

LOCATION: Pursuant to Executive Orders N-60-20 and N-08-21 executed by the Governor of California, and subsequently Assembly Bill 361, enacted in response to the state of emergency relating to novel coronavirus disease 2019 (COVID-19) and enabling teleconferencing accommodations by suspending or waiving specified provisions in the Ralph M. Brown Act (Government Code § 54950 et seq.), Commissioners and members of the public may participate in this meeting by teleconference.

Join Zoom Meeting:

<https://zoom.us/j/98057177103?pwd=TXljeW5UMVMYTS8rcS81Y0hiUjNOUT09>

Meeting ID: 980 5717 7103

Passcode: 975423

Dial in by phone: 253-215-8782

LOCATION: Via teleconference

TIME: 12:00 P.M.

12:00 PM

REGULAR MEETING

487 Leff Street

CALL TO ORDER: Chairman Jay Beck

ROLL CALL: Commissioners Beck, Boyer, Crotser, Gillett, Odenthal, Souza, Steinberg

PUBLIC COMMENT PERIOD FOR ITEMS NOT ON THE AGENDA (not to exceed 15 minutes total)

The Board welcomes your input. You may address the Board by completing a speaker slip and giving it to the staff clerk prior to the meeting. At this time, you may address the Board on items that are not on the agenda. Time limit is three minutes. State law does not allow the Board to discuss or take action on issues not on the agenda, except that members of the Board or staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights (Gov. Code Sec. 54954.2). Staff may be asked to follow up on such items.

EXECUTIVE DIRECTOR REPORT

The Executive Director's report is intended to brief the Commission on items, issues, key dates, etc., that do not require specific action, and are not "agendized" as separate items on the HASLO Commission Agenda.

CONSENT AGENDA

A member of the public or a Commissioner may request the Board to pull an item for discussion, clarification, and/or separate action. Pulled items shall be heard at the close of the Consent Agenda unless a majority of the Board chooses another time. The public may comment on any and all items on the Consent Agenda within the three-minute time limit.

All items on the Consent Agenda are adopted by one motion.

RECOMMENDED ACTION: Approve Consent Agenda Items as Presented

- C1. **MINUTES OF THE BOARD OF COMMISSIONERS REGULAR MEETING OF JULY 21, 2022,**
Approve the Minutes of the Regular Board of Commissioners Meeting of July 21, 2022.
- C2. **HASLO MONTHLY DISBURSEMENT REGISTER** (available for review at the meeting)
- C3. **HOUSING CHOICE VOUCHER (SECTION 8)**
- C4. **PROPERTY MANAGEMENT REPORTS**
- C5. **FAMILY SELF-SUFFICIENCY & RESIDENT SERVICES PROGRAM REPORT**
- C6. **CONSTRUCTION AND DEVELOPMENT REPORT**
- C7. **VIRTUAL MEETINGS: Adopt Resolution No. 17 (2022 Series) Authorizing Teleconference (Virtual) Meetings of the Board of Commissioners of the Housing Authority Of San Luis Obispo (HASLO) Pursuant to the Ralph M. Brown Act, as Authorized by Assembly Bill 361 (California Government Code Section 54953)**

DISCUSSION ITEMS

- D1. **PRESENTATION OF HASLO ANNUAL AUDIT REPORT**
John Cropper, CPA, will present HASLO’s annual audit to the Commission and be present for any questions or comments.

- D2. **CONVERSION OF RAD 175 CONSTRUCTION LOAN TO PERMANENT**
The conversion from construction phase to operational phase of the 175 formerly public housing units (RAD 175) requires a new permanent loan on the 14 scattered site properties. The original approved tax-exempt loan amount included in budget projections was \$13,793,600. We recommend that an additional amount of \$1,606,494 be approved. SLO Non-Profit Housing Corp (through RAD 175 LP) would be the borrower, and HASLO the guarantor. The purpose of this additional amount is to offset a reduced equity contribution by National Equity Fund (NEF). The reduced equity is due to a longer construction period, attributed to the COVID pandemic, including labor shortages and illness. Financially the properties are able to support the new amount due to operating expenses also running lower than original projections. This additional loan amount would be structured as a separate “taxable” loan, but at the same interest rate and terms as the tax-exempt loan. NEF and Pacific Western Bank have both approved the new amount. A win-win all around. Staff report attached.

RECOMMENDED ACTION: Adopt Resolution No. 18 (2022 Series) Approving the Conversion of RAD 175 Construction Loan to Permanent

- D3. **BRIDGE STREET – HOUSING TRUST FUND LOAN**
Staff recommends approval of a pre-construction loan from the Housing Trust Fund in an amount not to exceed \$2.5 million at 4.25% simple interest rate and 48-month term. There is no other debt on the property. These funds would repay a portion of HASLO cash used for the initial purchase. Staff report attached.

RECOMMENDED ACTION: Adopt Resolution No. 19 (2022 Series) Approving a Corporate Borrowing Resolution for Bridge Street

D4. RECONVEYANCE OF 147 PATRICIA, SAN LUIS OBISPO, APN 052-012-025

The Commission has previously discussed this project. The Patricia Street house was formerly a group home and is now vacant and listed for sale by San Luis Obispo Non-Profit Housing Corp. HASLO made a loan to SLONP in 1993 to assist with the purchase. The loan Promissory Note amount was \$272,769.47 at 3% simple annual interest. Additionally, HASLO recorded a Deed Restriction on the property restricting the use to low-income occupancy. HASLO will need to reconvey the Deed Restriction and accept Note repayment through the sales escrow. No purchase offer has been accepted by SLONP at this writing. This action by HASLO is preparatory. No reconveyance will occur should the home not sell and all principle and interest be repaid.

RECOMMENDED ACTION: Adopt Resolution No. 20 (2022 Series) Approving Deed Reconveyance to Remove Restriction for 147 Patricia Drive, San Luis Obispo

D5. EZ BIKES – REQUEST TO USE SPACE AT 1422 MONTEREY STREET, SLO

EZ Bikes has asked HASLO to consider their use of our vacant space at 1422 Monterey Street formerly occupied by Cambria Bicycles. The space has been vacant since November 2021. EZ Bikes is a non-profit bicycle lending organization attempting to expand from Santa Barbara to San Luis Obispo. Staff report attached.

CLOSED SESSION

Closed session, pursuant to section 54957

PUBLIC EMPLOYMENT

ADJOURNMENT

The next Regular Meeting will be held on September 15, 2022, at 12:00 p.m.

REQUIREMENTS OF THE BROWN ACT HAVE BEEN SATISFIED AS THIS NOTICE WAS POSTED AT 2:00 P.M. ON AUGUST 11, 2022, PRIOR TO THE 72-HOUR NOTICING REQUIREMENT.



HASLO wishes to make all of its public meetings accessible to the public. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Executive Director's Assistant at (805) 594-5321 at least 48 hours before the meeting, if possible.

DRAFT

MINUTES

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO

July 21, 2022

CALL TO ORDER

The Regular Meeting of the Housing Authority of the City of San Luis Obispo was called to order on Thursday, July 21, at 12:02 p.m. by Chair Jay C. Beck. Per CA Executive Orders N-60-20 and N-08-21 and Assembly Bill 361, the meeting was authorized to be held via teleconferencing and was made accessible to the public telephonically.

ROLL CALL

PRESENT: Commissioners Beck, Boyer, Crotser, Odenthal, Souza, Steinberg

ABSENT: Commissioner Gillett

STAFF: Scott Smith, Ken Litzinger, Elaine Archer, Michael Burke, Michelle Pedigo, and Vicky Culman

PUBLIC COMMENT:

None.

EXECUTIVE DIRECTOR'S REPORT:

Scott Smith, Executive Director, stated that HASLO opened the Section 8 waitlist on Tuesday, and it closes today. Elaine Archer, Director of Housing Management, is managing the process. At this time, we have received 1300 applications. Archer stated that there is an increase in the number of applications from young adults under the age of 30, married with no kids, with incomes ranging from \$20-\$40k. Additional media outreach was done through the City and County of SLO this time. The Tribune interviewed us. We will issue 250 of these general housing vouchers which have local and veteran preferences.

The Homeless Services Oversight Committee (HSOC) released its homeless point-in-time count yesterday. The count was approximately 1450 with only 20% having access to an emergency shelter bed. Staff will send a link to the report.

12:06 P.M. Commissioner Gillett now present.

CONSENT AGENDA:

- C1. MINUTES OF THE BOARD OF COMMISSIONERS REGULAR MEETINGS OF MAY 19 AND JUNE 16, 2022, AND THE SPECIAL MEETING OF JUNE 22, 2022**
- C2. HASLO MONTHLY DISBURSEMENT REGISTER (available for review at the meeting)**
- C3. HOUSING CHOICE VOUCHER (SECTION 8)**
- C4. PROPERTY MANAGEMENT REPORTS**
- C5. FAMILY SELF-SUFFICIENCY & RESIDENT SERVICES PROGRAM REPORT**

Commissioner Beck requested corrections to the minutes of June 16 under D2; He also requested corrections to the minutes of the Special Meeting of June 22; Commissioner Gillett was absent that meeting but the first vote count incorrectly shows his approval.

Commissioner Beck thanked staff for the SEMAP report and the Resident Services report that explained changes in the Family Self Sufficiency program.

ACTION TAKEN: A motion to **approve all Consent Agenda items, with the corrections as noted to the minutes of June 16 and June 22,** was made by Commissioner Gillett, seconded by Commissioner Steinberg, and approved on the following roll call vote:

AYES: Commissioners Gillett, Beck, Boyer, Crotser, Odenthal, Souza, Steinberg
NOES: None
ABSENT: None
ABSTAINED: None

DISCUSSION ITEMS

1. HASLO Employee Compensation – Discussion and consideration of Employee Compensation Payment to Help Offset Impact of Inflation.

Smith asked the Commission to consider acknowledging the cost of living increases that staff are experiencing by authorizing a one-time cost of living payment. A staff report was emailed to the Commissioners. For the past year, inflation was running at 9.1%: an increase of 10.4% for food and 41.6% for energy (gas). Smith is recommending a \$3,000 flat amount for all employees. This averages to a little over 3%. It is more modest than a number of other organizations are doing, but a significant amount to be helpful. The goal in providing the same flat amount to all employees is to assist the employees at the lower end of the wage scale as they are having a more difficult time than those at the higher end of the pay scale.

Financially, we can support this; it will not affect annual budgets; it will be paid from reserves that are healthy. Ken Litzinger, Director of Finance, stated that this is in line with bonuses we have done in past years. We are doing very well financially outpacing our budget projections. No federal funds are being used for this payment. Litzinger surveyed other Housing Authorities in California as well as the City and County of SLO in reaching this amount.

Chairman Beck asked about past cost of living adjustments and if we are considering them for the future. Smith explained that this payment is not a COLA. Litzinger stated that HASLO provided a 5% COLA in FY 2021. That was before inflation and some of the other costs. As we prepare budgets for '22 and '23, we will consider if we need to do a permanent COLA. HASLO is concerned about increases in payments for CalPERS retirement and health insurance premiums. A COLA will not be considered until we know more about these other projected costs.

ACTION TAKEN: Chairman Beck asked the Commissioners to approve a \$3,000 one-time CPI (Consumer Price Index) payment to offset inflation for HASLO staff which was approved on the following vote:

AYES: Commissioners Beck, Boyer, Crotser, Gillett, Odenthal, Souza, Steinberg
NOES: None
ABSENT: None
ABSTAINED: None

2. Development Update

Smith stated that 147 Patricia St., owned by SLONP, is being listed for sale. TMHA used it for homeless placement, and they notified us a few months back that the location was not working. The house needs a lot of work as a result of TMHA's occupancy. We have other group homes that we own and lease out. Funds from a sale would be used on other affordable housing developments. SLONP wanted two estimates of value and set a floor price of \$850k. The listing price will be \$899k. It is a 5-bedroom house.

HASLO loaned funds for this purchase so some along with interest would be repaid to HASLO. Additionally, HASLO recorded a deed restriction on its use. Therefore, HASLO will need to reconvey this deed restriction as part of title transfer to a new owner. This may be an action item at our next meeting, but it is possible we may have to hold a special meeting.

