>\$ 63,312,516</b>   | <b>\$ 59,921,881</b>  | <b>\$ 52,271,777</b>  | <b>\$ 49,308,003</b>  | <b>\$ 47,785,832</b>  |
| <b>Plan fiduciary net position</b>  |                            |                        |                        |                        |                        |                        |                       |                       |                       |                       |
| Contributions, employer   | \$ 1,390,148               | \$ 1,302,871           | \$ 1,254,775           | \$ 1,144,719           | \$ 1,085,079           | \$ 11,802,799          | \$ 820,619            | \$ 772,938            | \$ 724,610            | \$ 824,681            |
| Contributions, employee   | 1,145,601                  | 1,071,517              | 983,068                | 889,791                | 909,487                | 800,615                | 714,664               | 680,032               | 654,082               | 670,406               |
| Net investment income   | 5,917,767                  | (7,914,138)            | 19,372,907             | 4,119,116              | 5,079,282              | 5,688,032              | 6,350,608             | 268,603               | 1,237,885             | 8,433,099             |
| Plan to plan resource movement  | -                          | -                      | -                      | -                      | -                      | (183)                  | -                     | -                     | (10)                  | -                     |
| Benefit payments, including refunds of employee contributions                             | (3,206,444)                | (2,885,311)            | (2,623,533)            | (2,805,163)            | (2,316,995)            | (2,261,652)            | (2,030,601)           | (1,959,484)           | (1,856,519)           | (2,064,928)           |
| Administrative expenses   | (71,236)                   | (65,635)               | (86,371)               | (117,336)              | (56,041)               | (97,836)               | (84,177)              | (34,913)              | (64,468)              | -                     |
| Other miscellaneous income/(expense)  | -                          | -                      | -                      | -                      | 183                    | (185,792)              | -                     | -                     | -                     | -                     |
| Net change in plan fiduciary net position   | 5,175,836                  | (8,490,695)            | 18,900,846             | 3,231,127              | 4,700,995              | 15,745,983             | 5,771,113             | (272,824)             | 695,580               | 7,863,258             |
| Plan fiduciary net position, beginning  | 96,872,952                 | 105,363,647            | 86,462,801             | 83,231,674             | 78,530,679             | 62,784,696             | 57,013,583            | 57,286,407            | 56,590,827            | 48,727,569            |
| <b>Plan fiduciary net position, ending</b>  | <b>\$ 102,048,788</b>      | <b>\$ 96,872,952</b>   | <b>\$ 105,363,647</b>  | <b>\$ 86,462,801</b>   | <b>\$ 83,231,674</b>   | <b>\$ 78,530,679</b>   | <b>\$ 62,784,696</b>  | <b>\$ 57,013,583</b>  | <b>\$ 57,286,407</b>  | <b>\$ 56,590,827</b>  |
| <b>Plan net pension liability (asset)</b>   | <b>\$ (9,416,861)</b>      | <b>\$ (10,719,197)</b> | <b>\$ (26,914,617)</b> | <b>\$ (13,339,534)</b> | <b>\$ (13,950,242)</b> | <b>\$ (15,218,163)</b> | <b>\$ (2,862,815)</b> | <b>\$ (4,741,806)</b> | <b>\$ (7,978,404)</b> | <b>\$ (8,804,995)</b> |
| <b>Plan fiduciary net position as a percentage of the total pension liability (asset)</b> | <b>110.2%</b>              | <b>112.4%</b>          | <b>134.3%</b>          | <b>118.2%</b>          | <b>120.1%</b>          | <b>124.0%</b>          | <b>104.8%</b>         | <b>109.1%</b>         | <b>116.2%</b>         | <b>118.4%</b>         |
| <b>Covered payroll</b>  | <b>\$ 15,570,712</b>       | <b>\$ 15,142,619</b>   | <b>\$ 14,003,777</b>   | <b>\$ 12,845,735</b>   | <b>\$ 12,982,590</b>   | <b>\$ 10,764,103</b>   | <b>\$ 10,830,164</b>  | <b>\$ 9,799,581</b>   | <b>\$ 9,296,061</b>   | <b>\$ 9,370,369</b>   |
| <b>Plan net pension liability (asset) as a percentage of covered payroll</b>              | <b>-60.5%</b>              | <b>-70.8%</b>          | <b>-192.2%</b>         | <b>-103.8%</b>         | <b>-107.5%</b>         | <b>-141.4%</b>         | <b>-26.4%</b>         | <b>-48.4%</b>         | <b>-85.8%</b>         | <b>-94.0%</b>         |

**Note to schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2022 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50 percent to 7.65 percent. There was no change in discount rate during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. During measurement period 2018, demographic assumptions and inflation rate were changed in accordance with the 2017 CalPERS Experience Study. There were no change in assumptions during measurement periods 2019, 2020 and 2021. During measurement period 2022, the discount rate was reduced from 7.15% to 6.90%, inflation rate was reduced from 2.50% to 2.30%, and demographic assumptions were changed in accordance with the 2021 CalPERS Experience Study. There were no change in assumptions during measurement period 2023.

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
Required Supplementary Information (Unaudited)  
Schedule of Pension Contributions  
Last Ten Fiscal Years

**Miscellaneous Plan**

|  | Fiscal Year Ended June 30 |               |               |               |               |               |                       |               |              |              |
|--|---------------------------|---------------|---------------|---------------|---------------|---------------|-----------------------|---------------|--------------|--------------|
|  | 2024                      | 2023          | 2022          | 2021          | 2020          | 2019          | 2018                  | 2017          | 2016         | 2015         |
| Actuarially determined contributions (ADC)       | \$ 1,449,320              | \$ 1,390,148  | \$ 1,302,871  | \$ 1,254,775  | \$ 1,144,719  | \$ 1,085,079  | \$ 907,800            | \$ 820,619    | \$ 772,938   | \$ 724,610   |
| Contributions in relation to the ADC             | (1,449,320)               | (1,390,148)   | (1,302,871)   | (1,254,775)   | (1,144,719)   | (1,085,079)   | (11,802,799)          | (820,619)     | (772,938)    | (724,610)    |
| Contribution deficiency (excess)                 | <u>\$ -</u>               | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$(10,894,999)</u> | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ -</u>  |
| Covered payroll                                  | \$ 16,020,981             | \$ 15,570,712 | \$ 15,142,619 | \$ 14,003,777 | \$ 12,845,735 | \$ 12,982,590 | \$ 10,764,103         | \$ 10,830,164 | \$ 9,799,581 | \$ 9,296,061 |
| Contributions as a percentage of covered payroll | 9.05%                     | 8.93%         | 8.60%         | 8.96%         | 8.91%         | 8.36%         | 109.65%               | 7.58%         | 7.89%        | 7.79%        |

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2024 were as follows:

|                           |   |
|---------------------------|---|
| ADC for fiscal year       | June 30, 2024   |
| Actuarial valuation date  | June 30, 2021   |
| Actuarial cost method     | Entry-Age Normal Cost Method  |
| Asset valuation method    | Actuarial value of assets   |
| Inflation                 | 2.30%   |
| Salary increases          | Varies by entry age and services  |
| Payroll growth            | 2.80%   |
| Investment rate of return | 6.80%, net of pension plan investment and administrative expenses, includes inflation.  |
| Retirement age            | The probabilities of retirement are based on the 2021 CalPERS Experience Study.   |
| Mortality                 | The probabilities of mortality are based on the 2021 CalPERS Experience Study.<br>Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. |

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
Required Supplementary Information (Unaudited)  
Schedule of Changes in Net OPEB Liability and Related Ratios  
Last Seven Fiscal Years \*

|  | Fiscal Year Ended June 30, |                       |                       |                       |                       |                      |                      |
|--|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
|  | 2024                       | 2023                  | 2022                  | 2021                  | 2020                  | 2019                 | 2018                 |
| Measurement period   | 2023                       | 2022                  | 2021                  | 2020                  | 2019                  | 2018                 | 2017                 |
| <b>Total OPEB liability</b>  |                            |                       |                       |                       |                       |                      |                      |
| Service cost   | \$ 496,077                 | \$ 459,639            | \$ 471,604            | \$ 457,868            | \$ 440,022            | \$ 426,170           | \$ 237,588           |
| Interest on the total OPEB liability   | 747,884                    | 684,657               | 654,866               | 623,604               | 684,323               | 654,776              | 730,136              |
| Change in benefit terms  | 2,563,284                  | 451,957               | 1,441,110             | -                     | -                     | -                    | -                    |
| Differences between expected and actual experience                                     | 360,498                    | -                     | (867,936)             | -                     | (1,437,355)           | -                    | (1,983,828)          |
| Changes of assumptions   | 165,239                    | -                     | (613,994)             | -                     | (286,621)             | -                    | 2,479,214            |
| Benefit payments, including refunds of employee contributions                          | (459,025)                  | (507,201)             | (556,853)             | (496,779)             | (547,592)             | (567,588)            | (623,707)            |
| Net change in total OPEB liability   | 3,873,957                  | 1,089,052             | 528,797               | 584,693               | (1,147,223)           | 513,358              | 839,403              |
| Total OPEB liability, beginning  | 13,331,323                 | 12,242,271            | 11,713,474            | 11,128,781            | 12,276,004            | 11,762,646           | 10,923,243           |
| <b>Total OPEB liability, ending</b>  | <b>\$ 17,205,280</b>       | <b>\$ 13,331,323</b>  | <b>\$ 12,242,271</b>  | <b>\$ 11,713,474</b>  | <b>\$ 11,128,781</b>  | <b>\$ 12,276,004</b> | <b>\$ 11,762,646</b> |
| <b>Plan fiduciary net position</b>   |                            |                       |                       |                       |                       |                      |                      |
| Contributions, employer  | \$ 459,025                 | \$ 507,201            | \$ 556,853            | \$ 496,779            | \$ 547,592            | \$ 3,181,040         | \$ 1,058,897         |
| Net investment income  | 555,521                    | (2,244,387)           | 2,932,805             | 766,326               | 929,536               | 605,459              | 663,997              |
| Benefit payments, including refunds of employee contributions                          | (459,025)                  | (507,201)             | (556,853)             | (496,779)             | (547,592)             | (567,588)            | (623,707)            |
| Administrative expenses  | (4,475)                    | (4,512)               | (5,430)               | (6,986)               | (2,847)               | (5,922)              | (4,907)              |
| Other expenses   | -                          | -                     | -                     | -                     | -                     | (13,275)             | -                    |
| Net change in plan fiduciary net position  | 551,046                    | (2,248,899)           | 2,927,375             | 759,340               | 926,689               | 3,199,714            | 1,094,280            |
| Plan fiduciary net position, beginning   | 15,601,323                 | 17,850,222            | 14,922,847            | 14,163,507            | 13,236,818            | 10,037,104           | 8,942,824            |
| <b>Plan fiduciary net position, ending</b>   | <b>\$ 16,152,369</b>       | <b>\$ 15,601,323</b>  | <b>\$ 17,850,222</b>  | <b>\$ 14,922,847</b>  | <b>\$ 14,163,507</b>  | <b>\$ 13,236,818</b> | <b>\$ 10,037,104</b> |
| <b>Plan net OPEB liability (asset)</b>   | <b>\$ 1,052,911</b>        | <b>\$ (2,270,000)</b> | <b>\$ (5,607,951)</b> | <b>\$ (3,209,373)</b> | <b>\$ (3,034,726)</b> | <b>\$ (960,814)</b>  | <b>\$ 1,725,542</b>  |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability (asset)</b> | <b>93.9%</b>               | <b>117.0%</b>         | <b>145.8%</b>         | <b>127.4%</b>         | <b>127.3%</b>         | <b>107.8%</b>        | <b>85.3%</b>         |
| <b>Covered payroll</b>   | <b>\$ 17,294,753</b>       | <b>\$ 15,796,851</b>  | <b>\$ 14,248,788</b>  | <b>\$ 13,335,529</b>  | <b>\$ 13,347,908</b>  | <b>\$ 12,060,330</b> | <b>\$ 11,058,300</b> |
| <b>Plan net OPEB liability (asset) as a percentage of covered payroll</b>              | <b>6.1%</b>                | <b>-14.4%</b>         | <b>-39.4%</b>         | <b>-24.1%</b>         | <b>-22.7%</b>         | <b>-8.0%</b>         | <b>15.6%</b>         |

**Note to schedule:**

Changes of Assumptions: During measurement period 2019, the inflation rate was reduced from 2.75 percent to 2.50 percent while the salary increase decreased from 3.25 percent to 3.0 percent. Demographic assumptions were changed in accordance to the 2017 CalPERS Experience Study. There was no change in assumptions during measurement period 2020. During measurement year 2021, healthcare cost trend rates were adjusted. There was no change in assumptions during measurement period 2022. During measurement year 2023, healthcare cost trend rates were adjusted and demographic assumptions were changed in accordance with CalPERS 2021 Experience Study.

\* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only seven years of information is shown.

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
Required Supplementary Information (Unaudited)  
Schedule of OPEB Contributions  
Last Seven Fiscal Years \*

**OPEB Plan**

|  | <b>2024</b>      | <b>2023</b>         | <b>2022</b>         | <b>2021</b>         | <b>2020</b>         | <b>2019</b>         | <b>2018</b>           |
|--|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| Fiscal year ended June                           |                  |                     |                     |                     |                     |                     |                       |
| Actuarially determined contributions (ADC)       | \$ 842,840       | \$ 328,984          | \$ 223,697          | \$ 226,273          | \$ 229,107          | \$ 390,670          | \$ 594,813            |
| Contributions in relation to the ADC             | (807,830)        | (459,025)           | (507,201)           | (556,853)           | (496,779)           | (547,592)           | (3,181,040)           |
| Contribution deficiency (excess)                 | <b>\$ 35,010</b> | <b>\$ (130,041)</b> | <b>\$ (283,504)</b> | <b>\$ (330,580)</b> | <b>\$ (267,672)</b> | <b>\$ (156,922)</b> | <b>\$ (2,586,227)</b> |
| Covered payroll                                  | \$ 16,020,981    | \$ 17,294,753       | \$ 15,796,851       | \$ 14,248,788       | \$ 13,335,529       | \$ 13,347,908       | \$ 12,060,330         |
| Contributions as a percentage of covered payroll | 5.04%            | 2.65%               | 3.21%               | 3.91%               | 3.73%               | 4.10%               | 26.38%                |

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2024 were as follows:

|                             |  |
|-----------------------------|--|
| ADC for fiscal year         | June 30, 2024  |
| Actuarial valuation date    | June 30, 2023  |
| Actuarial cost method       | Entry Age Normal Level % of Pay  |
| Asset valuation method      | Market value   |
| Inflation                   | 2.50%  |
| Salary increases            | 3.00%  |
| Investment rate of return   | 5.50%  |
| Healthcare cost trend rates | Medical plan premium: Healthcare cost trend rate of 6.5% in 2025, fluctuating down to 3.9% in 2075 & later<br>PMEHCA: 4.0% increase<br>Dental and vision premium: 3.5% increase  |
| Mortality                   | Derived using CalPERS' Membership Data for all Funds<br>Demographic actuarial assumptions used are based on the 2021 CalPERS Experience Study, except for the MacLeod Watts Scale 2022 applied generationally from 2017 as the basis to project future mortality improvements. The representative mortality rates were those published by CalPERS. |

\* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only seven years of information is shown.