Shell Beach Senior will start construction in December. We are in discussions with investors; both Merritt Capital and NEF are interested.

On Monday night the Architectural Review Committee (ARC) of San Luis Obispo unanimously approved the design and development of 40 studio apartments at the former Maxine Lewis site. It is a very complicated site for permanent housing because of the creek and flood plain. The project must preserve the existing residence on the site. There will be an administrative hearing before the Community Development Director, Michael Codron, who strongly supports it.

Arroyo Terrace, our project at 700 Oak Park, has already been approved by the City of Arroyo Grande. On July 12 we submitted a complicated application for \$3m in funding from the Department of Housing & Community Development (HCD). The County Board of Supervisors has already committed \$2m to the project. We should know within 60 days regarding the HCD application.

On June 22, the Central Coast Water Board provided an email closing the matter regarding soil contamination from the underground tank at the Anderson Hotel. The Fire Department wants us to empty the tank, clean it, and slurry seal the interior. The tank will be left in place. A TCAC financing application was submitted on June 30. Earlier in June, a state Homekey application was submitted for a portion of the units. Both applications look quite promising preliminarily. We already have received commitments of \$2m from the County, \$1.7m from City, and \$2m in federal funding from Congressman Carbajal's Community Project Fund.

The Iron Works commercial space is now fully leased through Pacifica Commercial to the Bluebird salon. It is a 10-year lease. They are paying 100% of tenant improvement costs.

Michael Burke, Director of Construction and Development, said we are still on track for our office redevelopment. The building should be demolished by the end of the year. HASLO signed a short-term lease for temporary office space on Laurel Lane in the former Cal Trans building. That space should be ready for occupancy in December.

12:50 P.M. Chair Beck announced we were going into closed session.

12:50 P.M. The public, Ken Litzinger, Elaine Archer, Sandra Bourbon, Michael Burke, Michelle Pedigo, and Vicky Culman now absent.

CLOSED SESSION:

Closed session, pursuant to section 54957

PUBLIC EMPLOYMENT

1:30 P.M. Scott Smith now absent.

1:45 P.M. Chair Beck announced that the closed session had ended, and we were back in regular session.

During the closed session, the Commissioners established a Personnel Committee made up of Commissioners Beck, Boyer, and Souza.

There being no further business, the meeting was adjourned at 1:46 p.m.

Respectfully submitted,

Scott Smith, Secretary

Executive Summary

Housing Choice Vouchers (“Section 8”)

- Housing Choice Voucher
 - The 2022 Section 8 Waiting List reopened July 19th-21st. We selected 250 names from the waiting list out of 1,413 applications.
 - The following is the racial breakdown of all applicants broken down into those of the 250 selected, rejected, and removed:
 - Of the 250 Selected:
 - The racial identity for the waiting list is:
 - American Indian 9
 - Asian 5
 - Black 10
 - Pacific Islander 2
 - White 224
 - 32% identified as disabled
 - 34% identified as homeless
 - 25% are elderly
 - 160 female and 90 male Head of Households
 - Average Household Income= \$18,050
 - Of all applications, the gross annual income reported in
 - 30% Extremely Low Income Range: 82% of applicants
 - 50% Very Low Income Range: 16% of applicants
 - 80% Low Income Range: 2% of applicants
 - For Voucher Size, the majority of selected applicants are single person households, coming in at 159 of the 250 requiring a 1-bedroom.
 - Every Waiting List allows for preferences for SLO-County Residents and Veterans
 - 1185 out of the 1413 applicants were SLO-County Residents
 - This allots SLO-residents 2 preference points
 - We received applications from 17 other states
 - 63 applicants provided verification of Veteran Status, which allots for 1 preference point
 - To meet the needs of all potential applicants, we had our phone lines open with Housing Specialists and Assistants in-office to assist with answering calls to complete over the phone applications versus the online portal
 - We notified all partnering agencies of the opening of the Interest List and encouraged case managers to assist their clients with the application process.

- Emergency Housing Vouchers
 - We have issued 20 vouchers each month for the last few months to applicants that were put back on the waiting list at the end of 2022
 - 6 participants have leased up in each of the last two months, for a total of 12 additional vouchers being placed with landlords
- Distribution of Vouchers
 - The chart below shows the breakdown of unit type by program and breakdown of “regular vouchers” versus “special purpose vouchers”
 - For our PBV Units, we have moved the 4-bedroom unit waiting lists for SLO Villages, Madonna Road Apartments, and Oak Park 1 & 2 to be continuously open.

Vouchers, by Program Type
Trend Analysis Report
 7/31/2022

	HUD Ctrct		# of Leased Participants, by voucher size						avg HAP			%
	Maximum # Units	TOTAL Leased	Studio	1 bd	2 bd	3 bd	4 bd	5 bd	Curr Mo	Prior Mo	Change	
HCV & TPV	1,702	1,630	6	1,013	380	197	33	1	\$1,077	\$1,044	3.2%	
RAD / PBV	175	172	10	18	57	57	29	1	\$884	\$868	1.8%	
PBV	328	316	23	105	86	90	12		\$892	\$857	4.1%	
	2,205	2,118										
VASH	201	157	3	128	16	8	2		\$864	\$848	1.9%	
PBV-VASH	25	24		22	2				\$726	\$734	-1.1%	
Welcome Home	196	156		74	47	29	6		\$1,292	\$1,272	1.6%	
FUP	38	32		3	15	11	3		\$1,487	\$1,467	1.4%	
FYI	9	5		4	1				\$783	\$732	7.1%	
Mainstream	153	144	5	109	23	6	1		\$1,061	\$1,019	4.1%	
	622	518										
	2,827	2,636	47	1,476	627	398	86	2	\$955	\$955	0.0%	
<i>distribution by voucher size</i>			2%	56%	24%	15%	3%	0.1%				

- Reasonable Accommodation Requests
 - These requests are available to all participants in the voucher program and to tenants to accommodate a disability as it relates to housing
 - This year, we have fully processed 28 requests for:
 - Additional Bedroom
 - Rent from a Relative
 - Live-In Aide
 - Assistive Animals
 - Property Modifications (Handicap modification to bathrooms, etc)
 - Absence from unit for >30 days
 - Exception to the Payment Standard
 - Home Visits (Assist in completing Recertification Paperwork)
 - The RA process can be lengthy in coordination for both tenant and HASLO staff to verify nexus between request and the disability
 - Official Request forms must be submitted by the tenant/applicant
 - Verification of disability and need for an accommodation must be provided by a “Knowledgeable Professional.”

- Exploration of alternative solutions
- In some cases such as Exception to the Payment Standard and Rent from a Relative, the official request must be sent to HUD for review
 - The review from HUD can take multiple months

- HASLO Staffing
 - The Section 8 Department has experienced significant staffing changes and employees out on personal long-term leave
 - Positions needing to be filled
 - Receptionist
 - Housing Assistant
 - Housing Inspector and Landlord Liaison
 - For the Inspector position, 9 applicants were interviewed and HASLO has received acceptance of an offer. The new inspector will begin by the end of August
 - During the absence of an Inspector, all positions within Section 8 and management have assisted with inspections to ensure we maintain responsiveness and good customer service to our landlords and tenants
 - This includes initial inspections for new voucher holders or unit changes, as well as biennial inspections
 - For the Housing Assistant Position, the Section 8 department has extended offers to 6 applicants – all of which have turned the offer down
 - Reanalyzing job posting, job description, salary expectations, education requirements

SEMAP Indicators Report

As of July 31, 2022

Housing Authority: **CA064**
 Housing Authority FYE: **September 30**

 Download in Excel
  Print Page
  Back to Report

Current SEMAP Indicator Information

Most Recent SEMAP Indicator Information

Reporting Rate as of July 31, 2022

Program Type	VMS Units Leased	As of MM/YY	Port-Outs	Port-Ins	Number of 50058s Required (#)	Number of 50058s Reported (#)	Reporting Rate (%)
All Voucher Funded Assistance	2401	06/22	14	23	2410	2590	100

Indicator 9: Annual Reexaminations

Note: For Indicators 9-12 and 14, HUD mandates for SEMAP a Reporting Rate of at least 95 percent by the PHA's fiscal year end. If this threshold is not met, the PHA will receive zero points for these four indicators.

Percent of Families with reexaminations overdue (%) (Percentage includes all reexaminations more than 2 months overdue. SEMAP scores: Under 5% = 10 points; 5% - 10% = 5 points; greater than 10% = 0 points. Percentages shown as red and bold result in reduced SEMAP scores.)	0
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Number of Families in Current Database	Number of Late Reexaminations
2765	9 – reviewed all outstanding AR's for submission issues with PIC

[\[+\] Families with reexaminations overdue](#)

Indicator 10: Correct Tenant Rent Calculations

Percent of Families with incorrect rent calculation (%) (SEMAP scores zero points when more than 2 percent of the Housing Authority's tenant rent calculations are incorrect as indicated by % shown in red and bold.)	0
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Number of Families in Current Database	Number of Rent Discrepancies
1374	0

[\[+\] Families with incorrect rent calculation\(s\)](#)

Indicator 11: Precontract HQS Inspections

Percent of units that did pass HQS inspection before the beginning date of the assisted lease and HAP contract (%) (SEMAP scores zero points when fewer than 98 percent of newly leased units pass the HQS inspection before the beginning of the lease/HAP as indicated by percentages as shown in red and bold.)	100
--	-----

Number of Families in Current Database	Number of Inspections On or Before Effective Date
674	674

[\[+\] Families where HQS inspection did not pass before lease and HAP contract](#)

**Indicator 12:
Annual HQS Inspections**

Percent of units under contract where annual HQS inspection is overdue (%) (Percentage includes all HQS Inspections more than 2 months overdue. SEMAP scores: Under 5% = 10 points; 5% - 10% = 5 points; greater than 10% = 0 points. Percentages shown as red and bold result in reduced SEMAP scores.) **35**

Number of Families in Current Database	Number of Late Inspections
2184	765 – working on completing all inspections by year-end

[\[+\] Families with annual HQS inspections overdue](#)

**Indicator 13:
Lease-Up**

Note: This data is not currently available.

**Indicator 14:
Family Self-Sufficiency Enrollment**

Enrolled	Escrow Balance	Points
80% or more	30% or more	10
60%-79%	30% or more	8
80% or more	Less than 30%	5
Less than 60%	30% or more	5
60%-79%	Less than 30%	3
Less than 60%	Less than 30%	0

Percentages shown in red and bold result in reduced SEMAP scores.

Number of Mandatory Slots (#)*	Number of Families Enrolled (#)	Percent of Families Enrolled (%)	Number of Families with Progress Report and Escrow Balances (#)	Percent of Families with Progress Report and Escrow Balances (%)
0	64	0	45	78

[\[+\] Families enrolled in Voucher FSS Program](#)

[\[+\] Families completing FSS Contract](#)

* - As reported by the PHA in Indicator 14 (a) from the last SEMAP Certification and confirmed by the Field Office. This number may have decreased as families have graduated from the program. Also data may not include approved exceptions to mandatory slots.

Housing Authority of San Luis Obispo
Housing Choice Voucher Lease up and Funding Analysis
August 2022

The summary at the top of the page shows the year to date leasing activity for our “Regular” Housing Choice Voucher program. The Regular vouchers are comprised of 2,205 general vouchers, 226 Veterans vouchers, and 47 Family Unification/Foster Youth Initiative vouchers for a total of 2,478 available vouchers. In addition, HASLO administers 153 Mainstream and 196 Emergency Housing Vouchers (EHV) that HUD considers as separate stand-alone programs for tracking and funding purposes.