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**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Net Position - Discretely Presented Component Units  
December 31, 2023

|   | Alvarado Park<br>LP<br>(3) | Bellamino Place<br>L.P.<br>(3) | Bendorf<br>Drive L.P.<br>(1) | Branham Lane<br>LLC<br>(1) | Clarendon Street,<br>L.P.<br>(1) | Fairground<br>Luxury Family<br>Apartments, L.P.<br>(1) | Fairground<br>Senior Housing,<br>L.P.<br>(1) | Girasol<br>Acquisition LP<br>(1) | Halford LLC<br>(2) | Hermocilla LLC<br>(1) | Huff Avenue<br>LLC<br>(1) |
|---|----------------------------|--------------------------------|------------------------------|----------------------------|----------------------------------|--|--|----------------------------------|--------------------|-----------------------|---------------------------|
| <b>Assets:</b>                                |                            |                                |                              |                            |                                  |  |  |                                  |                    |                       |                           |
| Current assets:                               |                            |                                |                              |                            |                                  |  |  |                                  |                    |                       |                           |
| Cash:   |                            |                                |                              |                            |                                  |  |  |                                  |                    |                       |                           |
| Unrestricted                                  | \$ 31,304                  | \$ 17,242,892                  | \$ 920,631                   | \$ 277,618                 | \$ 867,232                       | \$ 2,695,957   | \$ 3,351,158                                 | \$ 161,001                       | \$ 287,154         | \$ 849,970            | \$ 352,733                |
| Tenant security deposits                      | -                          | -                              | 49,524                       | 43,252                     | 57,909                           | 304,062  | 185,865                                      | 18,290                           | 3,700              | 68,244                | 66,213                    |
| Total cash                                    | 31,304                     | 17,242,892                     | 970,155                      | 320,870                    | 925,141                          | 3,000,019  | 3,537,023                                    | 179,291                          | 290,854            | 918,214               | 418,946                   |
| Accounts receivable:                          |                            |                                |                              |                            |                                  |  |  |                                  |                    |                       |                           |
| Tenants                                       | -                          | -                              | 12,983                       | 11,547                     | 26,554                           | 1,253  | 6,966  | 4,041                            | -                  | 586                   | 90,716                    |
| HUD   | -                          | -                              | -                            | -                          | 30,816                           | -  | -  | -                                | -                  | 1,974                 | 512                       |
| Others  | -                          | -                              | 1,897,591                    | 1,110                      | 3,097                            | -  | -  | 83,859                           | 66                 | 7,604                 | 7,528                     |
| Total accounts receivable, net                | -                          | -                              | 1,910,574                    | 12,657                     | 60,467                           | 1,253  | 6,966  | 87,900                           | 66                 | 10,164                | 98,756                    |
| Prepaid expenses                              | -                          | -                              | 29,696                       | 17,864                     | 3,569                            | 255,324  | 158,526                                      | 20,537                           | 4,647              | 23,426                | 35,121                    |
| Restricted cash and cash equivalents          | -                          | -                              | 402,507                      | 147,466                    | 1,015,084                        | 1,310,833  | 2,826,982                                    | 163,742                          | 57,552             | 124,187               | 5,991,287                 |
| Total current assets                          | 31,304                     | 17,242,892                     | 3,312,932                    | 498,857                    | 2,004,261                        | 4,567,429  | 6,529,497                                    | 451,470                          | 353,119            | 1,075,991             | 6,544,110                 |
| Noncurrent assets:                            |                            |                                |                              |                            |                                  |  |  |                                  |                    |                       |                           |
| Prepaid costs, net                            | -                          | -                              | 6,595                        | -                          | 157                              | -  | 6,949  | -                                | -                  | -                     | -                         |
| Capital assets:                               |                            |                                |                              |                            |                                  |  |  |                                  |                    |                       |                           |
| Nondepreciable                                | 11,669,677                 | 44,130,473                     | 3,783,996                    | 1,697,718                  | 212,624                          | 40,077   | -  | 407,246                          | -                  | 1,529,734             | 3,138,215                 |
| Depreciable                                   | -                          | -                              | 27,080,828                   | 1,626,077                  | 17,188,259                       | 54,686,464   | 30,641,531                                   | 3,748,319                        | 1,677,613          | 1,123,145             | 3,808,302                 |
| Total capital assets                          | 11,669,677                 | 44,130,473                     | 30,864,824                   | 3,323,795                  | 17,400,883                       | 54,726,541   | 30,641,531                                   | 4,155,565                        | 1,677,613          | 2,652,879             | 6,946,517                 |
| Total noncurrent assets                       | 11,669,677                 | 44,130,473                     | 30,871,419                   | 3,323,795                  | 17,401,040                       | 54,726,541   | 30,648,480                                   | 4,155,565                        | 1,677,613          | 2,652,879             | 6,946,517                 |
| Total assets                                  | 11,700,981                 | 61,373,365                     | 34,184,351                   | 3,822,652                  | 19,405,301                       | 59,293,970   | 37,177,977                                   | 4,607,035                        | 2,030,732          | 3,728,870             | 13,490,627                |
| <b>Liabilities:</b>                           |                            |                                |                              |                            |                                  |  |  |                                  |                    |                       |                           |
| Current liabilities:                          |                            |                                |                              |                            |                                  |  |  |                                  |                    |                       |                           |
| Accounts payable                              | 1,055,208                  | 11,410,861                     | 79,594                       | 27,248                     | 70,702                           | 810,348  | 404,198                                      | 32,146                           | 14,951             | 52,114                | 110,669                   |
| Payable to related parties                    | -                          | -                              | -                            | -                          | 6,525                            | 585,080  | 845,255                                      | -                                | 243                | -                     | -                         |
| Due to primary government                     | -                          | -                              | 1,402                        | 153,105                    | 818,215                          | 16,608   | 26,424                                       | 69,828                           | 113,400            | 11,011                | 10,000                    |
| Tenant security deposits                      | -                          | -                              | 49,524                       | 43,487                     | 57,909                           | 296,572  | 183,044                                      | 17,090                           | 3,700              | 68,228                | 66,213                    |
| Unearned revenues                             | -                          | -                              | 9,093                        | 245                        | 2,675                            | 3,069  | 600  | 3,129                            | -                  | 3,574                 | 30,164                    |
| Interest payable                              | -                          | -                              | 138,073                      | 6,067                      | -                                | 106,506  | 262,911                                      | -                                | -                  | 6,927                 | 18,127                    |
| Current portion of long-term obligations      | -                          | -                              | 884,515                      | 131,560                    | 385,514                          | 399,945  | 240,000                                      | -                                | -                  | 138,439               | 367,142                   |
| Total current liabilities                     | 1,055,208                  | 11,410,861                     | 1,162,201                    | 361,712                    | 1,341,540                        | 2,218,128  | 1,962,432                                    | 122,193                          | 132,294            | 280,293               | 602,315                   |
| Noncurrent liabilities:                       |                            |                                |                              |                            |                                  |  |  |                                  |                    |                       |                           |
| Interest payable, net of current portion      | -                          | -                              | -                            | -                          | -                                | 2,607,637  | -  | -                                | -                  | -                     | -                         |
| Long-term obligations, net of current portion | -                          | 9,507,002                      | 12,585,558                   | 126,503                    | 3,284,905                        | 49,425,729   | 22,416,197                                   | -                                | -                  | 687,934               | 7,635,556                 |
| Advance from primary government               | 8,204,501                  | 35,273,985                     | 14,953,607                   | 2,595,429                  | 5,030,210                        | -  | -  | 4,713,153                        | 1,687,908          | -                     | -                         |
| Total noncurrent liabilities                  | 8,204,501                  | 44,780,987                     | 27,539,165                   | 2,721,932                  | 8,315,115                        | 52,033,366   | 22,416,197                                   | 4,713,153                        | 1,687,908          | 687,934               | 7,635,556                 |
| Total liabilities                             | 9,259,709                  | 56,191,848                     | 28,701,366                   | 3,083,644                  | 9,656,655                        | 54,251,494   | 24,378,629                                   | 4,835,346                        | 1,820,202          | 968,227               | 8,237,871                 |
| <b>Net position:</b>                          |                            |                                |                              |                            |                                  |  |  |                                  |                    |                       |                           |
| Net investment in capital assets              | 3,784,638                  | (650,514)                      | 6,312,004                    | 474,276                    | 8,034,845                        | 4,900,867  | 7,985,334                                    | (451,355)                        | (122,849)          | 1,826,506             | 3,665,551                 |
| Restricted                                    | -                          | -                              | 402,507                      | 147,466                    | 1,015,084                        | 1,310,833  | 2,826,982                                    | 163,742                          | 57,552             | 124,187               | 1,269,555                 |
| Unrestricted (deficits)                       | (1,343,366)                | 5,832,031                      | (1,231,526)                  | 117,266                    | 698,717                          | (1,169,224)  | 1,987,032                                    | 59,302                           | 275,827            | 809,950               | 317,650                   |
| Total net position                            | \$ 2,441,272               | \$ 5,181,517                   | \$ 5,482,985                 | \$ 739,008                 | \$ 9,748,646                     | \$ 5,042,476   | \$ 12,799,348                                | \$ (228,311)                     | \$ 210,530         | \$ 2,760,643          | \$ 5,252,756              |

- (1) Component unit was audited by other auditors.  
(2) Component unit was audited by other auditors as a subsidiary of the S.P.G. Housing, Inc.  
(3) Component unit was audited by other auditors as a subsidiary of the Villa Garcia, Inc.

(Continued)

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Net Position - Discretely Presented Component Units (Continued)  
December 31, 2023

|   | Jardines Paloma<br>Blanca<br>Acquisition LP<br>(1) | Julian Street<br>Partners, L.P.<br>(1) | Las Golondrinas<br>Acquisition LP<br>(3) | Laurel Grove<br>Lane, L.P.<br>(1) | McCreery<br>Avenue L.P.<br>(1) | Park Avenue<br>Seniors, L.P.<br>(1) | Poinciana LLC<br>(2) | Rincon De Los<br>Esteros LLC<br>(3) | South Drive LLC<br>(1) | Willows<br>HACSC<br>Associates<br>(1) | Elimination/<br>Adjustment | Total          |
|---|--|--|--|-----------------------------------|--------------------------------|-------------------------------------|----------------------|-------------------------------------|------------------------|---------------------------------------|----------------------------|----------------|
| <b>Assets:</b>                                |  |  |  |                                   |                                |                                     |                      |                                     |                        |                                       |                            |                |
| Current assets:                               |  |  |  |                                   |                                |                                     |                      |                                     |                        |                                       |                            |                |
| Cash:   |  |  |  |                                   |                                |                                     |                      |                                     |                        |                                       |                            |                |
| Unrestricted                                  | \$ 147,028   | \$ 4,089,910                           | \$ 4,936,771                             | \$ 280,261                        | \$ 550,938                     | \$ 1,269,414                        | \$ 107,903           | \$ 121,623                          | \$ 284,206             | \$ 319,230                            | \$ -                       | \$ 39,144,934  |
| Tenant security deposits                      | 12,888   | 195,500                                | -  | 113,763                           | 116,473                        | 93,500                              | 6,000                | 100                                 | 57,812                 | 51,385                                | -                          | 1,444,480      |
| Total cash                                    | 159,916  | 4,285,410                              | 4,936,771                                | 394,024                           | 667,411                        | 1,362,914                           | 113,903              | 121,723                             | 342,018                | 370,615                               | -                          | 40,589,414     |
| Accounts receivable:                          |  |  |  |                                   |                                |                                     |                      |                                     |                        |                                       |                            |                |
| Tenants                                       | 7,505  | 24,905                                 | -  | 57,152                            | 15,843                         | 2,156                               | -                    | 87,028                              | 35,238                 | 5,196                                 | -                          | 389,669        |
| HUD   | -  | 48,915                                 | -  | 90,535                            | 1,483                          | 25,806                              | -                    | 3,855                               | 1,106                  | 30,418                                | -                          | 235,420        |
| Others  | 45,450   | 14,126                                 | -  | 50,841                            | 6,918                          | 3,540                               | 680                  | 364,768                             | 1,211                  | 1,823                                 | -                          | 2,490,212      |
| Total accounts receivable, net                | 52,955   | 87,946                                 | -  | 198,528                           | 24,244                         | 31,502                              | 680                  | 455,651                             | 37,555                 | 37,437                                | -                          | 3,115,301      |
| Prepaid expenses                              | 16,974   | 73,331                                 | -  | 83,494                            | 47,502                         | 14,486                              | 3,259                | 17,342                              | 11,403                 | 15,287                                | -                          | 831,788        |
| Restricted cash and cash equivalents          | 227,559  | 3,901,516                              | -  | 961,454                           | 813,466                        | 643,126                             | 34,532               | 1,767,108                           | 162,903                | 357,810                               | -                          | 20,909,114     |
| Total current assets                          | 457,404  | 8,348,203                              | 4,936,771                                | 1,637,500                         | 1,552,623                      | 2,052,028                           | 152,374              | 2,361,824                           | 553,879                | 781,149                               | -                          | 65,445,617     |
| Noncurrent assets:                            |  |  |  |                                   |                                |                                     |                      |                                     |                        |                                       |                            |                |
| Prepaid costs, net                            | -  | -                                      | -  | 30,546                            | 18,825                         | 77,169                              | -                    | -                                   | -                      | -                                     | -                          | 140,241        |
| Capital assets:                               |  |  |  |                                   |                                |                                     |                      |                                     |                        |                                       |                            |                |
| Nondepreciable                                | 417,738  | 136,434                                | 195,941                                  | 2,731,360                         | 1,523,083                      | 6,435,756                           | -                    | 26,852,741                          | 1,857,880              | 408,292                               | (946,255)                  | 106,222,730    |
| Depreciable                                   | 2,237,786  | 51,804,622                             | -  | 46,766,631                        | 33,018,621                     | 54,852,390                          | 1,007,390            | 23,129,819                          | 1,904,143              | 2,112,161                             | (19,553,383)               | 338,860,718    |
| Total capital assets                          | 2,655,524  | 51,941,056                             | 195,941                                  | 49,497,991                        | 34,541,704                     | 61,288,146                          | 1,007,390            | 49,982,560                          | 3,762,023              | 2,520,453                             | (20,499,638)               | 445,083,448    |
| Total noncurrent assets                       | 2,655,524  | 51,941,056                             | 195,941                                  | 49,528,537                        | 34,560,529                     | 61,365,315                          | 1,007,390            | 49,982,560                          | 3,762,023              | 2,520,453                             | (20,499,638)               | 445,223,689    |
| Total assets                                  | 3,112,928  | 60,289,259                             | 5,132,712                                | 51,166,037                        | 36,113,152                     | 63,417,343                          | 1,159,764            | 52,344,384                          | 4,315,902              | 3,301,602                             | (20,499,638)               | 510,669,306    |
| <b>Liabilities:</b>                           |  |  |  |                                   |                                |                                     |                      |                                     |                        |                                       |                            |                |
| Current liabilities:                          |  |  |  |                                   |                                |                                     |                      |                                     |                        |                                       |                            |                |
| Accounts payable                              | 29,745   | 313,482                                | 19,746                                   | 91,058                            | 106,943                        | 130,159                             | 7,562                | 50,357                              | 64,401                 | 248,841                               | -                          | 15,130,333     |
| Payable to related parties                    | -  | 23,185                                 | -  | 8,200                             | -                              | 10,000                              | 10,172               | -                                   | -                      | -                                     | -                          | 1,488,660      |
| Due to primary government                     | 45,450   | 3,072,653                              | -  | 116,732                           | 153,921                        | 739,409                             | 108,332              | -                                   | 10,662                 | 616                                   | -                          | 5,467,768      |
| Tenant security deposits                      | 12,607   | 195,400                                | -  | 113,763                           | 116,322                        | 93,500                              | 6,000                | 363,518                             | 57,758                 | 52,260                                | -                          | 1,796,895      |
| Unearned revenues                             | 1,098  | 28,550                                 | -  | 76,256                            | 1,349                          | 87,452                              | -                    | 4,170                               | 13,639                 | 45,500                                | -                          | 310,563        |
| Interest payable                              | -  | 55,151                                 | -  | -                                 | 90,787                         | -                                   | -                    | -                                   | 74,319                 | -                                     | -                          | 758,868        |
| Current portion of long-term obligations      | -  | 1,496,329                              | -  | 581,192                           | 592,500                        | 315,246                             | -                    | -                                   | 276,226                | 97,000                                | -                          | 5,905,608      |
| Total current liabilities                     | 88,900   | 5,184,750                              | 19,746                                   | 987,201                           | 1,061,822                      | 1,375,766                           | 132,066              | 418,045                             | 497,005                | 444,217                               | -                          | 30,858,695     |
| Noncurrent liabilities:                       |  |  |  |                                   |                                |                                     |                      |                                     |                        |                                       |                            |                |
| Interest payable, net of current portion      | -  | -                                      | -  | -                                 | -                              | -                                   | -                    | -                                   | -                      | -                                     | -                          | 2,607,637      |
| Long-term obligations, net of current portion | -  | 4,745,850                              | -  | 24,542,438                        | 11,576,870                     | 18,590,225                          | -                    | -                                   | 1,063,130              | 3,079,859                             | -                          | 169,267,756    |
| Advance from primary government               | 3,207,275  | 14,320,823                             | 5,113,014                                | 11,697,648                        | 12,432,243                     | 24,065,413                          | 502,072              | 51,811,655                          | -                      | 379,621                               | -                          | 195,988,557    |
| Total noncurrent liabilities                  | 3,207,275  | 19,066,673                             | 5,113,014                                | 36,240,086                        | 24,009,113                     | 42,655,638                          | 502,072              | 51,811,655                          | 1,063,130              | 3,459,480                             | -                          | 367,863,950    |
| Total liabilities                             | 3,296,175  | 24,251,423                             | 5,132,760                                | 37,227,287                        | 25,070,935                     | 44,031,404                          | 634,138              | 52,229,700                          | 1,560,135              | 3,903,697                             | -                          | 398,722,645    |
| <b>Net position:</b>                          |  |  |  |                                   |                                |                                     |                      |                                     |                        |                                       |                            |                |
| Net investment in capital assets              | (479,422)  | 29,161,688                             | (4,804,059)                              | 15,992,770                        | 11,425,687                     | 22,053,688                          | 390,498              | (1,829,095)                         | 2,422,667              | (656,406)                             | (20,499,638)               | 88,937,681     |
| Restricted                                    | 227,559  | 3,901,516                              | -  | 961,454                           | 813,466                        | 643,126                             | 34,532               | 1,767,108                           | 162,903                | 357,810                               | -                          | 16,187,382     |
| Unrestricted (deficits)                       | 68,616   | 2,974,632                              | 4,804,011                                | (3,015,474)                       | (1,196,936)                    | (3,310,875)                         | 100,596              | 176,671                             | 170,197                | (303,499)                             | -                          | 6,821,598      |
| Total net position                            | \$ (183,247)                                       | \$ 36,037,836                          | \$ (48)                                  | \$ 13,938,750                     | \$ 11,042,217                  | \$ 19,385,939                       | \$ 525,626           | \$ 114,684                          | \$ 2,755,767           | \$ (602,095)                          | \$ (20,499,638)            | \$ 111,946,661 |

- (1) Component unit was audited by other auditors.  
(2) Component unit was audited by other auditors as a subsidiary of the S.P.G. Housing, Inc.  
(3) Component unit was audited by other auditors as a subsidiary of the Villa Garcia, Inc.

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Revenues, Expenses and Changes in Net Position - Discretely Presented Component Units  
For Year Ended December 31, 2023

|  | Alvarado Park<br>LP<br>(3) | Bellarmino Place<br>L.P.<br>(3) | Bendorf<br>Drive L.P.<br>(1) | Branham Lane<br>LLC<br>(1) | Clarendon Street,<br>L.P.<br>(1) | Fairground<br>Luxury Family<br>Apartments, L.P.<br>(1) | Fairground<br>Senior Housing,<br>L.P.<br>(1) | Girasol<br>Acquisition LP<br>(1) | Halford LLC<br>(2) | Hermocilla LLC<br>(1) | Huff Avenue<br>LLC<br>(1) |
|--|----------------------------|---------------------------------|------------------------------|----------------------------|----------------------------------|--|--|----------------------------------|--------------------|-----------------------|---------------------------|
| Operating revenues:                          |                            |                                 |                              |                            |                                  |  |  |                                  |                    |                       |                           |
| Rental income                                | \$ -                       | \$ -                            | \$ 2,314,661                 | 984,363                    | \$ 2,084,683                     | \$ 7,693,910   | \$ 5,558,228                                 | \$ 170,735                       | \$ 368,439         | \$ 1,579,585          | \$ 1,837,316              |
| Tenant revenue - other                       | -                          | -                               | 16,076                       | -                          | 3,543                            | 8,884  | -  | -                                | -                  | -                     | -                         |
| Donation and other                           | -                          | -                               | 26,260                       | 5,682                      | 25                               | (8,627)  | 36,605                                       | 857                              | 1,104              | 17,778                | 11,505                    |
| Total operating revenues                     | -                          | -                               | 2,356,997                    | 990,045                    | 2,088,251                        | 7,694,167  | 5,594,833                                    | 171,592                          | 369,543            | 1,597,363             | 1,848,821                 |
| Operating expenses:                          |                            |                                 |                              |                            |                                  |  |  |                                  |                    |                       |                           |
| Administrative                               | -                          | -                               | 348,857                      | 228,897                    | 316,073                          | 309,716  | 99,145                                       | 142,486                          | 50,118             | 255,287               | 444,896                   |
| Utilities                                    | -                          | -                               | 114,647                      | 90,399                     | 107,722                          | 569,787  | 308,530                                      | 27,430                           | 18,225             | 163,076               | 120,181                   |
| Maintenance and operations                   | -                          | -                               | 557,374                      | 329,310                    | 240,117                          | 1,066,448  | 359,668                                      | 53,039                           | 140,378            | 452,770               | 435,573                   |
| Marketing and leasing                        | -                          | -                               | -                            | -                          | 1,654                            | -  | 704  | -                                | -                  | -                     | -                         |
| Insurance and taxes                          | -                          | -                               | 111,851                      | 72,674                     | 71,836                           | 331,855  | 148,126                                      | 26,704                           | 16,764             | 71,599                | 102,888                   |
| Other general expenses                       | 37                         | 219                             | 49,773                       | -                          | -                                | 328,960  | 546,837                                      | -                                | -                  | -                     | -                         |
| Depreciation and amortization                | -                          | -                               | 1,050,923                    | 165,085                    | 637,637                          | 1,956,962  | 975,573                                      | 43,820                           | 139,383            | 371,906               | 263,076                   |
| Total operating expenses                     | 37                         | 219                             | 2,233,425                    | 886,365                    | 1,375,039                        | 4,563,728  | 2,438,583                                    | 293,479                          | 364,868            | 1,314,638             | 1,366,614                 |
| Operating income (loss)                      | (37)                       | (219)                           | 123,572                      | 103,680                    | 713,212                          | 3,130,439  | 3,156,250                                    | (121,887)                        | 4,675              | 282,725               | 482,207                   |
| Nonoperating revenues (expenses):            |                            |                                 |                              |                            |                                  |  |  |                                  |                    |                       |                           |
| Intergovernmental                            | -                          | -                               | -                            | -                          | -                                | -  | -  | -                                | -                  | -                     | -                         |
| Investment income                            | 5,247                      | 31,481                          | 13,944                       | 524                        | 3,997                            | 17,030   | 2,073  | 4                                | 523                | 764                   | 13,429                    |
| Interest expense                             | -                          | -                               | (1,173,638)                  | (62,930)                   | (302,743)                        | (1,855,833)  | (765,185)                                    | (106,428)                        | (441)              | (40,774)              | (233,128)                 |
| Loss on disposal of capital assets           | -                          | -                               | (8,096)                      | -                          | -                                | -  | -  | -                                | (33,435)           | (1,316)               | (213,098)                 |
| Partnership and asset management fees        | -                          | -                               | (15,657)                     | (10,000)                   | (6,525)                          | (72,504)   | (464,030)                                    | -                                | -                  | (10,000)              | (10,000)                  |
| Ground lease                                 | -                          | -                               | -                            | -                          | -                                | -  | -  | -                                | -                  | -                     | -                         |
| Incentive, issuer and investor service fees  | -                          | -                               | -                            | -                          | -                                | (529,184)  | (422,580)                                    | -                                | -                  | -                     | -                         |
| Bond and loan fees                           | -                          | -                               | -                            | -                          | (4,000)                          | -  | (42,651)                                     | -                                | -                  | -                     | -                         |
| Other nonoperating revenue (expense), net    | -                          | -                               | -                            | -                          | -                                | (1,117,274)  | (974,857)                                    | -                                | -                  | -                     | -                         |
| Total nonoperating revenues (expenses)       | 5,247                      | 31,481                          | (1,183,447)                  | (72,406)                   | (309,271)                        | (3,557,765)  | (2,667,230)                                  | (106,424)                        | (33,353)           | (51,326)              | (442,797)                 |
| Income (loss) before capital contributions   | 5,210                      | 31,262                          | (1,059,875)                  | 31,274                     | 403,941                          | (427,326)  | 489,020                                      | (228,311)                        | (28,678)           | 231,399               | 39,410                    |
| Capital contributions (distributions)        | 2,437,600                  | -                               | -                            | -                          | -                                | (350,585)  | (77,942)                                     | -                                | -                  | (522,819)             | (319,454)                 |
| Change in net position                       | 2,442,810                  | 31,262                          | (1,059,875)                  | 31,274                     | 403,941                          | (777,911)  | 411,078                                      | (228,311)                        | (28,678)           | (291,420)             | (280,044)                 |
| Net position beginning of year, as reported  | -                          | 5,150,255                       | 6,542,860                    | 707,734                    | 9,344,705                        | 5,820,387  | 12,388,270                                   | -                                | 239,208            | 3,052,063             | 5,532,800                 |
| Change in reporting entity                   | (1,538)                    | -                               | -                            | -                          | -                                | -  | -  | -                                | -                  | -                     | -                         |
| Net position, beginning of year, as restated | (1,538)                    | 5,150,255                       | 6,542,860                    | 707,734                    | 9,344,705                        | 5,820,387  | 12,388,270                                   | -                                | 239,208            | 3,052,063             | 5,532,800                 |
| Net position, ending of year                 | \$ 2,441,272               | \$ 5,181,517                    | \$ 5,482,985                 | \$ 739,008                 | \$ 9,748,646                     | \$ 5,042,476   | \$ 12,799,348                                | \$ (228,311)                     | \$ 210,530         | \$ 2,760,643          | \$ 5,252,756              |

(Continued)

- (1) Component unit was audited by other auditors.  
(2) Component unit was audited by other auditors as a subsidiary of the S.P.G. Housing, Inc.  
(3) Component unit was audited by other auditors as a subsidiary of the Villa Garcia, Inc.

**SANTA CLARA COUNTY HOUSING AUTHORITY**

(A Component Unit of the County of Santa Clara)

Combining Statement of Revenues, Expenses and Changes in Net Position - Discretely Presented Component Units (Continued)  
For Year Ended December 31, 2023