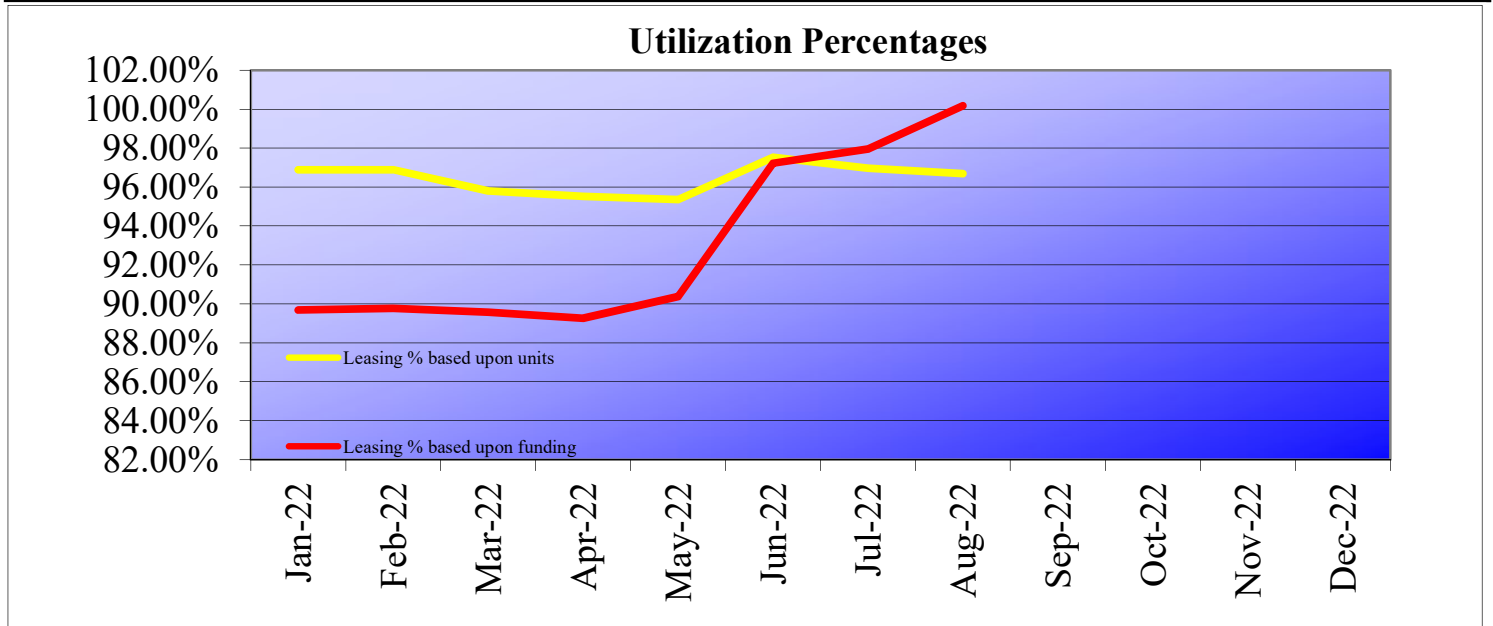
We are projecting that the Average Housing Assistance Payment (HAP) will increase materially as landlords become aware of the increases to the HASLO payment standard and request rent increases. The rental market continues to be very competitive, which is resulting in increasing market rents. We are applying for set-aside funding and are hopeful we will receive additional funding.

The Mainstream voucher program continues to have strong leasing numbers. We have recently applied for 30 more Mainstream vouchers. We did not receive any of these vouchers in the first round of awards but remain hopeful we will receive some in subsequent awards.

Reserves remain strong at around \$2.5 million, which allow us to maintain a high lease up through the remainder of the year.

Housing Authority San Luis Obispo
HCV Leasing Financial Analysis
August 2022

	Unit Months Available	Unit Months Leased	Leasing % based upon units	ABA /HAP Funding Allocation	HAP Expenses Paid	Funding Surplus / (Shortfall)	Leasing % based upon funding	Per Unit HAP
January 2022	2,476	2,399	96.89%	\$ 2,547,469	\$ 2,284,512	\$ 262,957	89.68%	\$ 952
February 2022	2,477	2,400	96.89%	\$ 2,547,469	\$ 2,287,235	\$ 260,234	89.78%	\$ 953
March 2022	2,477	2,373	95.80%	\$ 2,547,469	\$ 2,282,009	\$ 265,460	89.58%	\$ 962
April 2022	2,478	2,367	95.52%	\$ 2,547,469	\$ 2,273,893	\$ 273,576	89.26%	\$ 961
May 2022	2,478	2,363	95.36%	\$ 2,547,469	\$ 2,302,139	\$ 245,330	90.37%	\$ 974
June 2022	2,478	2,417	97.54%	\$ 2,547,469	\$ 2,476,801	\$ 70,668	97.23%	\$ 1,025
July 2022	2,478	2,403	96.97%	\$ 2,547,469	\$ 2,495,174	\$ 52,295	97.95%	\$ 1,038
August 2022	2,478	2,396	96.69%	\$ 2,547,469	\$ 2,552,170	\$ (4,701)	100.18%	\$ 1,065
September 2022								
October 2022								
November 2022								
December 2022								
YTD	19,820	19,118	96.46%	\$ 20,379,752	\$ 18,953,933	\$ 1,425,819	93.00%	\$ 991



NRA + Prog Reserve Balance (Excess HAP) as of 1/1/2022	\$ 1,030,563	YTD Voucher	YTD	
HAP Funding YTD:	\$ 20,379,752	Months	Vouchers	
HAP Expenditures YTD:	\$ 18,953,933	Available	Leased	
HAP Revenue (Fraud, FSS Forfeits) YTD:	\$ 211	Regular Vouchers	17,640	17,373 98.5%
Current Remaining NRA / Prog Reserve:	\$ 2,456,593	Veterans (VASH)	1,808	1,455 80.5%
Months in Reserves at Current Monthly Expense Levels	522.6	Family Unification	372	290 78.0%
Reserves as a Percentage of Budget Authority	8.0%	Total Vouchers	19,820	19,118 96.5%
Current Monthly Funding (a)	\$ 2,547,469			
Current Average HAP Payment (b)	\$ 1,065	Mainstream	1,224	1,166 95.3%
# of Units the Current Monthly Funding Would Support (a)/(b)	2,392	Emergency Housing	1,328	1,224 92.2%
# of Units Currently Leased	2,373			
Excess Units Leased, Current Month	(19)			
Current Year-to-Date Funding (a)	\$ 20,379,752			
Current Year-to-Date Average HAP Payment (b)	\$ 991			
# of Unit-Mos the Current Monthly Funding Supports (a)/(b)	20,556			
# of Unit-Mos Leased Year-to-Date	19,118			
Excess Unit-Mos Leased, Year-to-Date	(1,438)			

Executive Summary
Property & Asset Management

- Key Accomplishments for the Property Management team last month:
 - Vacancies / Lease-Up
 - ✓ Leases are being signed in early August for many of the vacancies, especially for the SLO55 group of properties

 - Maintenance
 - ✓ We are turning units at Paso Home Key, getting ready for the next phase of renovations for kitchen sink retrofits.

 - Property Management
 - ✓ We have resumed our annual inspections. Our findings so far indicate that tenants are not reporting damages as they occur. We are following up with meetings with the tenants to educate them about the importance of reporting

 - Supportive Housing Program
 - ✓ We are working with Corporation for Supportive Housing (CSH) under a training contract to develop our program policies & procedures for supportive housing

**Vacancy Summary
as of 7/31/22**

	<u>Vacancy Loss</u>		<u>GPR</u>	<u>Budgeted %</u>		<u>Avg Days Vacant</u>	<u>% Annual Turnover</u>	<u># of Units Turned</u>	<u>Total Units</u>	<u>% Occupied as of 07/31</u>
	<u>Current Month</u>	<u>Rolling 12 Month</u>		<u>of GPR</u>	<u>% of GPR</u>					
NOTE: All day counts include weekends										
<u>Tax Credit Properties</u> <i>(rolling 12 months)</i>										
860 on the Wye	\$0	\$1,395	\$250,620	0.97%	0.56%	80	5%	1	20	100%
Atascadero	\$424	\$7,056	\$246,031	0.88%	2.87%	75	16%	3	19	100%
Bishop Street Studios	\$81	\$5,766	\$486,660	1.78%	1.18%	45	12%	4	33	100%
Brizzolara	\$1,164	\$19,829	\$398,496	0.45%	4.98%	77	27%	8	30	97%
Carmel	\$0	\$2,859	\$260,868	0.91%	1.10%	39	16%	3	19	100%
Courtyard	\$129	\$10,373	\$577,884	2.00%	1.79%	38	20%	7	35	100%
DRT (Johnson)	\$423	\$6,740	\$562,044	0.40%	1.20%	42	15%	6	40	100%
Halcyon	\$686	\$2,052	\$261,960	2.00%	0.78%	31	10%	2	20	100%
Hidden Creek	\$1,088	\$4,589	\$1,162,920	0.40%	0.39%	24	11%	9	80	99%
Ironworks	\$49	\$13,256	\$796,982	4.54%	1.66%	44	15%	7	46	100%
RAD175/SLO Villages	\$0	\$8,743	\$2,804,988	5.00%	0.31%	29	4%	7	175	100%
Islay Hills (Ironbark)	\$1,491	\$5,623	\$292,884	0.29%	1.92%	37	25%	5	20	85%
Laurel (Marvin Gardens)	\$1,208	\$3,591	\$331,956	0.29%	1.08%	48	8%	2	24	96%
Pismo Buchon	\$0	\$3,804	\$163,992	0.29%	2.32%	76	18%	2	11	100%
Total, Tax Credit Properties	\$6,743	\$95,676	<i>Average=</i>	1.44%	1.58%	49	14%	5		98%
<u>SLONP Properties</u> <i>(rolling 12 months)</i>										
Blue Heron	\$80	\$80	\$241,848	2.94%	0.03%	11	7%	1	14	100%
Empire	\$0	\$0	\$173,400	1.00%	0.00%	-	0%	0	13	100%
Ferrell	\$0	\$0	\$187,200	2.07%	0.00%	-	0%	0	8	100%
Macadero	\$1,506	\$36,070	\$328,200	2.58%	10.99%	104	37%	7	19	89%
Margarita	\$0	\$3,267	\$345,360	2.52%	0.95%	132	0%	0	21	100%
Total, SLONP Properties	\$1,586	\$39,417	<i>Average=</i>	2.22%	2.39%	82	9%	2		98%
<u>EIHC Properties</u> <i>(rolling 12 months)</i>										
Poinsettia	\$82	\$15,596	\$448,488	3.56%	3.48%	60	20%	4	20	100%
Total, EIHC Properties	\$82	\$15,596								
<u>50059/Other Properties</u> <i>(rolling 12 months)</i>										
Anderson	\$38,986	\$279,606	\$997,563	4.00%	28.03%	260	35%	24	68	47%
Anderson Commercial	\$7,569	\$90,828	\$229,041		39.66%					
Dan Law	\$0	\$0	\$100,548	6.10%	0.00%	-	0%	0	9	100%
Parkwood	\$0	\$26,595	\$541,335	2.00%	4.91%	86	21%	7	34	100%
Total, 50059/Other Properties	\$46,555	\$397,029	<i>Average=</i>	18.15%		173	19%	10		82%
	\$54,966	\$547,718	<i>Overall Average=</i>	4.59%		161	18%	6		92%
<i>prior month</i>	<i>\$46,607</i>		<i>Prior Month Overall=</i>	4.45%		158	18%	6		92%
<i>% increase/(decrease)</i>	18%		<i>net change</i>	0.14%		3	0%	0		0%

July 9, 2022

To: HASLO Board of Commissioners
 From: Traci Walker, Resident Services Coordinator for Sandra Bourbon, Director of Resident Services
 Re: July 2022

FSS:

Continued outreach, case management and annual assessments. The below chart is as of 07-31-2022.

	Sandra	Traci	TOTAL
Active	35	29	64
New contracts added this month	0	0	0
Graduates this grant period	4	2	6
Terminated for Non-Compliance / Contract Expired / Voluntary Withdrawal within this grant period	0	5	5
Active participants who have ported out this grant period	0	0	0
Increase in Earned Income this month	351,832	246,738	598,570
Increase in Tenant Payment (TTP) this month	8,258	4,323	12,581
Total Escrow Accounts	25	18	43
New Escrow Accounts this grant period	0	7	7
Percentage of participants with an Escrow Account this month	71.43%	62.07%	67.19%
Total Escrow Account balance	202,732.70	80,100.47	282,833.17
Total interim withdrawals paid within this grant period	0	0	0
Total of Escrow Account funds paid out to FSS Graduates for this grant period	47,444.35	53,686.84	101,131.19

***FSS graduates (2022):** B. Kingsland-Medical Assistant, \$28,225.20 as 02/28/2022 (tw). C. Peters-Teacher, \$19,800.40 as of 02/28/2022 (sb). S. Waller-Office Technician, \$4,125.07 (sb), A. Perez-Bookkeeper, \$14,830.35 as of 05/31/2022(sb). A. Maghni-Banking, \$25,449.90 as of 05/31/2022 (tw). K. DiPeri-Driver/warehouse, \$8,598.53 as 05/31/2022 (sb).

***FSS terminations (2022):** A. Carveo as of 02/28/2022 forfeited \$11,142 (tw). J. Velasquez as of 02/28/2022 forfeited \$146.21 (tw). E. Delagarza as of 04/30/2022 \$0 escrow (tw). M. Valdez as of 04/30/2022 \$0 escrow (tw). M. McKenna as of 05/19/2022 forfeited voucher \$0 escrow (tw).

*HUD FSS NOFO was just announced and released, more information to come.

SERVICES:

As of the end of July, Learning Centers are currently closed due to lack of staffing, including one being on leave. We are in the process of hiring and training the newest person, who should be starting late August. This person will then be covering Courtyard at the Meadows and the South Hills Crossing Learning Centers. We continue on-site services at 860 on the Wye. Resident Services start at Willow Walk August 18th, with our first health education class presented by the Every Woman Counts (EWC) program and the Santa Barbara

County Public Health Department. Resident Services will then have scheduled hours at Willow Walk, three days a week. Food Bank distributions continue to be provided monthly at five of our senior/disabled/veteran properties. Children's Breakfast Bags, which include shelf stable breakfast and healthy snack items offered during the summer were distributed to Hidden Creek in July and will be distributed to South Hills Crossing and Courtyard at the Meadows in late August.


 **The EWC Program**

Health Education Class



Date: Thursday, August 18, 2022

Time: 11:00 AM - 12:00 PM

Location: HASLO Willow Walk Community Room
167 Mary St, Nipomo, CA 93444

Snacks & refreshments
will be provided

Breast & Cervical Cancer Haven't Stopped for COVID-19

Come learn the important message of breast & cervical cancer early detection, screening & prevention. You may qualify for free breast & cervical cancer screenings.

***Join this free class for
more information!*** 

Questions? Contact Brianna @ 805-451-6496



**Men are
welcome!**

Development Update



Date of Update		8/9/2022	
DEVELOPMENT			
PROJECT	ACTION	NOTES/GOALS	
Anderson Hotel	Feasibility	Tank closure permit issued. Stantec, Pacific Petroleum coordinating removal with City of SLO Select demolition is underway to determine structural approach	
	Delivery	Opinion of Probable Cost has been received, proforma allows for 22 million in hard costs to be spent Design/build or Design/assist, shortened feasibility period and technical difficulty does not allow for traditional design-bid-build	
	Financing	Application for HomeKey funds has been submitted, effectively will close the financial gap 2022 tax credit reservation extremely likely	
	Construction	Next phase of work to be completed by 10/2022, includes sinks, office expansion and shelter improvements	
Cleaver Site, Grover	Strategy	Partnership with PSHHC for 53 units of affordable housing	
	Entitlements	Fully Entitled, City Council approved the project on 12/13/2021	
	Financing	PSHHC will be applying for 7 mil in HOME funds. TCAC app expected to be either June of this year or March of 2023	
1422 & 1480 Monterey	Acquisition	Escrow closed on 1/11/2021	
	Strategy	Partnership with Jim Rendler, 100+ units of mixed-use housing. JB Enterprises to management the commercial tenants	
	Entitlements	Resubmitted for Completeness on 7/26/2022	
RAD Conversion	Financing	Third capital contribution received. Working on financial close out	
Toscano Site	Construction	Project broke ground on 1/10. Being managed by Hosanna Wendt, HASLO's new PM Framing and rough MEPs to continue Project is on schedule and on budget	
	Entitlements	Received Planning Commission approval on 6/10/20	
	Design Development	Plans are in plan check	
2655 Shell Beach Road	Strategy	26 units of senior housing, co-developing with Pacific Development Group	
	Financing	Project was the only one in the Central Coast region. Will be breaking ground by end of year	
	Construction	Project will be bid out by the end of the month, with bids due in October	
405 Atascadero Road	Construction	Rough grade complete, northern retaining wall has been poured and backfilled Framing and rough MEPs ongoing Have not encountered further remains at this time Delay with switchgear might delay the occupancy of the project, project is on budget	
	Strategy	40+ units of special needs housing, built around the old house	
	Entitlements	Project is in the appeal period. Director has approved the project	
736 Orcutt Road	Financing	TCAC application planned for 2023	
	Strategy	A redesign has been authorized for the project to serve either senior, special needs, or other SRO populations	
	Entitlements	Under new zoning regs, we will apply for Director Action. This aims to be a streamlined approach	
2690 Victoria	Financing	TCAC application planned for 2024	
	Strategy	63 units of large family mixed use housing	
	Entitlements	Fully approved	
700 N. Oak Park	Financing	Submitted MHP application to the State, tax credit application planned for 2023	

	279 Bridge Street		
		Strategy	94 units of large family/senior mixed use housing
		Financing	Phased TCAC applications beginning in 2023
		Permitting	Phase 1 scheduled for initial building submittal in fall
	Empire Apartments		
		Strategy	Renovate the existing 13 units and add 19 units
		Entitlements	Approved at Planning Commission on 7/20/2021
		Financing	TCAC application planned for 2025
	Macadero Apartments		
		Strategy	Renovate the existing 19 units and add 6 units
		Entitlements	Unanimously approved at Planning Commission on 9/7/2021
		Financing	TCAC application planned for 2025

RESOLUTION NO. 17 (2022 SERIES)

RESOLUTION AUTHORIZING TELECONFERENCE (VIRTUAL) MEETINGS OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF SAN LUIS OBISPO (HASLO) PURSUANT TO THE RALPH M. BROWN ACT, AS AUTHORIZED BY ASSEMBLY BILL 361 (CALIFORNIA GOVERNMENT CODE SECTION 54953)

WHEREAS, on March 4, 2020, Governor Newsom issued a Proclamation of State of Emergency in response to the COVID-19 pandemic; and

WHEREAS, the proclaimed state of emergency remains in effect; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20 that suspended the teleconferencing rules set forth in the California Open Meeting law, Government Code section 54950 et seq. (the “Brown Act”), provided certain requirements were met and followed; and

WHEREAS, on June 11, 2021, Governor Newsom issued Executive Order N-08-21 that clarified the suspension of the teleconferencing rules set forth in the Brown Act, and further provided that those provisions would remain suspended through September 30, 2021; and

WHEREAS, on September 16, 2021, Governor Newsom signed AB 361, allowing legislative bodies subject to the Brown Act to continue meeting by teleconference until January 1, 2024, if the legislative body determines that meeting in person would present imminent risks to the health or safety of attendees, and further requires that certain findings be made by the legislative body every thirty (30) days; and

WHEREAS, California Department of Public Health and the federal Centers for Disease Control and Prevention (“CDC”) caution that the Omicron variant of COVID-19, currently the dominant strain of COVID-19 in the country, is more transmissible than the original SARS-CoV-2 variant of the virus, and that even fully vaccinated individuals can be infected and may spread the virus to others resulting in rapid and alarming rates of COVID-19 cases and hospitalizations; and

WHEREAS, holding in person meetings would present imminent risks to the health or safety of attendees.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners that:

1. The proclaimed state of emergency continues to impact the ability of Commissioners, staff, and the public to meet safely in person, and meeting in person would present imminent risks to the health or safety of attendees.

2. Staff is directed to return at its next regularly scheduled meeting with an item for the Board of Commissioners to consider making the findings required by AB 361 to continue meeting under its provisions.

On motion of Commissioner _____, seconded by Commissioner _____,
and on the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

The foregoing Resolution was duly adopted and passed this 18th day of August, 2022.

JAY C. BECK, CHAIRMAN

SEAL:

ATTEST:

SCOTT SMITH, SECRETARY

CROPPER ROWE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**HOUSING AUTHORITY OF
THE CITY OF SAN LUIS OBISPO
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2021
(Including Auditors' Report Thereon)**

**HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the City of San Luis Obispo
San Luis Obispo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of San Luis Obispo, California, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the City of San Luis Obispo, California, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9, the Schedule of the Authority's Proportionate Share of the Net Pension Liability, the Schedule of the Authority's Pension Plan Contributions, and the Schedule the Authority's Changes in the Net OPEB Liability and Related Ratios on page 43 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board (GASB), 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 be required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of San Luis Obispo, California's basic financial statements. The Schedule of Expenditures of Federal Awards on page 46 required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200. *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Financial Data Schedule on pages 48 through 52 are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the Schedule of Completed Capital Fund Projects and the Financial Data Schedule are the responsibility of management and were derived and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Expenditures of Federal Awards, the Schedule of Completed Capital Fund Project, and the Financial Data Schedule are 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 June 10, 2022 on our consideration of the Housing Authority of the City of San Luis Obispo, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Housing Authority of the City of San Luis Obispo, California's internal control over financial reporting and compliance.

Cropper Rowe, LLP

CROPPER ROWE, LLP
Walnut Creek, California
June 10, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Housing Authority of the City of San Luis Obispo's annual financial report presents a discussion and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we furnished in our letter to the Board of Commissioners.

The following management discussion and analysis (MD&A) will discuss the results of the Authority's operations. Key financial information for the current fiscal year will be compared with those of the prior year.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$111,284,747 as opposed to \$93,461,980 for fiscal year 2020, an increase of \$17,822,767.
- Total assets and deferred outflows of resources at September 30, 2021 were \$139,887,983. Of this, \$49,925,126 represents current assets, \$88,738,803 represents non-current assets, and \$1,224,054 represents deferred outflows of resources. Total assets and deferred outflows of resources at September 30, 2021 increased by \$26,486,690 from the September 30, 2020 balance of \$113,401,293.
- Total liabilities and deferred inflows of resources at September 30, 2021 were \$28,603,236. Of this, \$2,075,609 represents current liabilities, \$22,545,024 represents non-current liabilities, and \$3,982,603 represents deferred inflows of resources. Total liabilities and deferred inflows of resources at September 30, 2021 increased by \$8,663,923 from the September 30, 2020 balance of \$19,939,313.
- Capital assets (net of accumulated depreciation) for the fiscal year 2021 increased by \$15,160,265 from \$12,738,407 at September 30, 2020 to \$27,898,670 at September 30, 2021. Capital assets are reflected at cost, less accumulated depreciation for all purchased capital assets.
- Net position of the Authority at September 30, 2021 was \$111,284,747. This represents an increase of \$17,822,767 from the Authority's net position of \$93,461,980 at September 30, 2020.
- The Authority's primary sources of revenue are governmental grants and rents collected from the Authority's owned units. These combined amounts totaled \$32,988,969 for fiscal year 2020, as compared to \$52,132,338 for fiscal year 2021; an increase of \$19,143,369.
- The major program expenditure, as reflected on the Combined Statement of Revenues, Expenses, and Changes in Net Position, was for housing assistance payments. There was \$27,560,048 of housing assistance payment expenses for fiscal year 2021. This represents an increase of \$3,428,808 over the \$24,131,240 of housing assistance payments for fiscal year 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which are comprised of a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows and Notes to the Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some programs are required to be established by the United States Department of Housing and Urban Development (HUD). However, the Authority also administers other programs to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other moneys. All of the funds of the Authority are classified as an enterprise housing fund as a result of GASB 34.

Enterprise funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The focus of enterprise funds is on income measurement, which together with the maintenance of equity, is an important financial indication.

The *Statement of Net Position* presents information on the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Statement of Cash Flows* presents the change in the Housing Authority's cash and cash equivalents during the most recent fiscal year.

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

Supplemental Information

The schedule of expenditures of federal awards and schedule of funding progress for OPEB as well as pension information are presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Governmental Accounting Standards Board Statements. These schedules can be found in the Required Supplemental Information section of this report.