|  | Jardines Paloma<br>Blanca<br>Acquisition LP<br>(1) | Julian Street<br>Partners, L.P.<br>(1) | Las Golondrinas<br>Acquisition LP<br>(3) | Laurel Grove<br>Lane, L.P.<br>(1) | McCreery<br>Avenue L.P.<br>(1) | Park Avenue<br>Seniors, L.P.<br>(1) | Poinciana LLC<br>(2) | Rincon De Los<br>Esteros LLC<br>(3) | South Drive LLC<br>(1) | Willows<br>HACSC<br>Associates<br>(1) | Elimination/<br>Adjustment | Total          |
|--|--|--|--|-----------------------------------|--------------------------------|-------------------------------------|----------------------|-------------------------------------|------------------------|---------------------------------------|----------------------------|----------------|
| Operating revenues:                          |  |  |  |                                   |                                |                                     |                      |                                     |                        |                                       |                            |                |
| Rental income                                | \$ 118,842   | \$ 9,722,089                           | \$ -                                     | \$ 2,895,300                      | \$ 2,780,944                   | \$ 2,857,597                        | \$ 275,688           | \$ 235,697                          | \$ 1,099,686           | \$ 974,238                            | \$ -                       | \$ 43,552,001  |
| Tenant revenue - other                       | -  | -                                      | -  | -                                 | 10,194                         | -                                   | -                    | -                                   | -                      | -                                     | -                          | 38,697         |
| Donation and other                           | 262  | 24,881                                 | -  | 44,799                            | 30,034                         | 15,853                              | 780                  | 25                                  | 9,816                  | 8,710                                 | -                          | 226,349        |
| Total operating revenues                     | 119,104  | 9,746,970                              | -  | 2,940,099                         | 2,821,172                      | 2,873,450                           | 276,468              | 235,722                             | 1,109,502              | 982,948                               | -                          | 43,817,047     |
| Operating expenses:                          |  |  |  |                                   |                                |                                     |                      |                                     |                        |                                       |                            |                |
| Administrative                               | 112,098  | 1,251,518                              | -  | 466,417                           | 377,682                        | 420,172                             | 35,835               | -                                   | 265,446                | 224,310                               | -                          | 5,348,953      |
| Utilities                                    | 28,158   | 634,827                                | -  | 299,201                           | 268,798                        | 186,820                             | 11,397               | -                                   | 104,703                | 99,967                                | -                          | 3,153,868      |
| Maintenance and operations                   | 38,289   | 1,186,774                              | -  | 328,691                           | 643,229                        | 278,141                             | 63,187               | -                                   | 243,093                | 264,581                               | -                          | 6,680,662      |
| Marketing and leasing                        | -  | 5,468                                  | -  | -                                 | 2,023                          | -                                   | -                    | -                                   | -                      | -                                     | -                          | 9,849          |
| Insurance and taxes                          | 25,196   | 290,386                                | -  | 132,555                           | 149,266                        | 112,485                             | 7,320                | -                                   | 72,807                 | 54,327                                | -                          | 1,798,639      |
| Other general expenses                       | -  | -                                      | 48                                       | -                                 | -                              | -                                   | -                    | 104,599                             | -                      | -                                     | -                          | 1,030,473      |
| Depreciation and amortization                | 26,011   | 2,153,659                              | -  | 1,451,288                         | 1,157,878                      | 1,684,528                           | 92,166               | 17,440                              | 173,278                | 206,935                               | -                          | 12,567,548     |
| Total operating expenses                     | 229,752  | 5,522,632                              | 48                                       | 2,678,152                         | 2,598,876                      | 2,682,146                           | 209,905              | 122,039                             | 859,327                | 850,120                               | -                          | 30,589,992     |
| Operating income (loss)                      | (110,648)  | 4,224,338                              | (48)                                     | 261,947                           | 222,296                        | 191,304                             | 66,563               | 113,683                             | 250,175                | 132,828                               | -                          | 13,227,055     |
| Nonoperating revenues (expenses):            |  |  |  |                                   |                                |                                     |                      |                                     |                        |                                       |                            |                |
| Intergovernmental                            | -  | -                                      | -  | -                                 | -                              | -                                   | -                    | -                                   | -                      | -                                     | -                          | -              |
| Investment income                            | 1  | 26,691                                 | -  | 1,438                             | 1,884                          | 1,719                               | 312                  | 1                                   | 362                    | 3,288                                 | -                          | 124,712        |
| Interest expense                             | (72,600)   | (1,171,819)                            | -  | (1,352,893)                       | (758,642)                      | (1,614,237)                         | (316)                | -                                   | (79,628)               | (111,895)                             | -                          | (9,703,130)    |
| Loss on disposal of capital assets           | -  | -                                      | -  | -                                 | (60,859)                       | -                                   | (23,961)             | -                                   | (2,546)                | (4,046)                               | -                          | (347,357)      |
| Partnership and asset management fees        | -  | (69,556)                               | -  | (51,338)                          | (30,000)                       | (10,000)                            | -                    | -                                   | (10,000)               | (12,521)                              | -                          | (772,131)      |
| Ground lease                                 | -  | -                                      | -  | -                                 | -                              | -                                   | -                    | -                                   | -                      | -                                     | -                          | -              |
| Incentive, issuer and investor service fees  | -  | -                                      | -  | -                                 | -                              | -                                   | -                    | -                                   | -                      | -                                     | -                          | (951,764)      |
| Bond and loan fees                           | -  | (111,690)                              | -  | (6,394)                           | (22,739)                       | -                                   | -                    | -                                   | -                      | (72,793)                              | -                          | (260,267)      |
| Other nonoperating revenue (expense), net    | -  | (23,191)                               | -  | -                                 | -                              | -                                   | -                    | -                                   | -                      | (30,685)                              | -                          | (2,146,007)    |
| Total nonoperating revenues (expenses)       | (72,599)   | (1,349,565)                            | -  | (1,409,187)                       | (870,356)                      | (1,622,518)                         | (23,965)             | 1                                   | (91,812)               | (228,652)                             | -                          | (14,055,944)   |
| Income (loss) before capital contributions   | (183,247)  | 2,874,773                              | (48)                                     | (1,147,240)                       | (648,060)                      | (1,431,214)                         | 42,598               | 113,684                             | 158,363                | (95,824)                              | -                          | (828,889)      |
| Capital contributions (distributions)        | -  | (976,584)                              | -  | -                                 | -                              | -                                   | -                    | 1,000                               | -                      | -                                     | -                          | 191,216        |
| Change in net position                       | (183,247)  | 1,898,189                              | (48)                                     | (1,147,240)                       | (648,060)                      | (1,431,214)                         | 42,598               | 114,684                             | 158,363                | (95,824)                              | -                          | (637,673)      |
| Net position beginning of year, as reported  | -  | 34,139,647                             | -  | 15,085,990                        | 11,690,277                     | 20,817,153                          | 483,028              | -                                   | 2,597,404              | (506,271)                             | (20,499,638)               | 112,585,872    |
| Change in reporting entity                   | -  | -                                      | -  | -                                 | -                              | -                                   | -                    | -                                   | -                      | -                                     | -                          | (1,538)        |
| Net position, beginning of year, as restated | -  | 34,139,647                             | -  | 15,085,990                        | 11,690,277                     | 20,817,153                          | 483,028              | -                                   | 2,597,404              | (506,271)                             | (20,499,638)               | 112,584,334    |
| Net position, ending of year                 | \$ (183,247)                                       | \$ 36,037,836                          | \$ (48)                                  | \$ 13,938,750                     | \$ 11,042,217                  | \$ 19,385,939                       | \$ 525,626           | \$ 114,684                          | \$ 2,755,767           | \$ (602,095)                          | \$ (20,499,638)            | \$ 111,946,661 |

(1) Component unit was audited by other auditors.

(2) Component unit was audited by other auditors as a subsidiary of the S.P.G. Housing, Inc.

(3) Component unit was audited by other auditors as a subsidiary of the Villa Garcia, Inc.

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Net Position by Programs  
June 30, 2024

|   | Conventional<br>Housing<br>Program | Public<br>Housing<br>Capital | Family<br>Self<br>Sufficiency | Section 8<br>Rental<br>Voucher | Special<br>Purpose<br>Voucher | Public Housing<br>Proceeds<br>Program | Moving<br>To<br>Work | Section 8<br>Moderate<br>Rehabilitation | Development<br>Services | Asset<br>Management |
|---|------------------------------------|------------------------------|-------------------------------|--------------------------------|-------------------------------|---------------------------------------|----------------------|---|-------------------------|---------------------|
| <b>Assets:</b>  |                                    |                              |                               |                                |                               |                                       |                      |   |                         |                     |
| Current assets:   |                                    |                              |                               |                                |                               |                                       |                      |   |                         |                     |
| Unrestricted cash and cash equivalents                            | \$ 3,963                           | \$ 7,924                     | \$ -                          | \$ 1,879,715                   | \$ 1,438,871                  | \$ 10,636,137                         | \$ 27,161,101        | \$ 96,343                               | \$ 7,962,183            | \$ 51,826           |
| Unrestricted short term investments                               | -                                  | -                            | -                             | -                              | -                             | 2,604,309                             | -                    | -                                       | 857,374                 | -                   |
| Accounts receivable:  |                                    |                              |                               |                                |                               |                                       |                      |   |                         |                     |
| Tenants   | -                                  | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | -                       | -                   |
| HUD   | -                                  | -                            | 285,396                       | -                              | 169,011                       | -                                     | 117,047,028          | 9,442                                   | -                       | -                   |
| Others  | -                                  | -                            | -                             | 867                            | 120                           | -                                     | 179,490              | -                                       | 3,877                   | 16,209              |
| Interest receivable   | -                                  | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | 9,769                   | -                   |
| Due from other programs   | 4,761                              | -                            | 40                            | 1,548,196                      | 70,928                        | -                                     | 164,020              | 16,389                                  | 3,548,379               | 152,898             |
| Due from component units and related parties                      | -                                  | -                            | -                             | 32,387                         | -                             | -                                     | -                    | -                                       | -                       | 32,003              |
| Prepaid expenses  | 6,181                              | -                            | -                             | 649,178                        | 41,912                        | -                                     | 536,944              | -                                       | 184,041                 | 67,656              |
| Restricted cash and cash equivalents                              | 400                                | -                            | -                             | -                              | 4,369,295                     | -                                     | 10,000               | -                                       | 12,171,898              | 22,934              |
| Restricted cash in FSS escrow                                     | -                                  | -                            | -                             | 3,657,871                      | 143,668                       | -                                     | -                    | -                                       | -                       | -                   |
| Restricted short term investments                                 | -                                  | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | -                       | -                   |
| <b>Total current assets</b>                                       | <b>15,305</b>                      | <b>7,924</b>                 | <b>285,436</b>                | <b>7,768,214</b>               | <b>6,233,805</b>              | <b>13,240,446</b>                     | <b>145,098,583</b>   | <b>122,174</b>                          | <b>24,737,521</b>       | <b>343,526</b>      |
| Noncurrent assets:  |                                    |                              |                               |                                |                               |                                       |                      |   |                         |                     |
| Long term investments   | -                                  | -                            | -                             | -                              | -                             | 22,119,171                            | -                    | -                                       | -                       | -                   |
| Restricted long term investments                                  | -                                  | -                            | -                             | 2,127,871                      | -                             | -                                     | -                    | -                                       | 165,087                 | 110,058             |
| Long-term receivables from non-related parties                    | -                                  | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | 11,165,057              | -                   |
| Long-term receivables from component units<br>and related parties | -                                  | 617,466                      | -                             | 1,794,218                      | -                             | 41,359,885                            | -                    | -                                       | 231,050,991             | 46,958              |
| Net pension asset   | -                                  | -                            | -                             | 7,736,625                      | -                             | -                                     | -                    | -                                       | 707,855                 | 1,162,825           |
| Equity interest in affiliated limited partnerships                | -                                  | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | -                       | -                   |
| Other assets  | -                                  | -                            | -                             | -                              | -                             | -                                     | 1,192,222            | -                                       | 1,235                   | 82,477              |
| Capital assets:   |                                    |                              |                               |                                |                               |                                       |                      |   |                         |                     |
| Nondepreciable  | 153,635                            | -                            | -                             | 15,209,739                     | -                             | 5,333,062                             | 28,436,776           | -                                       | 26,307,890              | 238,272             |
| Depreciable   | 469,225                            | -                            | -                             | 3,267,349                      | -                             | -                                     | -                    | -                                       | 11,521,813              | 11,672              |
| <b>Total capital assets</b>                                       | <b>622,860</b>                     | <b>-</b>                     | <b>-</b>                      | <b>18,477,088</b>              | <b>-</b>                      | <b>5,333,062</b>                      | <b>28,436,776</b>    | <b>-</b>                                | <b>37,829,703</b>       | <b>249,944</b>      |
| <b>Total noncurrent assets</b>                                    | <b>622,860</b>                     | <b>617,466</b>               | <b>-</b>                      | <b>30,135,802</b>              | <b>-</b>                      | <b>68,812,118</b>                     | <b>29,628,998</b>    | <b>-</b>                                | <b>280,919,928</b>      | <b>1,652,262</b>    |
| <b>Total assets</b>   | <b>638,165</b>                     | <b>625,390</b>               | <b>285,436</b>                | <b>37,904,016</b>              | <b>6,233,805</b>              | <b>82,052,564</b>                     | <b>174,727,581</b>   | <b>122,174</b>                          | <b>305,657,449</b>      | <b>1,995,788</b>    |
| <b>Deferred outflows of resources:</b>                            |                                    |                              |                               |                                |                               |                                       |                      |   |                         |                     |
| Pension items   | -                                  | -                            | 10,351                        | 7,579,816                      | 167,070                       | -                                     | -                    | 13,022                                  | 766,818                 | 237,729             |
| Other post employment benefits (OPEB) items                       | -                                  | -                            | -                             | 2,458,262                      | 41,731                        | -                                     | -                    | 4,257                                   | 169,188                 | 126,684             |
| <b>Total deferred outflows of resources</b>                       | <b>-</b>                           | <b>-</b>                     | <b>10,351</b>                 | <b>10,038,078</b>              | <b>208,801</b>                | <b>-</b>                              | <b>-</b>             | <b>17,279</b>                           | <b>936,006</b>          | <b>364,413</b>      |

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Net Position by Programs  
June 30, 2024

|  | Conventional<br>Housing<br>Program | Public<br>Housing<br>Capital | Family<br>Self<br>Sufficiency | Section 8<br>Rental<br>Voucher | Special<br>Purpose<br>Voucher | Public Housing<br>Proceeds<br>Program | Moving<br>To<br>Work | Section 8<br>Moderate<br>Rehabilitation | Development<br>Services | Asset<br>Management |
|--|------------------------------------|------------------------------|-------------------------------|--------------------------------|-------------------------------|---------------------------------------|----------------------|---|-------------------------|---------------------|
| <b>Liabilities:</b>  |                                    |                              |                               |                                |                               |                                       |                      |   |                         |                     |
| Current liabilities:   |                                    |                              |                               |                                |                               |                                       |                      |   |                         |                     |
| Accounts payable   | 1,017                              | 820                          | 103,044                       | 638,792                        | 82,624                        | -                                     | 279,544              | 1,390                                   | 549,788                 | 46,334              |
| Accrued wages and benefits   | -                                  | -                            | 2,959                         | 170,831                        | 34,682                        | -                                     | -                    | 3,298                                   | 49,846                  | 22,157              |
| Accrued interest payable   | -                                  | -                            | -                             | 705,814                        | -                             | -                                     | -                    | -                                       | -                       | -                   |
| Intergovernmental payable  | -                                  | -                            | -                             | -                              | 11,499                        | -                                     | 43,740               | 48,459                                  | -                       | -                   |
| Due to other programs  | -                                  | 7,104                        | 174,833                       | 3,327                          | 164,020                       | -                                     | 2,955,405            | 16,389                                  | 3,139,590               | 704,022             |
| Due to component units and related parties                             | -                                  | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | -                       | -                   |
| Other accrued liabilities  | 6,735                              | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | -                       | -                   |
| Tenant security deposits   | 400                                | -                            | -                             | -                              | -                             | -                                     | 10,000               | -                                       | -                       | -                   |
| Unearned revenue   | -                                  | -                            | -                             | -                              | 1,593,180                     | 90                                    | 6,000                | -                                       | -                       | -                   |
| Current portion of accrued vacation and sick leave                     | -                                  | -                            | 331                           | 57,536                         | 10,848                        | -                                     | -                    | 854                                     | 11,305                  | 8,333               |
| Current portion of FSS escrow  | -                                  | -                            | -                             | 588,656                        | 17,321                        | -                                     | -                    | -                                       | -                       | -                   |
| Current portion of long-term obligations                               | -                                  | -                            | -                             | 1,730,717                      | -                             | -                                     | -                    | -                                       | -                       | -                   |
| Total current liabilities  | 8,152                              | 7,924                        | 281,167                       | 3,895,673                      | 1,914,174                     | 90                                    | 3,294,689            | 70,390                                  | 3,750,529               | 780,846             |
| Noncurrent liabilities:  |                                    |                              |                               |                                |                               |                                       |                      |   |                         |                     |
| FSS escrow   | -                                  | -                            | -                             | 3,069,216                      | 126,347                       | -                                     | -                    | -                                       | -                       | -                   |
| Accrued vacation and sick leave, net of current portion                | -                                  | -                            | 4,269                         | 781,244                        | 144,499                       | -                                     | -                    | 10,676                                  | 142,257                 | 107,597             |
| Payable to component units and related parties, net of current portion | -                                  | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | -                       | -                   |
| Other obligations, net of current portion                              | -                                  | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | -                       | -                   |
| Long-term interest payable   | -                                  | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | -                       | -                   |
| Long-term obligations, net of current portion                          | -                                  | -                            | -                             | 1,652,901                      | -                             | -                                     | -                    | -                                       | -                       | -                   |
| Net pension liability  | -                                  | -                            | 10,351                        | -                              | 167,071                       | -                                     | -                    | 13,022                                  | -                       | -                   |
| Net OPEB liability   | -                                  | -                            | -                             | 895,262                        | 41,731                        | -                                     | -                    | 4,257                                   | 69,374                  | 42,287              |
| Total noncurrent liabilities   | -                                  | -                            | 14,620                        | 6,398,623                      | 479,648                       | -                                     | -                    | 27,955                                  | 211,631                 | 149,884             |
| Total liabilities  | 8,152                              | 7,924                        | 295,787                       | 10,294,296                     | 2,393,822                     | 90                                    | 3,294,689            | 98,345                                  | 3,962,160               | 930,730             |
| <b>Deferred inflows of resources:</b>                                  |                                    |                              |                               |                                |                               |                                       |                      |   |                         |                     |
| Pension items  | -                                  | -                            | -                             | 167,466                        | -                             | -                                     | -                    | -                                       | 13,189                  | 7,769               |
| OPEB items   | -                                  | -                            | -                             | 1,615,282                      | -                             | -                                     | -                    | -                                       | 98,676                  | 96,900              |
| Total deferred inflows of resources                                    | -                                  | -                            | -                             | 1,782,748                      | -                             | -                                     | -                    | -                                       | 111,865                 | 104,669             |
| <b>Net position:</b>   |                                    |                              |                               |                                |                               |                                       |                      |   |                         |                     |
| Net investment in capital assets                                       | 622,860                            | -                            | -                             | 15,093,470                     | -                             | 5,333,062                             | 28,436,776           | -                                       | 37,829,703              | 249,944             |
| Restricted   | -                                  | -                            | -                             | 9,864,495                      | 2,969,360                     | -                                     | -                    | -                                       | 13,044,840              | 1,295,817           |
| Unrestricted   | 7,153                              | 617,466                      | -                             | 10,907,085                     | 1,079,424                     | 76,719,412                            | 142,996,116          | 41,108                                  | 251,644,887             | (220,959)           |
| Total net position   | \$ 630,013                         | \$ 617,466                   | \$ -                          | \$ 35,865,050                  | \$ 4,048,784                  | \$ 82,052,474                         | \$ 171,432,892       | \$ 41,108                               | \$ 302,519,430          | \$ 1,324,802        |