Financial Analysis

The Authority uses funds to help it control and manage money for particular purposes. A portion of the Authority's net position reflects the investment in capital assets (e.g. land, buildings and improvements, furniture, equipment and machinery). The Authority uses these capital assets to provide services to clients; consequently, these assets are not available for future spending.

Economic Factors

The Housing Authority is primarily dependent upon HUD for the funding of operations. Therefore, the Housing Authority is affected more by the federal budget than by state or local economic conditions. Changes in HUD grants affect the number of households that can be assisted under these federally funded programs on an ongoing basis.

Budgetary Highlights

An agency-wide budget was prepared for the fiscal year ended September 30, 2021. The budget was primarily used as a management tool. Budgets are prepared in accordance with the accounting procedures prescribed by the applicable funding agency and revised during the year as appropriate. There are some slight variances and the budget comparison to actual can be found just after the statement of comparative activities.

Analysis of the Changes in Government-wide Net Position

The Authority's net position increased by \$17,822,767 during the fiscal year 2020 - 2021. The changes in the Authority's specific revenue and expense accounts are reflected in the following Comparative Statement of Net Position and the Comparative Statement of Revenues, Expenses, and Changes in Net Position.

Housing Authority of the City of San Luis Obispo
Comparative Statement of Net Position
September 30, 2021

	<u>2021</u>	<u>2020</u>	Increase (Decrease)	Percent Change
Assets and Deferred Outflows of Resources				
Current Assets	\$ 32,699,493	\$ 44,997,165	(\$12,297,672)	-27.3%
Assets held for resale	17,225,633	1,386,679	15,838,954	1,142.2%
Long-term notes receivables	60,840,133	53,130,737	7,709,396	14.5%
Capital assets, net of accumulated depreciation	27,898,670	12,738,407	15,160,263	119%
Deferred outflows of resources	<u>1,224,054</u>	<u>1,148,305</u>	<u>75,749</u>	6.6%
Total assets and deferred outflows of resources	<u>139,887,983</u>	<u>113,401,293</u>	<u>26,486,690</u>	23.4%
Liabilities and Deferred Inflows of Resources				
Current Liabilities	2,075,609	1,329,608	746,001	56.1%
Noncurrent liabilities	22,545,024	18,369,638	4,175,386	22.7%
Deferred inflows of resources	<u>3,982,603</u>	<u>240,067</u>	<u>3,742,536</u>	1,559.0%
Total liabilities and deferred inflows of resources	<u>28,603,236</u>	<u>19,939,313</u>	<u>8,663,923</u>	43.5%
Net Position				
Net investment in capital assets	27,898,670	12,738,407	15,160,263	119.0%
Restricted	750,371	928,076	-177,705	-19.1%
Unrestricted	<u>82,635,706</u>	<u>79,795,497</u>	<u>2,840,209</u>	3.6%
Total Net Position	<u>\$111,284,747</u>	<u>\$ 93,461,980</u>	<u>\$ 17,822,767</u>	19.1%

Housing Authority of the City of San Luis Obispo
Comparative Statement of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2021

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Operating Revenues				
Grants	\$ 45,449,384	\$ 28,555,711	\$ 16,893,673	59.2%
Rents	1,466,009	1,335,274	130,735	9.8%
Other	<u>5,216,945</u>	<u>3,097,984</u>	<u>2,118,961</u>	68.4%
Total operating revenues	<u>52,132,338</u>	<u>32,988,969</u>	<u>19,143,369</u>	58.0%
Operating Expenses				
Administration	5,540,088	3,193,966	2,346,122	73.5%
Utilities	180,722	157,716	23,006	14.6%
Maintenance	1,001,423	903,911	97,512	10.8%
Tenant services	367,586	236,959	130,627	55.1%
General	1,349,941	1,401,738	(51,797)	(3.7)%
Housing assistance payments	27,560,048	24,131,240	3,428,808	14.2%
Depreciation	<u>192,146</u>	<u>105,472</u>	<u>86,674</u>	82.2%
Total operating expenses	<u>36,191,954</u>	<u>30,131,002</u>	<u>6,060,952</u>	20.1%
Operating income (loss)	<u>15,940,384</u>	<u>2,857,967</u>	<u>13,082,417</u>	457.8%
Non-Operating Revenues (Expenses)				
Interest income	2,038,160	2,292,694	(254,534)	(11.1)%
Interest expense	(73,939)	(13,297)	(60,642)	456.1%
Gain (loss) on investment in partnership	3,750	-	3,750	100.0%
Pension expense	<u>(85,588)</u>	<u>(86,431)</u>	<u>843</u>	(1.0)%
Net non-operating revenue	<u>1,882,383</u>	<u>2,192,966</u>	<u>(310,583)</u>	(14.2)%
Change in net position	17,822,767	5,050,933	12,771,834	252.9%
Total net position, beginning	<u>93,461,980</u>	<u>88,411,047</u>	<u>5,050,933</u>	5.7%
Total net position, ending	<u>\$ 111,284,747</u>	<u>\$ 93,461,980</u>	<u>\$ 17,822,767</u>	19.1%

Housing Authority of the City of San Luis Obispo
Changes in Capital Assets
(Net of Accumulated Depreciation)
September 30, 2021

The following presents the changes in capital assets (net of accumulated depreciation) versus the prior fiscal year.

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Non-depreciable Assets:				
Land	\$23,377,030	\$10,542,063	\$ 12,834,967	121.8%
Construction in progress	-	-	-	0.0%
Depreciable Assets:				
Buildings and improvements (net)	4,322,840	2,102,754	2,220,086	105.6%
Equipment (net)	198,800	93,590	105,210	112.4%
Total	<u>\$27,898,670</u>	<u>\$12,738,407</u>	<u>\$ 15,160,263</u>	119.0%

For additional information pertaining to capital assets see Note 6.

The following presents the changes in long-term debt versus the prior fiscal year.

Housing Authority of the City of San Luis Obispo
Changes in Long-Term Debt
September 30, 2021

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Notes Payable	<u>\$ 4,467,836</u>	<u>\$ 482,879</u>	<u>\$ 3,984,957</u>	825.2%

For additional information pertaining to long-term debt see Note 7.

Requests for information

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Director at the Housing Authority of the City of San Luis Obispo, 487 Leff Street, San Luis Obispo, California 93401.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

<u>ASSETS</u>	<u>Enterprise Fund Housing</u>
Current Assets:	
Cash and investments (Note 3)	\$ 26,687,693
Due from other agencies	31,048
Tenant accounts receivable	58,727
Accounts receivable - other	915,207
Notes receivable - related agencies (Note 4)	37,016
Assets held for resale (Note 5)	17,225,633
Interest receivable (Note 4)	4,376,183
Prepaid expenses	578,186
Inventory	15,433
Total current assets	49,925,126
Noncurrent assets:	
Notes receivable - related agencies (Note 4)	60,522,147
Pension receivable - related agencies	317,986
Capital assets, net of accumulated depreciation of \$1,842,408 (Note 6)	27,898,670
Total non-current assets	88,738,803
Total Assets	138,663,929
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Total assets and deferred outflows of resources	1,224,054 139,887,983
 <u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	195,543
Accounts payable - other agencies	23,484
Tenant security deposits	83,171
Accrued liabilities	1,616,880
Compensated absences (Note 8)	117,408
Interest payable	8,166
Notes payable (Note 7)	30,957
Total current liabilities	2,075,609
Noncurrent liabilities:	
Compensated absences (Note 8)	93,024
Other noncurrent liabilities	13,566,164
Notes payable (Note 7)	4,436,879
OPEB payable (Note 10)	267,489
Pension liability (Note 9)	4,181,468
Total noncurrent liabilities	22,545,024
Total liabilities	24,620,633
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Total liabilities and deferred inflows of resources	3,982,603 28,603,236
 <u>NET POSITION</u>	
Net investment in capital assets	27,898,670
Restricted	750,371
Unrestricted	82,635,706
Total Net Position	\$ 111,284,747

See accompanying footnotes which are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Enterprise Fund Housing
<u>Operating Revenues</u>	
Grants	\$ 45,449,384
Rents	1,466,009
Other	5,216,945
Total operating revenues	52,132,338
 <u>Operating Expenses</u>	
Administration	5,540,088
Utilities	180,722
Maintenance	1,001,423
Tenant services	367,586
General	1,349,941
Housing assistance payments	27,560,048
Depreciation	192,146
Total operating expenses	36,191,954
 Operating income (loss)	15,940,384
 <u>Non-Operating Revenues (Expenses)</u>	
Interest income	2,038,160
Interest expense	(73,939)
Gain (loss) on partnership	3,750
Pension/OPEB expense	(85,588)
Net non-operating revenue	1,882,383
Change in net position	17,822,767
 Total net position, beginning	\$93,461,980
 Total net position, ending	\$ 111,284,747

See accompanying footnotes which are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Enterprise Fund Housing
<u>Cash flows from operating activities:</u>	
Cash received from grants	\$ 45,450,881
Cash received from rents	1,466,548
Purchase of assets held for resale	(15,838,954)
Other miscellaneous cash receipts	2,249,701
Cash payments to suppliers and vendors	(1,969,883)
Cash payments to landlords	(27,560,048)
Cash payments to employees	(1,191,635)
Net cash provided by operating activities	2,606,610
<u>Cash flows from noncapital financing activities:</u>	
Notes receivable received	(909)
Notes receivable issued	(7,795,815)
Net cash used in noncapital financing activities	(7,796,724)
<u>Cash flows from capital and related financing activities:</u>	
Interest paid on long-term debt	(65,773)
Purchase of fixed assets	(12,182,409)
Disposal of fixed assets	-
Issuance of long-term debt	2,984,043
Principal payments of long-term debt	914
Net cash used in capital and related financing activities	(9,263,225)
<u>Cash flows from investing activities:</u>	
Gain on investment in partnership	3,750
Interest received from investments	729,428
Net cash provided by investing activities	733,178
Net decrease in cash	(13,720,161)
Cash at beginning of year	40,407,854
Cash at end of year	\$ 26,687,693
<u>Reconciliation of operating income to net cash provided by operating activities:</u>	
Operating income (loss)	\$ 15,940,384
Adjustments to reconcile operating income (loss) to net cash provide by operating activities:	
Depreciation	192,146
Donated assets	(2,170,000)
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable - other agencies	1,497
Decrease (increase) in tenant accounts receivable	539
Decrease (increase) in accounts receivable - other	(797,244)
Decrease (increase) in prepaid expenses	682,055
Decrease (increase) in inventory	305
Decrease (increase) in assets held for resale	(15,838,954)
Increase (decrease) in accounts payable	129,066
Increase (decrease) in amounts due to other agencies	(17,292)
Increase (decrease) in tenant security deposits	14,229
Increase (decrease) in accrued expenses	599,417
Increase (decrease) in compensated absences	40,462
Increase (decrease) in other liabilities	1,872,985
Pension related	1,960,551
Net cash provided by operating activities	\$ 2,606,610
<u>Noncash investing, capital, and financing activities</u>	
Value of land donation - Toscano	\$ 2,170,000
Clever property acquired via financing	\$ 1,000,000

See accompanying footnotes which are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 1 - DEFINITION OF REPORTING ENTITY

The Housing Authority of the City of San Luis Obispo (the Authority) was established on August 28, 1968 by a resolution of the City of San Luis Obispo City Council. The Authority is governed by a seven member Board of Commissioners which is appointed by the San Luis Obispo, California City Council. However, the Housing Authority is not considered to be a component unit of the City or any other primary government. Two members of the Board of Commissioners are participants in programs administered by the Commission. The members of the Commission are selected to serve for either two or four year terms.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 the financial information of the Authority's operations as a whole.

For financial reporting purposes, the Authority reports all of its operations as a single business type activity in a single enterprise housing fund. Therefore, for the Authority the government-wide and fund financial statements are the same. These basic financial statements are presented in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

B. 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 liabilities are incurred, regardless of when related cash flows take place. Nonexchange transactions are those in which the Authority receives value without directly giving equal value in exchange. These transactions include revenues from federal, state, and local assistance programs. Revenues from these sources are recognized in the fiscal year in which all eligibility requirements have been met.

When the Authority incurs an expense for which both restricted and unrestricted resources may be used, it is the Authority's policy to use restricted resources first and then unrestricted resources as needed.

Proprietary funds distinguish operating revenues and expenses from nonoperating activities. 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 housing fund are grants from federal funding agencies for housing assistance payments earned, administrative and developer fees, and rental income from its owned housing units. Operating expenses include employee services and supplies, administrative expenses, management fees, utilities, housing assistance payments to landlords,

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 2 (continued)

and depreciation of its capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

Cash

For purposes of the accompanying statement of cash flows all highly liquid cash and investments with a maturity of three months or less when purchased and cash restricted by federal governmental requirements are considered cash and cash equivalents.

Cash and cash equivalents include amounts in demand deposits and savings accounts. All of the Authority's investments can be converted to cash in a relatively short amount of time. Therefore, all cash and investments and amounts of restricted are reported in the Statement of Cash Flows.

Investments

Investments are carried at fair value. Fair value is based on quoted market price, if applicable, otherwise the fair value hierarchy is as follows:

Level 1 – Values are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs, other than quoted prices, included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Certain inputs are unobservable inputs (supported by little or no market activity), such as the Authority's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Additional cash and investment disclosures are presented in Note 3. All of the Authority's investments are considered Level 1.

2. Restricted Assets

Restricted cash, cash equivalents, and investments, represent deposits that are used for replacement reserves, security deposit payable amounts to tenants and amounts that are required by grants from HUD to be used only to provide housing assistance for individuals and families that meet various income, age, and employment standards.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 2 (continued)

3. Receivables

All receivables are reported at their gross value and are reduced by an allowance for doubtful accounts if such an amount is considered applicable.

4. Inventories and prepaid assets

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items the financial statements.

5. Capital Assets

Capital assets which include land, buildings, improvements, and furniture and equipment, are reported at historical cost. Contributed capital assets are recorded at fair value at the time received. Interest expense during any development periods is capitalized.

Maintenance, minor repairs, and replacements are recorded as expenses; extraordinary replacements of property resulting in property betterments are charged to the property accounts.

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

Buildings	40 years
Improvements	15 years
Furniture and Equipment	5 to 10 years

6. Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred.

7. Taxes

The Authority is exempt from federal and state income taxes.

8. Encumbrances

Encumbrance accounting is not employed by the Authority.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 2 (continued)

9. Pensions

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

10. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	September 30, 2019
Measurement Date	September 30, 2020
Measurement Period	October 1, 2019 to September 30, 2020
Reporting Date	September 30, 2021

11. Net Position

Net position represents the differences between assets and liabilities. Net position consists of investment in capital assets, net of related debt; restricted net position; and unrestricted net position. Net position invested in capital assets, net of related debt, consists of capital assets, net of depreciation, reduced by the outstanding balances of borrowings used for the construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

12. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position includes separate sections for deferred outflows and inflows of resources. These separate sections represent a consumption or

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 2 (continued)

acquisition of net position that applies to future periods and will not be recognized as outflows (revenues) or inflows (expenses) until that time.

D. Estimates

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare the financial statements. Actual results may differ from those estimates.

E. Budgets and Budgetary Accounting

Each year the Authority's Board of Commissioners adopts an operating budget. This budget may be revised during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of the adoption of the annual budget.

F. New GASB Pronouncements

During the 2021 fiscal year the Authority adopted the following GASB Statements:

GASB Statement No. 84, *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The implementation of this Statement did not have a material affect on the financial statements of the Authority.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 2 (continued)

endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

The Authority was originally required to implement the provisions of this Statement for the fiscal year ending September 30, 2020 (effective for periods beginning after December 15, 2018) but implementation was postponed one year by GASB 95. The implementation of this pronouncement did not have a material impact on the financial statements.

Note 3 - CASH AND INVESTMENTS

A. Policies

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Authority's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the Authority's name and places the authority ahead of general creditors of the institution.

The Authority and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the Authority employs the Trust Department of a bank as the custodian of certain managed investments, regardless of their form.

The Authority's investments are carried at fair value, as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of those adjustments in income for that fiscal year.

Cash and cash equivalents are considered to be liquid assets for purposes of measuring cash flows.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether their use is restricted under the terms of Authority debt instruments or agency agreements. Cash and investments as of September 30, 2021 totaled \$26,687,693.

The \$26,687,693 of cash and investments consists of \$8,408,729 maintained on deposit in banks, \$15,697,077 in money market accounts, \$6,887 in certificates of deposit, \$250 of petty cash, and \$2,574,752 deposited in the State of California Local Agency Investment

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 3 (continued)

Fund (LAIF). Of the amounts deposited into banks, \$250,000 is covered by federal deposit insurance, and \$8,157,224 is collateralized by governmental securities with a market value of 110% of the deposit or with first trust deed mortgages with a value of 150% of the uninsured amount.

The Authority provides accounting and bookkeeping services to two affiliated non-profit organizations. Two bank accounts comingle business related funds which comprise \$6,803,115 at year end which may not be considered public funds for collateralization purposes. One account holds \$523,519 for EIHC and \$6,274,241 for SLONP. The other account holds \$5,355 for RAD 175, LP. None of the cash amounts in the preceding are included in the cash of these financial statements.

C. Investments Authorized by the California Government Code and the Authority's Investment Policy

The Authority's investment policy and the California Government Code allow the Authority to invest in the following, provided rating of the issuers are acceptable to the Authority; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the Authority's investment policy where the Authority's Investment Policy is more restrictive.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum in Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Repurchase Agreements	N/A	N/A	N/A	N/A
California Local Agency Investment Fund (LAIF)	On Demand	N/A	N/A	N/A
U.S. Treasury Bonds, Notes & Bills	N/A	N/A	N/A	N/A
U.S. Agency & U.S. Government	N/A	N/A	N/A	N/A
Bankers acceptances	270 days	N/A	40%	30%
Negotiable Certificates of Deposit	N/A	AA	30%	N/A

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 3 (continued)

D. Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustees) to market rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

<u>Investment Type</u>	<u>12 Months or Less</u>	<u>One to Five Years</u>	<u>More Than Five Years</u>	<u>Total</u>
Local Agency Investment Fund	\$ <u>2,574,752</u>	-	-	\$ <u>2,574,752</u>
Total Investments	\$ <u>2,574,752</u>	\$ -	\$ -	\$ <u>2,574,752</u>

E. Credit Risk

Generally, 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. Presented below is the actual rating as of September 30, 2021 for each Authority investment type as provided by Standard and Poor's except as noted:

<u>Investment Type</u>	
Not Rated:	
Local Agency Investment Fund	<u>\$ 2,574,752</u>

F. Concentration of Credit Risk

The Authority is required to disclose investments that represent a concentration of five percent or more of investments in any issuer, held by individual Authority Funds in the securities of issuers other than U.S. Treasury securities, mutual funds and external investment pools. At September 30, 2021 there were no investments of this type.

G. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or brokerage failure, the Authority's deposits may not be returned. As previously stated the Authority's bank deposits are either covered by FDIC insurance or are collateralized.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 4 - NOTES RECEIVABLE – RELATED AGENCIES

The Authority has issued loans totaling \$60,559,163 to related organizations. As of September 30, 2021 these loans also have accrued interest in the amount of \$4,376,183. As of September 30, 2021 the Authority had the following loans due from the related organizations:

- A loan due from Brizzolara Street Associates (a California Limited Partnership) was issued on January 1, 1998 and bears interest at 3% of the unpaid balance. The loan is to be repaid in forty years. On September 6, 2019 an additional note of \$708,465 at 4.5% was added to the \$1,554,000 prior year total. The portion is due September 6, 2024. The outstanding balance on the note as of September 30, 2021 was \$2,210,430.
- A loan due from the San Luis Obispo Non-profit Housing Corporation was issued on May 19, 1994 to be used as Transitional Housing. Principal on the loan is to be repaid as funds are available. Interest accrues on the loan at 3% per annum. The loan has no specified due date. The outstanding balance on this loan at September 30, 2021 was \$213,746.
- A loan due from the Carmel Street Associate (A California Partnership) was issued on December 1, 2000 for \$319,314. Payments of principal and interest is made on the loan are made as residual receipts are available. Interest accrues on the loan at 3% per annum until the loan is repaid. The outstanding balance on the loan at September 30, 2021 was \$164,657.
- A loan due from Halcyon Collective, L.P. (a California Limited Partnership) was issued on March 1, 2019. This note bears simple interest at 4.0% per annum on \$1,420,000, which is due and payable on the earlier of (i) 55 years from the date of issuance of certificates of occupancy for the entire Project and (ii) March 1, 2076, which is the maturity date.
- A loan due from Johnson DRT Associates (a California Limited Partnership) was issued on October 31, 2003, for the acquisition of land. This is a residual receipts loan and will be repaid in accordance with the partnership agreement. The loan bears interest at 3% simple interest and is due and payable on October 31, 2043. The outstanding balance on the note as of September 30, 2021 was \$1,550,000.

In addition to the outstanding \$1,550,000 loan on the Johnson DRT Associates land, an additional advance of \$387,000 was also due from Johnson DRT Associates. The \$387,000 advance receivable is non-interest bearing, is unsecured, and has no specified due date. This amount was used by Johnson DRT Associates to fund pre-development costs and construction advances.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 4 (continued)

- A loan due from Atascadero Senior Housing (a California Limited Partnership) was issued on April 22, 2004 for acquisition of land. This is a residual receipts loan and will be repaid in accordance with the terms of the partnership agreement. The loan bears interest at 3% simple interest per annum and is due and payable on March 31, 2044. The outstanding balance on the note as of September 30, 2021 was \$250,000.
- A loan due from Courtyard at the Meadows, L.P. (a California Limited Partnership) was issued on November 1, 2018. The note bears simple interest at the rate of 2% per annum on \$1,440,000, which is due and payable on the earlier of (i) the date which is 55 years from the date of issuance of certificates of occupancy for the entire Project and (ii) November 1, 2075, which is the maturity date.
- A loan due from South Street Family Apartments, L.P. (a California Limited Partnership) was issued on December 1, 2014 for construction of 43 units of affordable multifamily housing in San Luis Obispo, CA. The loan bears interest at 4% simple interest per annum and is due and payable on December 1, 2051. The amount drawn down and the outstanding balance on the note as of September 30, 2021 was \$1,113,773.
- \$1,000,000 loan due from People's Self Help Housing Corporation. The note is secured by a deed of trust on property located in Pismo Beach, CA. The loan is a non-interest bearing loan due and payable in full on September 20, 2066. The outstanding balance on the note as of September 30, 2021 was \$1,000,000.
- A loan due from the 860 on the Wye, L.P., (A California limited partnership). The loan bears simple interest at 4% per annum. All principal and unpaid interest are due and payable on the earlier of (1) the date which is 55 years from the date of the issuance of a certificate of occupancy (May 2017) for the project referred to as the "860 on the Wye" property located in San Luis Obispo, CA or (2) the March 1, 2073 loan maturity date. This note is not settled and has an outstanding balance of \$339,713.
- A loan due from SLO 55, L.P., (a California Limited Partnership) was issued on June 1, 2017, for acquisition of three different apartment complexes in San Luis Obispo, CA. The loan bears interest at 2.68% simple interest per annum and is due and payable on December 1, 2051. The amount drawn down and the outstanding balance on the note as of September 30, 2021 was \$3,623,549.
- A loan due from San Luis Obispo Non-profit Housing Corporation - Macadero Apartments (a California Limited Partnership) was issued on July 19, 2018, to pay off an existing loan on the development. The Principal of the note is the sum of \$1,062,382. The loan bears interest at 4.5% simple interest per annum and is due and payable on August 1st, 2023. The outstanding balance on the note as of September 30, 2021 was \$1,005,360.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 4 (continued)

- A loan due from Bishop Street Studios, LLP (a California Limited Partnership) was issued on March 1, 2018 for the construction and development of 34 units of affordable multifamily housing in San Luis Obispo, CA. The Principal of the note is \$2,626,000 and is a non interest bearing loan. The loan is due and payable on March 1, 2075. The outstanding balance on the note as of September 30, 2021 was \$2,626,000.