(Continued)

(1) Component units were audited by other auditors.

(2) As of December 31, 2023

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Net Position by Programs (Continued)  
June 30, 2024

|   | Non-Federal<br>Pooled<br>Funds | HARA       | Internal<br>Service<br>Programs | Blended<br>Component<br>Units (1)(2) | Elimination/<br>Reclassification | Total         |
|---|--------------------------------|------------|---------------------------------|--------------------------------------|----------------------------------|---------------|
| <b>Assets:</b>  |                                |            |                                 |                                      |                                  |               |
| Current assets:   |                                |            |                                 |                                      |                                  |               |
| Unrestricted cash and cash equivalents                            | \$ 1,074,218                   | \$ 769,069 | \$ 1,849,585                    | \$ 41,072,638                        | \$ -                             | \$ 94,003,573 |
| Unrestricted short term investments                               | 1,586,087                      | 21,790,239 | -                               | -                                    | -                                | 26,838,009    |
| Accounts receivable:  |                                |            |                                 |                                      |                                  |               |
| Tenants   | -                              | -          | -                               | 255,458                              | -                                | 255,458       |
| HUD   | -                              | -          | -                               | -                                    | -                                | 117,510,877   |
| Others  | 82,744                         | 3,247      | 45,992                          | 559,731                              | -                                | 892,277       |
| Interest receivable   | 9,673                          | 85,712     | -                               | -                                    | -                                | 105,154       |
| Due from other programs   | -                              | 3,260,000  | 250,164                         | -                                    | (9,015,775)                      | -             |
| Due from component units and related parties                      | -                              | -          | -                               | 1,030,684                            | (14,356)                         | 1,080,718     |
| Prepaid expenses  | -                              | 200        | 362,247                         | 440,025                              | (676,527)                        | 1,611,857     |
| Restricted cash and cash equivalents                              | -                              | 4,005      | -                               | 14,922,006                           | -                                | 31,500,538    |
| Restricted cash in FSS escrow                                     | -                              | -          | -                               | -                                    | -                                | 3,801,539     |
| Restricted short term investments                                 | -                              | 298,735    | -                               | -                                    | -                                | 298,735       |
| Total current assets  | 2,752,722                      | 26,211,207 | 2,507,988                       | 58,280,542                           | (9,706,658)                      | 277,898,735   |
| Noncurrent assets:  |                                |            |                                 |                                      |                                  |               |
| Long term investments   | -                              | 24,568,304 | -                               | -                                    | -                                | 46,687,475    |
| Restricted long term investments                                  | -                              | -          | -                               | -                                    | -                                | 2,403,016     |
| Long-term receivables from non-related parties                    | -                              | -          | -                               | 262,994                              | -                                | 11,428,051    |
| Long-term receivables from component units<br>and related parties | 1,446,966                      | -          | -                               | 29,072,970                           | (99,249,125)                     | 206,140,329   |
| Net pension asset   | -                              | -          | -                               | -                                    | (190,444)                        | 9,416,861     |
| Equity interest in affiliated limited partnerships                | -                              | -          | -                               | 4,765,139                            | -                                | 4,765,139     |
| Other assets  | -                              | -          | -                               | -                                    | (1,275,934)                      | -             |
| Capital assets:   |                                |            |                                 |                                      |                                  |               |
| Nondepreciable  | -                              | 1,911,536  | -                               | 72,884,115                           | -                                | 150,475,025   |
| Depreciable   | -                              | 3,190,786  | 22,099                          | 73,840,987                           | -                                | 92,323,931    |
| Total capital assets  | -                              | 5,102,322  | 22,099                          | 146,725,102                          | -                                | 242,798,956   |
| Total noncurrent assets   | 1,446,966                      | 29,670,626 | 22,099                          | 180,826,205                          | (100,715,503)                    | 523,639,827   |
| Total assets  | 4,199,688                      | 55,881,833 | 2,530,087                       | 239,106,747                          | (110,422,161)                    | 801,538,562   |
| <b>Deferred outflows of resources:</b>                            |                                |            |                                 |                                      |                                  |               |
| Pension items   | -                              | -          | -                               | -                                    | -                                | 8,774,806     |
| Other post employment benefits (OPEB) items                       | -                              | -          | -                               | -                                    | -                                | 2,800,122     |
| Total deferred outflows of resources                              | -                              | -          | -                               | -                                    | -                                | 11,574,928    |



**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Net Position by Programs (Continued)  
June 30, 2024

|  | Non-Federal<br>Pooled<br>Funds | HARA          | Internal<br>Service<br>Programs | Blended<br>Component<br>Units (1)(2) | Elimination/<br>Reclassification | Total          |
|--|--------------------------------|---------------|---------------------------------|--------------------------------------|----------------------------------|----------------|
| <b>Liabilities:</b>  |                                |               |                                 |                                      |                                  |                |
| Current liabilities:   |                                |               |                                 |                                      |                                  |                |
| Accounts payable   | -                              | 6,657         | 577,024                         | 2,241,148                            | -                                | 4,528,182      |
| Accrued wages and benefits   | -                              | -             | 134,645                         | -                                    | -                                | 418,418        |
| Accrued interest payable   | -                              | -             | -                               | 934,776                              | -                                | 1,640,590      |
| Intergovernmental payable  | -                              | -             | -                               | -                                    | -                                | 103,698        |
| Due to other programs  | -                              | 829,592       | 1,021,493                       | -                                    | (9,015,775)                      | -              |
| Due to component units and related parties                             | -                              | -             | -                               | 4,320,435                            | (881,736)                        | 3,438,699      |
| Other accrued liabilities  | -                              | -             | -                               | 14,910                               | -                                | 21,645         |
| Tenant security deposits   | -                              | -             | -                               | 926,763                              | -                                | 937,163        |
| Unearned revenue   | -                              | 1,735,154     | -                               | 68,250                               | (676,527)                        | 2,726,147      |
| Current portion of accrued vacation and sick leave                     | -                              | -             | 49,705                          | -                                    | -                                | 138,912        |
| Current portion of FSS escrow  | -                              | -             | -                               | -                                    | -                                | 605,977        |
| Current portion of long-term obligations                               | -                              | -             | -                               | 3,009,632                            | -                                | 4,740,349      |
| Total current liabilities  | -                              | 2,571,403     | 1,782,867                       | 11,515,914                           | (10,574,038)                     | 19,299,780     |
| Noncurrent liabilities:  |                                |               |                                 |                                      |                                  |                |
| FSS escrow   | -                              | -             | -                               | -                                    | -                                | 3,195,563      |
| Accrued vacation and sick leave, net of current portion                | -                              | -             | 686,781                         | -                                    | -                                | 1,877,323      |
| Payable to component units and related parties, net of current portion | -                              | -             | -                               | 98,461,612                           | (98,381,745)                     | 79,867         |
| Other obligations, net of current portion                              | -                              | 1,275,934     | -                               | -                                    | (1,275,934)                      | -              |
| Long-term interest payable   | -                              | -             | -                               | 7,889,301                            | -                                | 7,889,301      |
| Long-term obligations, net of current portion                          | -                              | -             | -                               | 95,428,232                           | -                                | 97,081,133     |
| Net pension liability  | -                              | -             | -                               | -                                    | (190,444)                        | -              |
| Net OPEB liability   | -                              | -             | -                               | -                                    | -                                | 1,052,911      |
| Total noncurrent liabilities   | -                              | 1,275,934     | 686,781                         | 201,779,145                          | (99,848,123)                     | 111,176,098    |
| Total liabilities  | -                              | 3,847,337     | 2,469,648                       | 213,295,059                          | (110,422,161)                    | 130,475,878    |
| Deferred inflows of resources:   |                                |               |                                 |                                      |                                  |                |
| Pension items  | -                              | -             | -                               | -                                    | -                                | 188,424        |
| OPEB items   | -                              | -             | -                               | -                                    | -                                | 1,810,858      |
| Total deferred inflows of resources                                    | -                              | -             | -                               | -                                    | -                                | 1,999,282      |
| Net position:  |                                |               |                                 |                                      |                                  |                |
| Net investment in capital assets                                       | -                              | 5,102,322     | 22,099                          | 48,287,238                           | -                                | 140,977,474    |
| Restricted   | -                              | 302,740       | -                               | 13,995,243                           | (190,444)                        | 41,282,051     |
| Unrestricted   | 4,199,688                      | 46,629,434    | 38,340                          | (36,470,793)                         | 190,444                          | 498,378,805    |
| Total net position   | \$ 4,199,688                   | \$ 52,034,496 | \$ 60,439                       | \$ 25,811,688                        | \$ -                             | \$ 680,638,330 |

(1) Component units were audited by other auditors.

(2) As of December 31, 2023

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Revenues, Expenses and Changes in Net Position by Programs  
For the Year Ended June 30, 2024

|  | Conventional<br>Housing<br>Program | Public<br>Housing<br>Capital | Family<br>Self<br>Sufficiency | Section 8<br>Rental<br>Voucher | Special<br>Purpose<br>Voucher | Public Housing<br>Proceeds<br>Program | Moving<br>To<br>Work | Section 8<br>Moderate<br>Rehabilitation | Development<br>Services | Asset<br>Management |
|--|------------------------------------|------------------------------|-------------------------------|--------------------------------|-------------------------------|---------------------------------------|----------------------|---|-------------------------|---------------------|
| Operating revenues:  |                                    |                              |                               |                                |                               |                                       |                      |   |                         |                     |
| Rental income  | \$ 25,752                          | \$ -                         | \$ -                          | \$ -                           | \$ -                          | \$ -                                  | \$ -                 | \$ -                                    | \$ 7,853                | \$ -                |
| Service fees   | -                                  | -                            | -                             | -                              | 265,877                       | -                                     | -                    | -                                       | -                       | -                   |
| HUD housing assistance payments earned                     | -                                  | -                            | -                             | -                              | 60,329,479                    | -                                     | 478,009,031          | 1,494,204                               | -                       | -                   |
| HUD administrative fees                                    | -                                  | -                            | -                             | -                              | 4,194,506                     | -                                     | 26,377,689           | 109,832                                 | -                       | -                   |
| FSS coordinator fees                                       | -                                  | -                            | 564,330                       | -                              | -                             | -                                     | -                    | -                                       | -                       | -                   |
| Operating subsidy  | -                                  | -                            | -                             | -                              | -                             | -                                     | 18,620               | -                                       | -                       | -                   |
| Developer fee  | -                                  | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | 1,664,907               | -                   |
| Asset management fee                                       | -                                  | -                            | -                             | -                              | -                             | 159,486                               | -                    | -                                       | -                       | 455,140             |
| Other operating revenues                                   | 600                                | -                            | -                             | 76,734                         | -                             | -                                     | 100,761              | -                                       | 173,588                 | 201,645             |
| Total operating revenues                                   | 26,352                             | -                            | 564,330                       | 76,734                         | 64,789,862                    | 159,486                               | 504,506,101          | 1,604,036                               | 1,846,348               | 656,785             |
| Operating expenses:  |                                    |                              |                               |                                |                               |                                       |                      |   |                         |                     |
| Wages and benefits   | 3,891                              | -                            | -                             | 8,059,987                      | 2,587,066                     | -                                     | -                    | 169,874                                 | 2,298,242               | 1,066,592           |
| Pension and OPEB expense                                   | -                                  | -                            | -                             | 5,130,725                      | -                             | -                                     | -                    | -                                       | 340,535                 | 506,205             |
| Administrative   | 1,103                              | -                            | -                             | 203,707                        | 218,843                       | 14                                    | -                    | 6,535                                   | 191,358                 | 139,567             |
| Tenant services  | 2,832                              | -                            | 553,979                       | 224,751                        | 265,877                       | -                                     | -                    | -                                       | -                       | -                   |
| Utilities  | 3,383                              | -                            | -                             | -                              | -                             | -                                     | 9,514                | -                                       | 70,084                  | 8,972               |
| Maintenance and operations                                 | 22,025                             | -                            | -                             | -                              | -                             | -                                     | 39,382               | -                                       | 356,914                 | 44,828              |
| General  | 8,399                              | -                            | -                             | 202,837                        | 36,613                        | -                                     | 71                   | 388                                     | 537,859                 | 18,175              |
| Indirect allocation  | -                                  | -                            | -                             | 8,260,612                      | 1,214,456                     | -                                     | -                    | 30,034                                  | 1,024,700               | 624,598             |
| Depreciation and amortization                              | 31,217                             | -                            | -                             | 1,140,716                      | -                             | -                                     | -                    | -                                       | 157,202                 | 934                 |
| Housing assistance payments                                | -                                  | -                            | -                             | 400,429,103                    | 60,486,550                    | -                                     | 1,350,100            | 1,494,204                               | -                       | -                   |
| Other  | 1,477                              | -                            | -                             | 1,409,795                      | 82,508                        | 327,060                               | -                    | 1,625                                   | 119,937                 | 13,262              |
| Total operating expenses                                   | 74,327                             | -                            | 553,979                       | 425,062,233                    | 64,891,913                    | 327,074                               | 1,399,067            | 1,702,660                               | 5,096,831               | 2,423,133           |
| Operating income (loss)                                    | (47,975)                           | -                            | 10,351                        | (424,985,499)                  | (102,051)                     | (167,588)                             | 503,107,034          | (98,624)                                | (3,250,483)             | (1,766,348)         |
| Nonoperating revenues (expenses):                          |                                    |                              |                               |                                |                               |                                       |                      |   |                         |                     |
| Gain (loss) on disposal of capital assets                  | -                                  | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | (5,909,501)             | -                   |
| Investment income  | -                                  | -                            | -                             | 123,239                        | 495                           | 2,475,718                             | 256,715              | -                                       | 3,338,702               | 6,376               |
| Interest expense   | -                                  | -                            | -                             | (130,826)                      | -                             | -                                     | -                    | -                                       | -                       | -                   |
| Other nonoperating revenues                                | -                                  | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | -                       | -                   |
| Total nonoperating revenues (expenses)                     | -                                  | -                            | -                             | (7,587)                        | 495                           | 2,475,718                             | 256,715              | -                                       | (2,570,799)             | 6,376               |
| Income (loss) before transfers                             | (47,975)                           | -                            | 10,351                        | (424,993,086)                  | (101,556)                     | 2,308,130                             | 503,363,749          | (98,624)                                | (5,821,282)             | (1,759,972)         |
| Capital contributions - grants                             | -                                  | -                            | -                             | -                              | -                             | -                                     | 617,466              | -                                       | -                       | -                   |
| Capital distributions                                      | -                                  | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | -                       | -                   |
| Transfers in   | 18,620                             | 617,466                      | -                             | 424,484,022                    | 70,928                        | -                                     | 1,068,371            | -                                       | 290,787,360             | 1,470,000           |
| Transfers out  | -                                  | (6,476,723)                  | (10,351)                      | (59,669)                       | (113,292)                     | -                                     | (710,003,386)        | (15,052)                                | (4,008,702)             | -                   |
| Change in net position                                     | (29,355)                           | (5,859,257)                  | -                             | (568,733)                      | (143,920)                     | 2,308,130                             | (204,953,800)        | (113,676)                               | 280,957,376             | (289,972)           |
| Net position, beginning of year,<br>as previously reported | 659,368                            | 6,476,723                    | -                             | 36,433,783                     | 4,192,704                     | 79,744,344                            | 376,386,692          | 154,784                                 | 21,562,054              | 1,614,774           |
| Change in reporting entity                                 | -                                  | -                            | -                             | -                              | -                             | -                                     | -                    | -                                       | -                       | -                   |
| Net position, beginning of year, as restated               | 659,368                            | 6,476,723                    | -                             | 36,433,783                     | 4,192,704                     | 79,744,344                            | 376,386,692          | 154,784                                 | 21,562,054              | 1,614,774           |
| Net position, end of year                                  | \$ 630,013                         | \$ 617,466                   | \$ -                          | \$ 35,865,050                  | \$ 4,048,784                  | \$ 82,052,474                         | \$ 171,432,892       | \$ 41,108                               | \$ 302,519,430          | \$ 1,324,802        |

(Continued)

- (1) Component units were audited by other auditors.  
(2) For the year ended December 31, 2023

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Revenues, Expenses and Changes in Net Position by Programs (Continued)  
For the Year Ended June 30, 2024

|  | Non-Federal<br>Pooled<br>Funds | HARA          | Internal<br>Service<br>Programs | Blended<br>Component<br>Units (1)(2) | Elimination/<br>Reclassification | Total          |
|--|--------------------------------|---------------|---------------------------------|--------------------------------------|----------------------------------|----------------|
| Operating revenues:  |                                |               |                                 |                                      |                                  |                |
| Rental income  | \$ -                           | \$ 614,630    | \$ -                            | \$ 23,259,893                        | \$ (614,630)                     | \$ 23,293,498  |
| Service fees   | -                              | -             | 11,154,400                      | 329,409                              | (11,154,400)                     | 595,286        |
| HUD housing assistance payments earned                     | -                              | -             | -                               | -                                    | -                                | 539,832,714    |
| HUD administrative fees                                    | -                              | -             | -                               | -                                    | -                                | 30,682,027     |
| FSS coordinator fees                                       | -                              | -             | -                               | -                                    | -                                | 564,330        |
| Operating subsidy  | -                              | -             | -                               | -                                    | -                                | 18,620         |
| Developer fee  | -                              | -             | -                               | -                                    | -                                | 1,664,907      |
| Asset management fee                                       | -                              | -             | -                               | 212,530                              | -                                | 827,156        |
| Other operating revenues                                   | -                              | 38,820        | 6,105                           | 970,106                              | -                                | 1,568,359      |
| Total operating revenues                                   | -                              | 653,450       | 11,160,505                      | 24,771,938                           | (11,769,030)                     | 599,046,897    |
| Operating expenses:  |                                |               |                                 |                                      |                                  |                |
| Wages and benefits   | -                              | -             | 7,201,493                       | 1,793,725                            | -                                | 23,180,870     |
| Pension and OPEB expense                                   | -                              | -             | -                               | -                                    | -                                | 5,977,465      |
| Administrative   | -                              | 26,593        | 2,467,448                       | 792,445                              | (614,630)                        | 3,432,983      |
| Tenant services  | -                              | -             | -                               | 682,543                              | -                                | 1,729,982      |
| Utilities  | -                              | -             | 215,714                         | 2,139,322                            | -                                | 2,446,989      |
| Maintenance and operations                                 | -                              | 1,200         | 658,215                         | 5,328,986                            | -                                | 6,451,550      |
| General  | -                              | (92)          | 188,954                         | 977,917                              | -                                | 1,971,121      |
| Indirect allocation  | -                              | -             | -                               | -                                    | (11,154,400)                     | -              |
| Depreciation and amortization                              | -                              | 385,280       | 51,006                          | 5,194,813                            | -                                | 6,961,168      |
| Housing assistance payments                                | -                              | -             | -                               | -                                    | -                                | 463,759,957    |
| Other  | 330                            | 207,062       | 583,734                         | 2,765,402                            | -                                | 5,512,192      |
| Total operating expenses                                   | 330                            | 620,043       | 11,366,564                      | 19,675,153                           | (11,769,030)                     | 521,424,277    |
| Operating income (loss)                                    | (330)                          | 33,407        | (206,059)                       | 5,096,785                            | -                                | 77,622,620     |
| Nonoperating revenues (expenses):                          |                                |               |                                 |                                      |                                  |                |
| Gain (loss) on disposal of capital assets                  | -                              | 1,387         | 31,500                          | (299,473)                            | -                                | (6,176,087)    |
| Investment income  | 99,876                         | 2,199,631     | -                               | 1,262,386                            | -                                | 9,763,138      |
| Interest expense   | -                              | -             | -                               | (5,076,768)                          | -                                | (5,207,594)    |
| Other nonoperating revenues                                | 793,244                        | -             | -                               | -                                    | -                                | 793,244        |
| Total nonoperating revenues (expenses)                     | 893,120                        | 2,201,018     | 31,500                          | (4,113,855)                          | -                                | (827,299)      |
| Income (loss) before transfers                             | 892,790                        | 2,234,425     | (174,559)                       | 982,930                              | -                                | 76,795,321     |
| Capital contributions - grants                             | -                              | -             | -                               | -                                    | -                                | 617,466        |
| Capital distributions                                      | -                              | -             | -                               | (230,002)                            | -                                | (230,002)      |
| Transfers in   | -                              | 3,000,000     | 168,907                         | -                                    | (721,685,674)                    | -              |
| Transfers out  | -                              | (998,499)     | -                               | -                                    | 721,685,674                      | -              |
| Change in net position                                     | 892,790                        | 4,235,926     | (5,652)                         | 752,928                              | -                                | 77,182,785     |
| Net position, beginning of year,<br>as previously reported | 3,306,898                      | 47,798,570    | 66,091                          | 25,057,222                           | -                                | 603,454,007    |
| Change in reporting entity                                 | -                              | -             | -                               | 1,538                                | -                                | 1,538          |
| Net position, beginning of year, as restated               | 3,306,898                      | 47,798,570    | 66,091                          | 25,058,760                           | -                                | 603,455,545    |
| Net position, end of year                                  | \$ 4,199,688                   | \$ 52,034,496 | \$ 60,439                       | \$ 25,811,688                        | \$ -                             | \$ 680,638,330 |

(1) Component units were audited by other auditors.

(2) For the year ended December 31, 2023

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Net Position - Blended Component Units  
December 31, 2023

|  | AE<br>Associates, Ltd.<br>(1) | Alvarado<br>Park LP<br>(2) | Avenida<br>España<br>HDC, Inc.<br>(1) | Bascom<br>HACSC<br>Associates<br>(1) | Blossom<br>River<br>Associates LP<br>(1) | Bracher<br>HDC, Inc.<br>(1) | DeRose<br>HDC, Inc.<br>(1) | HACSC/Choices<br>Family<br>Associates<br>(1) | HACSC/Choices<br>Senior<br>Associates<br>(1) | Hawthorn<br>Senior<br>Apartments LP<br>(3) | Helzer<br>Associates LP<br>(1) | Klamath<br>Associates LP<br>(1) |
|--|-------------------------------|----------------------------|---------------------------------------|--------------------------------------|--|-----------------------------|----------------------------|--|--|--|--------------------------------|---------------------------------|
| <b>Assets:</b>   |                               |                            |                                       |                                      |  |                             |                            |  |  |  |                                |                                 |
| Current assets:  |                               |                            |                                       |                                      |  |                             |                            |  |  |  |                                |                                 |
| Unrestricted cash and cash equivalents                                 | \$ 35,829                     | \$ -                       | \$ 2,586,417                          | \$ 921,502                           | \$ 627,157                               | \$ 158,486                  | \$ 2,063,066               | \$ 497,425                                   | \$ 118,439                                   | \$ 15,485,654                              | \$ 1,216,656                   | \$ 219,599                      |
| Accounts receivable:   |                               |                            |                                       |                                      |  |                             |                            |  |  |  |                                |                                 |
| Tenants  | -                             | -                          | -                                     | -                                    | 14,427                                   | -                           | -                          | 20,541                                       | 2,541  | -  | 40,380                         | 3,813                           |
| Others   | 43,008                        | -                          | -                                     | 1,383                                | 72,013                                   | -                           | -                          | 10,654                                       | 2,718  | -  | -                              | 5,569                           |
| Due from component units and related parties                           | -                             | -                          | 300,856                               | -                                    | -  | 15,000                      | 40,000                     | -  | -  | -  | -                              | -                               |
| Prepaid expenses   | 44,626                        | -                          | -                                     | 29,899                               | 39,630                                   | -                           | -                          | 41,436                                       | 24,858                                       | -  | 66,935                         | 8,162                           |
| Restricted cash and cash equivalents                                   | 392,273                       | -                          | -                                     | 1,644,971                            | 3,284,571                                | -                           | -                          | 2,603,634                                    | 2,086,843                                    | -  | 1,649,368                      | 57,418                          |
| Total current assets   | 515,736                       | -                          | 2,887,273                             | 2,597,755                            | 4,037,798                                | 173,486                     | 2,103,066                  | 3,173,690                                    | 2,235,399                                    | 15,485,654                                 | 2,973,339                      | 294,561                         |
| Noncurrent assets:   |                               |                            |                                       |                                      |  |                             |                            |  |  |  |                                |                                 |
| Long-term receivables from non-related parties and related parties     | -                             | -                          | -                                     | -                                    | -  | -                           | -                          | -  | -  | -  | -                              | -                               |
| Equity interest in affiliated limited partnerships                     | -                             | -                          | 6,667,941                             | -                                    | -  | (1,824,325)                 | (3,290,408)                | -  | -  | -  | -                              | -                               |
| Capital assets:  |                               |                            |                                       |                                      |  |                             |                            |  |  |  |                                |                                 |
| Nondepreciable   | 572,324                       | -                          | -                                     | 4,049,218                            | 5,870,629                                | -                           | -                          | 3,818,724                                    | 2,612,715                                    | 2,930,964                                  | 2,690,280                      | 717,242                         |
| Depreciable  | 1,850,691                     | -                          | -                                     | 7,517,116                            | 2,679,749                                | -                           | -                          | 8,078,631                                    | 6,096,715                                    | -  | 11,282,014                     | 1,011,608                       |
| Total capital assets   | 2,423,015                     | -                          | -                                     | 11,566,334                           | 8,550,378                                | -                           | -                          | 11,897,355                                   | 8,709,430                                    | 2,930,964                                  | 13,972,294                     | 1,728,850                       |
| Total noncurrent assets  | 2,423,015                     | -                          | 6,667,941                             | 11,566,334                           | 8,550,378                                | (1,732,368)                 | (3,290,408)                | 11,897,355                                   | 8,709,430                                    | 2,930,964                                  | 13,972,294                     | 1,728,850                       |
| Total assets   | 2,938,751                     | -                          | 9,555,214                             | 14,164,089                           | 12,588,176                               | (1,558,882)                 | (1,187,342)                | 15,071,045                                   | 10,944,829                                   | 18,416,618                                 | 16,945,633                     | 2,023,411                       |
| <b>Liabilities:</b>  |                               |                            |                                       |                                      |  |                             |                            |  |  |  |                                |                                 |
| Current liabilities:   |                               |                            |                                       |                                      |  |                             |                            |  |  |  |                                |                                 |
| Accounts payable   | 150,120                       | -                          | 11,400                                | 54,796                               | 77,100                                   | 8,900                       | 12,500                     | 90,194                                       | 53,446                                       | 52,360                                     | 203,640                        | 243,940                         |
| Accrued interest payable   | -                             | -                          | -                                     | 140,579                              | 207,892                                  | -                           | -                          | 306,575                                      | 122,722                                      | -  | 90,201                         | -                               |
| Due to component units and related parties                             | 27,624                        | -                          | -                                     | 798,814                              | 524,200                                  | -                           | 10,000                     | 39,881                                       | 819  | -  | 519,630                        | 888                             |
| Other accrued liabilities  | -                             | -                          | -                                     | 13                                   | -  | -                           | -                          | -  | 1,068  | -  | 375                            | -                               |
| Tenant security deposits   | 46,938                        | -                          | -                                     | 104,273                              | 152,384                                  | -                           | -                          | 88,522                                       | 70,810                                       | -  | 179,265                        | 13,278                          |
| Unearned revenue   | 535                           | -                          | -                                     | 1,810                                | 10,394                                   | -                           | -                          | 417  | 381  | -  | 5,686                          | 13                              |
| Current portion of long-term obligations                               | 1,047,860                     | -                          | -                                     | 135,000                              | 320,000                                  | -                           | -                          | 311,446                                      | 145,000                                      | -  | 360,000                        | 49,489                          |
| Total current liabilities  | 1,273,077                     | -                          | 11,400                                | 1,235,285                            | 1,291,970                                | 8,900                       | 22,500                     | 837,035                                      | 394,246                                      | 52,360                                     | 1,358,797                      | 307,608                         |
| Noncurrent liabilities:  |                               |                            |                                       |                                      |  |                             |                            |  |  |  |                                |                                 |
| Payable to component units and related parties, net of current portion | 15,000                        | -                          | 12,330,000                            | 7,366,575                            | 8,507,934                                | -                           | -                          | -  | 97,014                                       | 18,365,091                                 | 8,189,963                      | 504,475                         |
| Long-term interest payable   | 2,897,098                     | -                          | -                                     | -                                    | -  | -                           | -                          | 501,949                                      | 2,261,856                                    | -  | -                              | 960,474                         |
| Long-term obligations, net of current portion                          | 3,280,326                     | -                          | -                                     | 4,420,000                            | 9,123,783                                | -                           | -                          | 13,783,190                                   | 9,964,909                                    | -  | 12,396,067                     | 808,193                         |
| Total noncurrent liabilities   | 6,192,424                     | -                          | 12,330,000                            | 11,786,575                           | 17,631,717                               | -                           | -                          | 14,285,139                                   | 12,323,779                                   | 18,365,091                                 | 20,586,030                     | 2,273,142                       |
| Total liabilities  | 7,465,501                     | -                          | 12,341,400                            | 13,021,860                           | 18,923,687                               | 8,900                       | 22,500                     | 15,122,174                                   | 12,718,025                                   | 18,417,451                                 | 21,944,827                     | 2,580,750                       |
| <b>Net position:</b>   |                               |                            |                                       |                                      |  |                             |                            |  |  |  |                                |                                 |
| Net investment in capital assets                                       | (1,905,171)                   | -                          | -                                     | 7,011,334                            | (893,405)                                | -                           | -                          | (2,197,281)                                  | (1,400,479)                                  | 2,930,964                                  | 1,216,227                      | 871,168                         |
| Restricted   | 345,335                       | -                          | -                                     | 1,540,698                            | 3,132,187                                | -                           | -                          | 2,515,112                                    | 2,016,033                                    | -  | 1,470,103                      | 44,140                          |
| Unrestricted   | (2,966,914)                   | -                          | (2,786,186)                           | (7,409,803)                          | (8,574,293)                              | (1,567,782)                 | (1,209,842)                | (368,960)                                    | (2,388,750)                                  | (2,931,797)                                | (7,685,524)                    | (1,472,647)                     |
| Total net position   | \$ (4,526,750)                | \$ -                       | \$ (2,786,186)                        | \$ 1,142,229                         | \$ (6,335,511)                           | \$ (1,567,782)              | \$ (1,209,842)             | \$ (51,129)                                  | \$ (1,773,196)                               | \$ (833)                                   | \$ (4,999,194)                 | \$ (557,339)                    |