In addition to the outstanding \$2,626,000 loan on the Bishop Street Studios, LLP, an additional advance of \$681,536 was also due from Bishop Street Studios, LLP. The \$681,536 advance receivable is non-interest bearing, is unsecured, and has no specified due date. This amount was used Bishop Street Studios, LLP to fund pre-development costs and construction advances.

- \$300,000 loan due from San Luis Obispo Non-Profit Housing Corporation. The note is secured by a deed of trust on a property for the purchase of the Hope House. The loan bears an interest rate of 3.0% and the loan is payable in full on September 4, 2048. The outstanding balance on the note as of September 30, 2021 was \$300,000.
- A loan due from RAD 175, L.P. (a California Limited Partnership) was issued on August 1, 2019 in connection with the acquisition, rehabilitation and permanent financing of a 173 unit multifamily rental housing project. The note bears interest at 2.76% on \$30,319,316, which is due and payable in 55 years from the conversion to the permanent phase, which maturity date shall not be later than January 1, 2077.
- In addition to the outstanding \$30,319,316 loan on the RAD 175, L.P., an additional advance of \$450,000 was also due from RAD 175, L.P. The \$450,000 advance receivable is non-interest bearing, is unsecured, and has no specified due date. This amount was used by RAD 175, L.P. to fund pre-development costs and construction advances.
- A loan due from San Luis Obispo Nonprofit Housing Corporation (a California nonprofit public benefit corporation) was issued on September 6, 2019 in connection with the purchase of the limited partner interest in Brizzolara Street Associates (a California limited partnership) which owns at 30 unit affordable housing complex in the City of San Luis Obispo, California. The note bears simple interest at 4.5% on \$657,010, which is due and payable 5 years from the date of the note.
- A loan due from San Luis Obispo Nonprofit Housing Corporation (a California nonprofit public benefit corporation) was issued on August 1, 2019 to allow San Luis Obispo Nonprofit Housing Corporation to make a capital contribution as general partner of RAD 175, L.P. (a California Corporation) which is acquiring, rehabilitating, and entering into permanent financing for a 173-unit multifamily rental housing project and related facilities. The note bears simple interest at 3.0% on \$2,201,566, which is due and payable 55 years from the conversion to the permanent phase of the loan made

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 4 (continued)

substantially concurrently herewith to Partnership by Pacific Western Bank but not later than January 1, 2077.

- \$300,000 loan due from Edna-Islay Housing Corporation. The note is secured by a deed of trust on a property for the purchase of the Hope House II. The loan bears an interest rate of 3.0% and the loan is payable in full on October 7, 2024. The outstanding balance on the note as of September 30, 2021 was \$300,000.
- A loan due from Edna-Islay Housing Corporation (a California nonprofit public benefit corporation) was issued on July 30, 2020 in connection with the purchase of the limited partner interests in Atascadero Senior Housing (a California limited partnership) which owns a 19 unit affordable housing complex in the City of Atascadero, California and Johnson DRT (a California limited partnership) which owns a 40 unit affordable housing complex in the City of San Luis Obispo. The note bears simple interest at 3.0% on \$434,508, which is due and payable 5 years from the date of the note.
- \$975,000 loan due from Nipomo 40, L.P. (a California limited partnership) was issued on December 8, 2020. The Loan bears interest at the annual rate of 4.00%. The principal and all current and accrued interest of the Loan shall be due and payable on the earlier of: (a) fifty-five (55) years from the conversion of the Senior Indebtedness from its construction phase to its permanent phase (b) the date the Property is sold. The outstanding balance on the note as of September 30, 2021 was \$975,000.
- A loan due from Iron Works Commercial was issued on October 1, 2020 for the purpose of constructing a mixed use property, consisting of both commercial and residential units. The note bears interest at 4.0% on \$3,812,129 which is due and payable in 5 years from May 31, 2022. At September 30, 2021, \$3,095,999 had been distributed to RAD 175, L.P.
- A loan due from RAD 175, L.P. (a California Limited Partnership) was issued on August 1, 2019 in connection with the acquisition, rehabilitation and permanent financing of a 173 unit multifamily rental housing project. The note bears interest at 2.76% on \$18,760,982 which is due and payable in 55 years from the conversion to the permanent phase, which maturity date shall not be later than January 1, 2077. At September 30, 2021, \$3,800,000 had been distributed to RAD 175, L.P.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
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Note 5 - ASSETS HELD FOR RESALE

HASLO acquired the interests below with the intention of selling its interest in the next 12 months. If land is connected to a project cost listed below, the land is recorded as a capital asset (see note 6) as the Authority keeps the land as a land lease.

At September 30, 2021, the balance of \$17,225,632 recorded as “Assets Held for Resale” consisted of amounts expended for the following properties:

Courtland	\$ 343,474
Foreman	605,560
Cleaver Park	15,473
Monterey	85,846
Nipomo	-
Morro Bay	610,508
Iron Works - commercial	-
Office	106,925
Victoria	70,749
Toscana	563,008
Shell Beach	317,689
Oak Park	192,978
Bridge Street	156,070
Orcutt	53,773
Anderson	205,056
Project Roomkey	<u>13,898,524</u>
Total	<u>\$ 17,225,633</u>

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HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 6 - CAPITAL ASSETS

The following is a summary of the Authority's changes in capital assets for the fiscal year ended September 30, 2021:

	Balance 9/30/20	Additions	Adjustments and Deletions	Balance 9/30/21
Land	\$ 10,542,063	\$12,834,967	\$ -	\$ 23,377,030
Buildings and improvements	3,350,876	2,362,135	-	5,713,011
Equipment	548,954	155,307	(53,224)	651,037
	<u>14,441,893</u>	<u>15,352,409</u>	<u>(53,224)</u>	<u>29,741,078</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,248,122)	(142,049)	-	(1,390,171)
Equipment	(455,364)	(50,097)	53,224	(452,237)
	<u>(1,703,486)</u>	<u>(192,146)</u>	<u>53,224</u>	<u>(1,842,408)</u>
Construction in progress	-	-	-	-
Capital Assets, Net	<u>\$ 12,738,407</u>	<u>\$15,160,265</u>	<u>-</u>	<u>\$ 27,898,670</u>

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HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 7 - LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended September 30, 2021:

	Balance <u>9/30/20</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>9/30/21</u>	Current <u>Portion</u>
Notes payable	\$ 482,879	\$ 4,015,000	\$ (30,043)	\$ 4,467,836	\$ 30,957
Compensated Absences (Note 8)	<u>169,970</u>	<u>292,450</u>	<u>(251,988)</u>	<u>210,432</u>	<u>117,408</u>
	<u>\$ 652,849</u>	<u>\$ 4,307,450</u>	<u>\$ (282,031)</u>	<u>4,678,268</u>	<u>\$ 148,365</u>

The following is a schedule of debt payment requirements to maturity for long-term obligations other than compensated absences:

Year Ending September 30,	Principal Payments	Interest Payments	Total Payments
2022	\$ 30,957	\$ 167,060	\$ 198,017
2023	69,215	165,827	235,042
2024	109,632	162,438	272,070
2025	2,934,787	96,207	3,030,994
2026	1,034,898	42,972	1,077,870
Thereafter	<u>288,347</u>	<u>21,875</u>	<u>310,222</u>
	<u>\$ 4,467,836</u>	<u>\$ 656,379</u>	<u>\$ 5,124,215</u>

A description of the \$4,467,836 in notes and loans payable at September 30, 2021 is as follows:

Notes Payable:

On August 22, 2005 the Authority entered into a \$733,583 loan payable agreement with California Housing Finance Agency (CHFA). The loan bears simple interest at 3% per annum and was originally due on August 22, 2015. CHFA extended the loan until September 1, 2032. The loan proceeds were used to purchase property for the eventual construction of a special needs project to be located on Humbert Avenue in San Luis Obispo, CA. The outstanding balance at September 30, 2021 was \$397,336.

On February 23, 2009 the Authority entered into a \$55,500 promissory note agreement with Arroyo Grande Redevelopment Agency. The loan proceeds were used to purchase property for rent to a moderate-income household located at 252 South Courtland Street in the City of Arroyo Grande, CA. The Borrower shall not be obligated to make any payments on the Note unless and until Borrower sells the Property to a person or family of moderate income. If the sales price is less than \$340,500, then the loan amount shall be reduced by the amount of any such difference.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 7 (continued)

On March 4, 2021 the Authority entered into a \$3,015,000 promissory note agreement with Pacific Western Bank. The loan bears interest at 3.75% per annum and is due in full on March 4, 2025. The loan proceeds were used to purchase property for the eventual construction of a special needs project to be located on Monterey Street in San Luis Obispo, CA. The outstanding balance at September 30, 2021 was \$3,015,000.

On July 15, 2021 the Authority entered into a \$1,000,000 promissory note agreement with the Housing Trust Fund. The loan bears interest at 4.25% per annum and is due in full on August 1, 2026. The loan proceeds were used to purchase property for the eventual construction of a special needs project to be located on West Grand Avenue in Grover Beach, CA. The outstanding balance at September 30, 2021 was \$1,000,000.

Note 8 - COMPENSATED ABSENCES

It is the Authority's policy to permit employees to accumulate earned but unused vacation leave up to a maximum of 280 hours. This leave will be used in future periods or paid to employees upon separation from the Authority. Accrued vacation leave has been valued by the Authority and has been recorded as a current liability of \$111,628 and a long-term liability of \$81,116, as of September 30, 2021.

It is the Authority's policy to permit employees to accumulate earned but unused sick leave up to a maximum of 320 hours and short-term sick leave is allowed up to 80 hours. This leave will either be used in future periods or paid upon retirement, regardless of the number of years of service, or termination after ten years of service in the amount of 50% of the value of the unused sick leave up to an amount not to exceed \$2,500. Accrued sick leave has been valued by the Authority and has been recorded as a current liability of \$5,780 and a long-term liability of \$11,908 as of September 30, 2021.

The total current liability was \$117,408 and the total long-term liability was \$93,024 at September 30, 2021.

Note 9 – PENSION PLANS

General Information about the Pension Plan

Plan Description and Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes and membership information is listed in the June 30, 2021 Annual Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications. All qualified permanent and probationary employees are eligible to participate in the Authority's separate cost-sharing multiple employer defined benefit pension plans administered by the California

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 9 (continued)

Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Authority's 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.

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. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. 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.

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as % of eligible compensation	2.0%	2.0%
Required employee contribution rates	7%	6.75%
Required employer contribution rates	10.484%	7.732%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the costs of benefits earned by employees during the year, with an additional amount to pay any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 9 (continued)

For the measurement period ended June 30, 2021 (the measurement date), the active employee contribution rates are 7.0% and 6.75% of annual pay, and the average employer's rate are 10.484% and 7.732% percent of annual payroll.

For the fiscal year ended September 30, 2021, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous Plan</u>
Contributions - employer	\$ 902,143

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The following table shows the Plan's proportionate share of the miscellaneous risk pool collective net pension liability over the measurement period:

	<u>Proportionate Share of Net Pension Liability</u>	<u>Proportionate Share of Total Net Pension Liabilities %</u>
Balance at: 6/30/20 - Measurement date	\$ 5,875,620	0.05400%
Balance at: 6/30/21 – Measurement date	4,181,468	0.07732%
Total Net Pension Change	\$ (1,694,152)	0.02332%

The Authority's net pension liability of \$4,181,468 is measured as the proportionate share of the net pension liability of \$5,408,288,388 (or 0.07732%). The net pension liability is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The total actuarial pension expense related to the Authority's Pension Plans for fiscal year 2021 was \$2,877,869 based on the Plan's measurement period ended June 30, 2021.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 9 (continued)

At September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 249,350	\$ -
Differences between expected and actual experience	468,907	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	-	3,650,200
Change in employer's proportion	-	332,403
Differences between the employer's contributions and the employer's proportionate share of contributions	<u>468,391</u>	<u>-</u>
Total	<u>\$ 1,186,648</u>	<u>\$ 3,982,603</u>

\$249,350 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Period Ended Sept 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	(560,107)
2023	(660,708)
2024	(815,763)
2025	(1,008,727)
Thereafter	-

The amounts above are the net of outflows and inflows recognized in the fiscal 2021 measurement period.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 9 (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability – For the measurement period ending June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. Both the June 30, 2020 total pension liability and the June 30, 2021 total pension liability were determined using the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021
Reporting Date	September 30, 2021
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor applies.