(Continued)

- (1) Component unit was audited by other auditors.  
(2) Component unit was audited by other auditors as a subsidiary of the Villa Garcia, Inc.  
(3) Component unit was audited by other auditors as a subsidiary of the DeRose HDC, Inc.

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Net Position - Blended Component Units (Continued)  
December 31, 2023

|  | North First Gish<br>Holding LLC<br>(2) | Pinmore<br>HDC, Inc.<br>(1) | Poco Way<br>HDC, Inc.<br>(1) | Rincon<br>Gardens<br>Associates, L.P.<br>(1) | Rotary Plaza/<br>HACSC<br>HDC, Inc.<br>(1) | Sage Family<br>Apartments LP<br>(3) | San Pedro<br>Gardens<br>Associates, Ltd.<br>(1) | S.P.G.<br>Housing, Inc.<br>(1) | Trillium<br>Senior<br>Apartments LP<br>(3) | Villa<br>Garcia Inc.<br>(1) | Villa<br>San Pedro<br>HDC, Inc.<br>(1) | Elimination/<br>Reclassification | Total                |
|--|--|-----------------------------|------------------------------|--|--|-------------------------------------|---|--------------------------------|--|-----------------------------|--|----------------------------------|----------------------|
| <b>Assets:</b>   |  |                             |                              |  |  |                                     |   |                                |  |                             |  |                                  |                      |
| <b>Current assets:</b>   |  |                             |                              |  |  |                                     |   |                                |  |                             |  |                                  |                      |
| Unrestricted cash and cash equivalents                                 | \$ 8,140                               | \$ 1,777,003                | \$ 1,937,948                 | \$ 3,036,672                                 | \$ 1,887,815                               | \$ 1,499,281                        | \$ 817,704                                      | \$ 336,194                     | \$ 1,000,000                               | \$ 4,611,512                | \$ 230,139                             | \$ -                             | \$ 41,072,638        |
| Accounts receivable:   |  |                             |                              |  |  |                                     |   |                                |  |                             |  |                                  |                      |
| Tenants  | -                                      | -                           | 99,775                       | 804  | 16,696                                     | -                                   | -   | 56,481                         | -  | -                           | -                                      | -                                | 255,458              |
| Others   | 392,054                                | -                           | -                            | 2,113  | 18,975                                     | -                                   | -   | 11,244                         | -  | -                           | -                                      | -                                | 559,731              |
| Due from component units and related parties                           | -                                      | 76,319                      | 127,226                      | -  | 10,000                                     | -                                   | -   | 40,000                         | -  | 687,583                     | -                                      | (266,300)                        | 1,030,684            |
| Prepaid expenses   | -                                      | -                           | 1,659                        | 99,806                                       | 29,943                                     | -                                   | 8,752   | 44,319                         | -  | -                           | -                                      | -                                | 440,025              |
| Restricted cash and cash equivalents                                   | -                                      | -                           | 32,797                       | 2,430,170                                    | 261,833                                    | -                                   | 205,120   | 273,008                        | -  | -                           | -                                      | -                                | 14,922,006           |
| Total current assets   | <u>400,194</u>                         | <u>1,853,322</u>            | <u>2,199,405</u>             | <u>5,569,565</u>                             | <u>2,225,262</u>                           | <u>1,499,281</u>                    | <u>1,031,576</u>                                | <u>761,246</u>                 | <u>1,000,000</u>                           | <u>5,299,095</u>            | <u>230,139</u>                         | <u>(266,300)</u>                 | <u>58,280,542</u>    |
| <b>Noncurrent assets:</b>  |  |                             |                              |  |  |                                     |   |                                |  |                             |  |                                  |                      |
| Long-term receivables from non-related parties and related parties     | -                                      | -                           | 262,994                      | -  | -  | -                                   | -   | -                              | -  | -                           | -                                      | -                                | 262,994              |
| Equity interest in affiliated limited partnerships                     | -                                      | 184,749                     | 11,812,224                   | -  | -  | -                                   | -   | 137,287                        | -  | 4,416,057                   | 12,646,916                             | (216,220)                        | 29,072,970           |
| Capital assets:  |  | (4,800,058)                 | -                            | -  | 5,252,756                                  | -                                   | -   | 1,924,568                      | -  | (314,443)                   | 1,149,108                              | -                                | 4,765,139            |
| Nondepreciable   | 178,575                                | -                           | 47,582,354                   | 27,821                                       | -  | 1,084,104                           | 315,478   | -                              | 433,687                                    | -                           | -                                      | -                                | 72,884,115           |
| Depreciable  | -                                      | -                           | 795,478                      | 27,422,746                                   | 2,667,843                                  | -                                   | 537,233   | 3,901,163                      | -  | -                           | -                                      | -                                | 73,840,987           |
| Total capital assets   | <u>178,575</u>                         | <u>-</u>                    | <u>48,377,832</u>            | <u>27,450,567</u>                            | <u>2,667,843</u>                           | <u>1,084,104</u>                    | <u>852,711</u>                                  | <u>3,901,163</u>               | <u>433,687</u>                             | <u>-</u>                    | <u>-</u>                               | <u>-</u>                         | <u>146,725,102</u>   |
| Total noncurrent assets  | <u>178,575</u>                         | <u>(4,615,309)</u>          | <u>60,453,050</u>            | <u>27,450,567</u>                            | <u>7,920,599</u>                           | <u>1,084,104</u>                    | <u>852,711</u>                                  | <u>5,963,018</u>               | <u>433,687</u>                             | <u>4,101,614</u>            | <u>13,796,024</u>                      | <u>(216,220)</u>                 | <u>180,826,205</u>   |
| Total assets   | <u>578,769</u>                         | <u>(2,761,987)</u>          | <u>62,652,455</u>            | <u>33,020,132</u>                            | <u>10,145,861</u>                          | <u>2,583,385</u>                    | <u>1,884,287</u>                                | <u>6,724,264</u>               | <u>1,433,687</u>                           | <u>9,400,709</u>            | <u>14,026,163</u>                      | <u>(482,520)</u>                 | <u>239,106,747</u>   |
| <b>Liabilities:</b>  |  |                             |                              |  |  |                                     |   |                                |  |                             |  |                                  |                      |
| <b>Current liabilities:</b>  |  |                             |                              |  |  |                                     |   |                                |  |                             |  |                                  |                      |
| Accounts payable   | 333,678                                | 11,700                      | 170,755                      | 103,974                                      | 119,489                                    | 410,909                             | 16,746  | 97,885                         | 1,216                                      | 6,800                       | 9,600                                  | -                                | 2,241,148            |
| Accrued interest payable   | -                                      | -                           | -                            | 44,781                                       | 2,206                                      | -                                   | 19,820  | -                              | -  | -                           | -                                      | -                                | 934,776              |
| Due to component units and related parties                             | -                                      | -                           | 485                          | 2,353,971                                    | 133,269                                    | -                                   | 48,656  | 113,498                        | -  | -                           | -                                      | (251,300)                        | 4,320,435            |
| Other accrued liabilities  | -                                      | -                           | 13,425                       | 29   | -  | -                                   | -   | -                              | -  | -                           | -                                      | -                                | 14,910               |
| Tenant security deposits   | -                                      | -                           | 32,680                       | 79,000                                       | 75,515                                     | -                                   | 8,205   | 75,893                         | -  | -                           | -                                      | -                                | 926,763              |
| Unearned revenue   | -                                      | -                           | 2,014                        | 1,004  | 24,915                                     | -                                   | -   | 21,081                         | -  | -                           | -                                      | -                                | 68,250               |
| Current portion of long-term debt                                      | -                                      | -                           | -                            | 383,206                                      | 191,134                                    | -                                   | -   | 66,497                         | -  | -                           | -                                      | -                                | 3,009,632            |
| Total current liabilities  | <u>333,678</u>                         | <u>11,700</u>               | <u>219,359</u>               | <u>2,965,965</u>                             | <u>546,528</u>                             | <u>410,909</u>                      | <u>93,427</u>                                   | <u>374,854</u>                 | <u>1,216</u>                               | <u>6,800</u>                | <u>9,600</u>                           | <u>(251,300)</u>                 | <u>11,515,914</u>    |
| <b>Noncurrent liabilities:</b>   |  |                             |                              |  |  |                                     |   |                                |  |                             |  |                                  |                      |
| Payable to component units and related parties, net of current portion | 268,756                                | -                           | 21,574,324                   | 11,618,382                                   | 2,592,199                                  | 2,173,045                           | 1,011,877                                       | 1,501,717                      | 1,432,471                                  | -                           | 1,144,009                              | (231,220)                        | 98,461,612           |
| Long-term interest payable   | -                                      | -                           | 112,027                      | -  | 117,390                                    | -                                   | 1,038,507                                       | -                              | -  | -                           | -                                      | -                                | 7,889,301            |
| Long-term obligations, net of current portion                          | -                                      | -                           | 29,000,000                   | 9,542,737                                    | 90,665                                     | -                                   | 1,489,500                                       | 1,528,862                      | -  | -                           | -                                      | -                                | 95,428,232           |
| Total noncurrent liabilities   | <u>268,756</u>                         | <u>-</u>                    | <u>50,686,351</u>            | <u>21,161,119</u>                            | <u>2,800,254</u>                           | <u>2,173,045</u>                    | <u>3,539,884</u>                                | <u>3,030,579</u>               | <u>1,432,471</u>                           | <u>-</u>                    | <u>1,144,009</u>                       | <u>(231,220)</u>                 | <u>201,779,145</u>   |
| Total liabilities  | <u>602,434</u>                         | <u>11,700</u>               | <u>50,905,710</u>            | <u>24,127,084</u>                            | <u>3,346,782</u>                           | <u>2,583,954</u>                    | <u>3,633,311</u>                                | <u>3,405,433</u>               | <u>1,433,687</u>                           | <u>6,800</u>                | <u>1,153,609</u>                       | <u>(482,520)</u>                 | <u>213,295,059</u>   |
| <b>Net position:</b>   |  |                             |                              |  |  |                                     |   |                                |  |                             |  |                                  |                      |
| Net investment in capital assets                                       | 178,575                                | -                           | 19,377,832                   | 17,524,624                                   | 2,386,044                                  | 1,084,104                           | (636,789)                                       | 2,305,804                      | 433,687                                    | -                           | -                                      | -                                | 48,287,238           |
| Restricted   | -                                      | -                           | 117                          | 2,351,170                                    | 186,318                                    | -                                   | 196,915   | 197,115                        | -  | -                           | -                                      | -                                | 13,995,243           |
| Unrestricted   | (202,240)                              | (2,773,687)                 | (7,631,204)                  | (10,982,746)                                 | 4,226,717                                  | (1,084,673)                         | (1,309,150)                                     | 815,912                        | (433,687)                                  | 9,393,909                   | 12,872,554                             | -                                | (36,470,793)         |
| Total net position   | <u>\$ (23,665)</u>                     | <u>\$ (2,773,687)</u>       | <u>\$ 11,746,745</u>         | <u>\$ 8,893,048</u>                          | <u>\$ 6,799,079</u>                        | <u>\$ (569)</u>                     | <u>\$ (1,749,024)</u>                           | <u>\$ 3,318,831</u>            | <u>\$ -</u>                                | <u>\$ 9,393,909</u>         | <u>\$ 12,872,554</u>                   | <u>\$ -</u>                      | <u>\$ 25,811,688</u> |

- (1) Component unit was audited by other auditors.  
(2) Component unit was audited by other auditors as a subsidiary of the Villa Garcia, Inc.  
(3) Component unit was audited by other auditors as a subsidiary of the DeRose HDC, Inc.

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Blended Component Units  
For the Year Ended December 31, 2023

|  | AE<br>Associates, Ltd.<br>(1) | Alvarado<br>Park LP<br>(2) | Avenida<br>España<br>HDC, Inc.<br>(1) | Bascom<br>HACSC<br>Associates<br>(1) | Blossom<br>River<br>Associates LP<br>(1) | Bracher<br>HDC, Inc.<br>(1) | DeRose<br>HDC, Inc.<br>(1) | HACSC/Choices<br>Family<br>Associates<br>(1) | HACSC/Choices<br>Senior<br>Associates<br>(1) | Hawthorn<br>Senior<br>Apartments LP<br>(1) | Helzer<br>Associates LP<br>(1) | Klamath<br>Associates LP<br>(1) |
|--|-------------------------------|----------------------------|---------------------------------------|--------------------------------------|--|-----------------------------|----------------------------|--|--|--|--------------------------------|---------------------------------|
| Operating revenues:  |                               |                            |                                       |                                      |  |                             |                            |  |  |  |                                |                                 |
| Rental income  | \$ 856,804                    | \$ -                       | \$ -                                  | \$ 2,078,854                         | \$ 2,900,480                             | \$ -                        | \$ -                       | \$ 2,126,465                                 | \$ 1,319,503                                 | \$ -                                       | \$ 3,628,118                   | \$ 367,853                      |
| Service fees   | -                             | -                          | 154,934                               | -                                    | -  | 30,000                      | 30,000                     | -  | -  | -  | -                              | -                               |
| Asset management fee                                       | -                             | -                          | 145,922                               | -                                    | -  | 6,608                       | 10,000                     | -  | -  | -  | -                              | -                               |
| Other operating revenues                                   | 8,596                         | -                          | 327,060                               | 12,355                               | 42,050                                   | (313,283)                   | 267,186                    | 34,677                                       | 8,606  | -  | 11,665                         | 4,242                           |
| Total operating revenues                                   | 865,400                       | -                          | 627,916                               | 2,091,209                            | 2,942,530                                | (276,675)                   | 307,186                    | 2,161,142                                    | 1,328,109                                    | -  | 3,639,783                      | 372,095                         |
| Operating expenses:  |                               |                            |                                       |                                      |  |                             |                            |  |  |  |                                |                                 |
| Wages and benefits   | 123,047                       | -                          | -                                     | 116,352                              | 215,250                                  | -                           | -                          | 116,936                                      | 115,307                                      | -  | 246,852                        | 45,385                          |
| Administrative   | 46,708                        | -                          | 11,400                                | 34,182                               | 93,511                                   | 9,273                       | 16,050                     | 32,442                                       | 60,124                                       | 205  | 108,475                        | 26,336                          |
| Tenant services  | 42,442                        | -                          | -                                     | 54,703                               | 43,272                                   | -                           | -                          | 43,389                                       | 42,364                                       | -  | 45,753                         | 12,160                          |
| Utilities  | 154,432                       | -                          | -                                     | 164,998                              | 202,518                                  | -                           | -                          | 148,947                                      | 143,958                                      | -  | 290,816                        | 58,718                          |
| Maintenance and operations                                 | 407,009                       | -                          | -                                     | 282,129                              | 590,633                                  | -                           | -                          | 434,031                                      | 369,663                                      | -  | 776,940                        | 183,545                         |
| General  | 76,633                        | -                          | 100                                   | 70,845                               | 95,216                                   | 45                          | 2,600                      | 80,323                                       | 58,182                                       | -  | 155,292                        | 15,566                          |
| Depreciation and amortization                              | 258,546                       | -                          | -                                     | 411,765                              | 796,072                                  | -                           | -                          | 500,378                                      | 357,233                                      | -  | 706,164                        | 60,886                          |
| Other  | 66,087                        | -                          | 459,594                               | 145,281                              | 169,915                                  | -                           | 10,000                     | 137,738                                      | 109,827                                      | -  | 215,024                        | 25,631                          |
| Total operating expenses                                   | 1,174,904                     | -                          | 471,094                               | 1,280,255                            | 2,206,387                                | 9,318                       | 28,650                     | 1,494,184                                    | 1,256,658                                    | 205  | 2,545,316                      | 428,227                         |
| Operating income (loss)                                    | (309,504)                     | -                          | 156,822                               | 810,954                              | 736,143                                  | (285,993)                   | 278,536                    | 666,958                                      | 71,451                                       | (205)                                      | 1,094,467                      | (56,132)                        |
| Nonoperating revenues (expenses):                          |                               |                            |                                       |                                      |  |                             |                            |  |  |  |                                |                                 |
| Loss on disposal of capital assets                         | -                             | -                          | -                                     | -                                    | (11,108)                                 | -                           | -                          | (29,718)                                     | (19,765)                                     | -  | (90,597)                       | (29,219)                        |
| Investment income  | 187                           | -                          | 5,417                                 | 44,573                               | 113,569                                  | -                           | -                          | 126,053                                      | 97,906                                       | -  | 80,396                         | 103                             |
| Interest expense   | (98,732)                      | -                          | -                                     | (447,094)                            | (802,084)                                | -                           | -                          | (606,407)                                    | (413,027)                                    | -  | (1,019,623)                    | (62,850)                        |
| Total nonoperating revenues (expenses)                     | (98,545)                      | -                          | 5,417                                 | (402,521)                            | (699,623)                                | -                           | -                          | (510,072)                                    | (334,886)                                    | -  | (1,029,824)                    | (91,966)                        |
| Income (loss) before capital contribution                  | (408,049)                     | -                          | 162,239                               | 408,433                              | 36,520                                   | (285,993)                   | 278,536                    | 156,886                                      | (263,435)                                    | (205)                                      | 64,643                         | (148,098)                       |
| Capital distributions                                      | -                             | -                          | -                                     | -                                    | -  | -                           | -                          | (195,946)                                    | -  | -  | -                              | -                               |
| Change in net position                                     | (408,049)                     | -                          | 162,239                               | 408,433                              | 36,520                                   | (285,993)                   | 278,536                    | (39,060)                                     | (263,435)                                    | (205)                                      | 64,643                         | (148,098)                       |
| Net position, beginning of year,<br>as previously reported | (4,118,701)                   | (1,538)                    | (2,948,425)                           | 733,796                              | (6,372,031)                              | (1,281,789)                 | (1,488,378)                | (12,069)                                     | (1,509,761)                                  | (628)                                      | (5,063,837)                    | (409,241)                       |
| Change in reporting entity                                 | -                             | 1,538                      | -                                     | -                                    | -  | -                           | -                          | -  | -  | -  | -                              | -                               |
| Net position, beginning of year, as restated               | (4,118,701)                   | -                          | (2,948,425)                           | 733,796                              | (6,372,031)                              | (1,281,789)                 | (1,488,378)                | (12,069)                                     | (1,509,761)                                  | (628)                                      | (5,063,837)                    | (409,241)                       |
| Net position, end of year                                  | \$ (4,526,750)                | \$ -                       | \$ (2,786,186)                        | \$ 1,142,229                         | \$ (6,335,511)                           | \$ (1,567,782)              | \$ (1,209,842)             | \$ (51,129)                                  | \$ (1,773,196)                               | \$ (833)                                   | \$ (4,999,194)                 | \$ (557,339)                    |

(Continued)

- (1) Component unit was audited by other auditors.  
(2) Component unit was audited by other auditors as a subsidiary of the Villa Garcia, Inc.  
(3) Component unit was audited by other auditors as a subsidiary of the DeRose HDC, Inc.

**SANTA CLARA COUNTY HOUSING AUTHORITY**  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Revenues, Expenses and Changes in Net Position (Continued)  
Blended Component Units  
For the Year Ended December 31, 2023

|  | North First Gish<br>Holding LLC<br>(2) | Pinmore<br>HDC, Inc.<br>(1) | Poco Way<br>HDC, Inc.<br>(1) | Rincon<br>Gardens<br>Associates, L.P.<br>(1) | Rotary Plaza/<br>HACSC<br>HDC, Inc.<br>(1) | Sage Family<br>Apartments LP<br>(3) | San Pedro<br>Gardens<br>Associates, Ltd.<br>(1) | S.P.G.<br>Housing, Inc.<br>(1) | Trillium<br>Senior<br>Apartments LP<br>(3) | Villa<br>Garcia Inc.<br>(1) | Villa<br>San Pedro<br>HDC, Inc.<br>(1) | Elimination/<br>Reclassification | Total         |
|--|--|-----------------------------|------------------------------|--|--|-------------------------------------|---|--------------------------------|--|-----------------------------|--|----------------------------------|---------------|
| Operating revenues:  |  |                             |                              |  |  |                                     |   |                                |  |                             |  |                                  |               |
| Rental income  | \$ -                                   | \$ -                        | \$ 800,965                   | \$ 6,335,653                                 | \$ 1,425,495                               | \$ -                                | \$ 318,910                                      | \$ 1,100,793                   | \$ -                                       | \$ -                        | \$ -                                   | \$ -                             | \$ 23,259,893 |
| Service fees   | -                                      | 91,318                      | -                            | -  | -  | -                                   | -   | 7,500                          | -  | -                           | 15,657                                 | -                                | 329,409       |
| Asset management fee                                       | -                                      | -                           | -                            | -  | 10,000                                     | -                                   | -   | 40,000                         | -  | -                           | -                                      | -                                | 212,530       |
| Other operating revenues                                   | 339,980                                | (31,442)                    | 159,751                      | 17,814                                       | 52,883                                     | -                                   | 455   | 26,451                         | -  | 1,040                       | 20                                     | -                                | 970,106       |
| Total operating revenues                                   | 339,980                                | 59,876                      | 960,716                      | 6,353,467                                    | 1,488,378                                  | -                                   | 319,365   | 1,174,744                      | -  | 1,040                       | 15,677                                 | -                                | 24,771,938    |
| Operating expenses:  |  |                             |                              |  |  |                                     |   |                                |  |                             |  |                                  |               |
| Wages and benefits   | -                                      | -                           | 187,568                      | 285,571                                      | 151,229                                    | -                                   | 47,311  | 142,917                        | -  | -                           | -                                      | -                                | 1,793,725     |
| Administrative   | 328                                    | 12,600                      | 67,967                       | 80,362                                       | 87,408                                     | 569                                 | 20,705  | 63,474                         | -  | 10,400                      | 9,926                                  | -                                | 792,445       |
| Tenant services  | 183,758                                | -                           | 1,362                        | 107,760                                      | 46,319                                     | -                                   | 18,969  | 40,292                         | -  | -                           | -                                      | -                                | 682,543       |
| Utilities  | 2,091                                  | -                           | 211,833                      | 446,420                                      | 193,026                                    | -                                   | 2,680   | 118,885                        | -  | -                           | -                                      | -                                | 2,139,322     |
| Maintenance and operations                                 | 20,254                                 | -                           | 415,773                      | 716,069                                      | 422,062                                    | -                                   | 94,851  | 616,027                        | -  | -                           | -                                      | -                                | 5,328,986     |
| General  | 991                                    | 890                         | 122,836                      | 97,614                                       | 79,507                                     | -                                   | 42,780  | 74,797                         | -  | 3,580                       | 120                                    | -                                | 977,917       |
| Depreciation and amortization                              | -                                      | -                           | 278,752                      | 1,198,544                                    | 311,853                                    | -                                   | 76,214  | 238,406                        | -  | -                           | -                                      | -                                | 5,194,813     |
| Other  | 156,223                                | -                           | 87,893                       | 533,535                                      | 92,036                                     | -                                   | 17,770  | 222,566                        | -  | 316,176                     | 106                                    | -                                | 2,765,402     |
| Total operating expenses                                   | 363,645                                | 13,490                      | 1,373,984                    | 3,465,875                                    | 1,383,440                                  | 569                                 | 321,280   | 1,517,364                      | -  | 330,156                     | 10,152                                 | -                                | 19,675,153    |
| Operating income (loss)                                    | (23,665)                               | 46,386                      | (413,268)                    | 2,887,592                                    | 104,938                                    | (569)                               | (1,915)   | (342,620)                      | -  | (329,116)                   | 5,525                                  | -                                | 5,096,785     |
| Nonoperating revenues (expenses):                          |  |                             |                              |  |  |                                     |   |                                |  |                             |  |                                  |               |
| Loss on disposal of capital assets                         | -                                      | -                           | (4,011)                      | (80,599)                                     | -  | -                                   | -   | (34,456)                       | -  | -                           | -                                      | -                                | (299,473)     |
| Investment income  | -                                      | -                           | 275,868                      | 2,300  | 1,186                                      | -                                   | 472   | (13,358)                       | -  | 124,966                     | 402,748                                | -                                | 1,262,386     |
| Interest expense   | -                                      | -                           | (116,352)                    | (1,309,394)                                  | (82,265)                                   | -                                   | (67,374)  | (9,001)                        | -  | -                           | (42,565)                               | -                                | (5,076,768)   |
| Total nonoperating revenues (expenses)                     | -                                      | -                           | 155,505                      | (1,387,693)                                  | (81,079)                                   | -                                   | (66,902)  | (56,815)                       | -  | 124,966                     | 360,183                                | -                                | (4,113,855)   |
| Income (loss) before capital contribution                  | (23,665)                               | 46,386                      | (257,763)                    | 1,499,899                                    | 23,859                                     | (569)                               | (68,817)  | (399,435)                      | -  | (204,150)                   | 365,708                                | -                                | 982,930       |
| Capital distributions                                      | -                                      | -                           | -                            | (34,056)                                     | -  | -                                   | -   | -                              | -  | -                           | -                                      | -                                | (230,002)     |
| Change in net position                                     | (23,665)                               | 46,386                      | (257,763)                    | 1,465,843                                    | 23,859                                     | (569)                               | (68,817)  | (399,435)                      | -  | (204,150)                   | 365,708                                | -                                | 752,928       |
| Net position, beginning of year,<br>as previously reported | -                                      | (2,820,073)                 | 12,004,508                   | 7,427,205                                    | 6,775,220                                  | -                                   | (1,680,207)                                     | 3,718,266                      | -  | 9,598,059                   | 12,506,846                             | -                                | 25,057,222    |
| Change in reporting entity                                 | -                                      | -                           | -                            | -  | -  | -                                   | -   | -                              | -  | -                           | -                                      | -                                | 1,538         |
| Net position, beginning of year, as restated               | -                                      | (2,820,073)                 | 12,004,508                   | 7,427,205                                    | 6,775,220                                  | -                                   | (1,680,207)                                     | 3,718,266                      | -  | 9,598,059                   | 12,506,846                             | -                                | 25,058,760    |
| Net position, end of year                                  | \$ (23,665)                            | \$ (2,773,687)              | \$ 11,746,745                | \$ 8,893,048                                 | \$ 6,799,079                               | \$ (569)                            | \$ (1,749,024)                                  | \$ 3,318,831                   | \$ -                                       | \$ 9,393,909                | \$ 12,872,554                          | \$ -                             | \$ 25,811,688 |

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(2) Component unit was audited by other auditors as a subsidiary of the Villa Garcia, Inc.

(3) Component unit was audited by other auditors as a subsidiary of the DeRose HDC, Inc.

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