Discount Rate – The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily require rates, actuarily 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 best-estimate ranges of 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 as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 9 (continued)

benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The following table reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Current Target Asset Allocation	Real Return Years 1 – 10 ¹	Real Return Years 11+ ²
	Percent		
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.0%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	-	(0.92%)

¹ An expected inflation rate of 2.00% was used for this period

² An expected inflation rate of 2.92% was used for this period

Amortization of Deferred Outflows and Deferred Inflows of Resources – The net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining net difference between projected and actual investment earnings on pension plan investments is amortized over the remaining amortization periods. The net difference between projected and actual investment earnings on pension plan investments in the schedule of collective pension amounts represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

Deferred outflows of resources and deferred inflows of resources relating to differences between expected and actual experience and changes of assumptions are amortized over the Expected Average Remaining Service Lifetime (EARSL) of members provided with pension through the Plan determine as of the beginning of the related measurement period. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 9 (continued)

Additional Financial and Actuarial Information – Additional financial and actuarial information required for GASB Statement No. 68 disclosures is located in CalPERS’ CAFR for the fiscal year ended June 30, 2021, and the CalPERS’ GASB 68 Accounting Valuation Reports for the public agency miscellaneous and safety risk pools, which can be found on the CalPERS’ website at <https://www.calpers.ca.gov/page/forms-publications>.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Authority’s proportionate share of the net pension liability/ (asset), calculated using the discount rate of 7.15 percent, as well as what the Authority’s proportionate share of the net pension liability/ (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan’s Net Pension Liability / (Asset)	\$6,462,613	\$4,181,468	\$2,295,677

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Note 10 – OTHER POST EMPLOYMENT BENEFITS

Plan Description

The Authority provides post-employment medical health care benefits to its retired employees with ten or more years of service and a hire date of 1996 or before. The retired employees receive these benefits for a maximum of three years from the retirement date.

As of September 30, 2021, one employee was receiving benefits under the plan with an additional two potentially meeting the stated criteria.

Eligible retirees receive health care coverage through a plan offered by the Housing Authority of the city of San Luis Obispo. Employees who retire from the Authority are eligible for health benefits after 10 years of service. Retirees can select from among any of the health plans offered to active employees.

Contributions

The HASLO and its annual contribution is based on the actuarially determined contribution. For the fiscal year ended September 30, 2021, the Authority’s cash contributions, excluding the implicit rate subsidy, was \$19,466.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
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Note 10 (continued)

Net OPEB Liability

The Authority's net OPEB liability was measured as of September 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated September 30, 2019 that was rolled forward to determine the September 30, 2021 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions

Actuarial Valuation Date	September 30, 2019
Measurement Date	September 30, 2020
Measurement Period	October 1, 2019 to September 30, 2020
Reporting Date (fiscal year end)	September 30, 2021
Discount Rate	2.41%
General Inflation	2.5% per annum
Mortality	Based on assumptions for Public Agency Miscellaneous members published in the December 2017 CalPERS Experience Study. These tables include 15 years of static mortality improvement using 90% of scale MP-2016.
Health care cost trend rate	6.40% for 2020, gradually decreasing over several decades to an ultimate rate of 4.00% in 2076 and later years.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.41 percent. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. 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 and beneficiaries. 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.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 10 (continued)

Changes in the OPEB Liability

The changes in the Net OPEB Liability for the HASLO Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at September 30, 2020	\$ 283,940	\$ -	\$ 283,940
Changes recognized for the measurement period:			
Service cost	6,692	-	6,692
Interest	7,521	-	7,521
Difference between expected and actual experiences	-	-	-
Changes of assumptions	3,641	-	3,641
Contributions - employer	-	-	-
Benefit payments	(34,305)	-	(34,305)
Administrative expense	-	-	-
Net Changes	(16,451)	-	(16,451)
Balance at September 30, 2021 <i>(Measurement Date September 30, 2020)</i>	\$ 267,489	\$ -	\$ 267,489

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended September 30, 2020:

	1% Decrease (1.41%)	Current Discount Rate (2.41%)	1% Increase (3.41%)
Net OPEB Liability	\$ 278,629	\$ 267,489	\$ 256,986

**HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

Note 10 (continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended September 30, 2020:

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rates Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 253,761	\$ 267,489	\$ 282,568

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net positions are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows or resources related to OPEB and are to be recognized in future OPEB expense.

The entire balance of deferred outflows of \$37,406 related to contributions subsequent to the September 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending September 30, 2021.

The plan has no deferred inflows that relate to OPEBs to recognize in the expense at September 30, 2021.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 11 - JOINT POWERS AGREEMENTS

Workers' Compensation Insurance

The Authority participates in a joint venture under a joint powers agreement (JPA) with the California Housing Workers' Compensation Authority (CHWCA). CHWCA was formed to provide workers' compensation insurance coverage for member housing authorities. At December 31, 2020, there were 28 members. The relationship between the Authority and CHWCA is such that CHWCA is not a component unit of the Authority for financial reporting purposes.

Condensed audited financial information for the year ended December 31, 2020, is as follows:

Total assets	\$ 31,671,493
Total liabilities	<u>(16,383,326)</u>
Total net assets	<u>\$ 15,288,167</u>
Total revenues	\$ 5,812,929
Total expenses	<u>(5,266,913)</u>
Net increase in net assets	<u>\$ 546,016</u>

CHWCA had \$15,777,360 of unpaid claims and claim adjustment expenses outstanding at December 31, 2021. The Authority's share of year end assets, liabilities, or retained earnings has not been calculated.

Property and Liability Insurance

The Authority participates in a joint venture under a joint powers agreement (JPA) with the Housing Authorities Risk Retention Pool (HARRP). HARRP was formed to provide property and liability insurance coverage for member housing authorities. At December 31, 2020 there were 80 members. The relationship between the Authority and HARRP is such that HARRP is not a component unit of the Authority for financial reporting purposes.

Condensed audited financial information for the year ended December 31, 2020 is as follows:

Total assets	\$ 40,529,849
Total liabilities	<u>(16,154,290)</u>
Total members' equity	<u>\$ 24,375,559</u>
Total revenues	\$ 15,122,711
Total expenses	<u>(15,257,052)</u>
Net increase members' equity	<u>\$ (134,341)</u>

HARRP had \$8,402,350 in outstanding claims liabilities at December 31, 2020. The Authority's share of year end assets, liabilities, or retained earnings has not been calculated.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 12 - CONTINGENT LIABILITIES

A. Guarantees

The Authority has made various guarantees for several tax credit projects established and owned by independent partnerships. The general partner (GP) for these partnerships is the San Luis Obispo Non-Profit Corporation (the Non-profit). The administrative activities of the Non-profit are performed by the employees of the Authority. The following are current projects which the Authority has Partnership Agreements:

- **860 on the WYE, L.P.** – A 2016 Guaranty Agreement between the Non-Profit as the GP and NEF Assignment Corporation as the Limited Partner (LP). The Authority as Guarantor is obligated to perform GP duties, assure development completion, satisfy operating deficits as well as reduced or delayed tax credits, if applicable.
- **SLO 55, L. P.** – A 2017 Guarantee Agreement between the Non-Profit as the GP and WNC Institutional Tax Credit Fund X California Series 15, L.P., as the LP. The GP is required to guarantee the completion of the construction, the payment of all operating deficits, and guarantee the annual allocation tax credits to the LP.
- **SLO Iron Works, LLC** – A 2017 Guarantee Agreement between the Non-Profit as the GP and NEF Assignment Corporation as the LP. The Authority as Guarantor is obligated to perform GP duties, assure development completion, satisfy operating deficits as well as reduced or delayed tax credits, if applicable.
- **Atascadero Senior Housing Limited Partnership** – the guarantee covers such items as future tax credit deficits, future project operating losses, and any deficiencies in the payments of developer fees. Developer fees for the Atascadero Senior Housing Limited Partnership were guaranteed until December 31, 2017. Other items will remain in effect until the end of the compliance period which is December 31, 2021.
- **Bishop Street Studios, LP** – A 2018 guarantee the Non-Profit as the GP and RSEP Holding, LLC as the Limited Partner. The Authority as Guarantor is obligated to perform GP duties, assure development of the project.
- **Courtyard at the Meadows, LP** – In November 2018, HASLO and SLONP as General Partners signed a Guaranty Agreement. Together they guarantee the Limited Partners completion of construction and operating deficits up to \$225,914 until certain conditions are satisfied.
- **Halcyon Collective, LP**– In March 2019, HASLO and SLONP are joint guarantors for the construction of the apartment complex, construction cost overruns and operating deficits up to \$84,000.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 12 (continued)

- **RAD, LLP** – In August 2019, a guaranty was signed by HASLO to guarantee operating deficits up to \$1,198,865, development costs overruns, and credit shortfalls by the Limited Partners.
- **Nipomo Senior, LP** – In December 2020, HASLO and SLONP signed a joint guaranty for the construction of the apartment complex, construction costs overruns and operating deficits up to \$276,173.

B. Federal Grants

The Authority has received funds from various federal, state, and local grant programs. It is possible that at some future date it may be determined that the Authority was not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Authority does not expect such disallowed amounts, if any, to materially affect the financial statements.

Note 13 - OPERATING LEASE

The Authority leases housing rental units and commercial space under a non-cancellable operating lease in San Luis Obispo referred to as the Anderson Hotel. The lease term ends March 14, 2023. Total rental expense for the year ended September 30, 2021 was \$657,447. The future minimum rental payments for the lease are as follows:

Year Ending September 30,	Amount
2022	\$ 664,613
2023	303,975
Total	\$ 968,588

Note 14 – HASLO DISPOSITION OF PUBLIC HOUSING

During 2019, HASLO disposed of 100% of its public housing units under the HUD Rental Assistance Demonstration (RAD) program. As part of that process, HASLO sold the buildings and improvements and leased the underlying property to a tax credit limited partnership. The tax credit partnership is in the process of rehabilitating all of the units. HASLO is providing funding commitments to the project, and has recorded affordable regulatory agreements on each property.

Note 15 - SUBSEQUENT EVENTS

Management evaluated all activity of the Authority through the date of the audit opinion and did not identify anything that would require additional adjustment or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**Schedule of the Authority's Changes in the Net OPEB Liability
and Related Ratios
Last 10 Years***

	Fiscal Year Ended September 30			
	2021 9/30/2020	2020 9/30/2019	2019 9/30/2018	2018 9/30/2017
Measurement date				
Total OPEB Liability				
Changes recognized for the measurement period				
Service Cost	\$ 6,692	\$ 7,189	\$ 7,301	\$ 7,498
Interest on OPEB Liability	7,521	9,582	9,274	8,679
Changes on benefit terms	-	-	-	-
Differences between expected and actual experience	-	26,194	-	-
Changes of assumptions	3,641	12,046	(3,847)	(5,133)
Benefit payments	(34,305)	(28,122)	(26,702)	(24,945)
Changes in benefit terms	-	-	-	-
Net change in total OPEB liability	(16,451)	26,889	(13,974)	(13,901)
Total OPEB Liability - Beginning	283,940	257,051	271,025	284,926
Total OPEB Liability - Ending	267,489	283,940	257,051	271,025
Total Fiduciary Net Position				
Contributions - employer	34,305	28,122	26,702	24,945
Net investment income	-	-	-	-
Benefit payments	(34,305)	(28,122)	(26,702)	(24,945)
Administration expenses	-	-	-	-
Net change in Fiduciary Net Position	-	-	-	-
Total Fiduciary Net Position - Beginning	-	-	-	-
Total Fiduciary Net Position - Ending	-	-	-	-
Net OPEB Liability - Ending	<u>\$ 267,489</u>	<u>\$ 283,940</u>	<u>\$ 257,051</u>	<u>\$ 271,025</u>
Plan Fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 3,859,294	\$ 3,514,115	\$ 2,948,857	\$ 2,683,107
Net OPEB liability as a percentage of covered employee payroll	6.93%	8.08%	8.72%	10.10%

1 Historical information is required only for measurement periods for which GASB 75 is applicable. Future years information will be displayed up to 10 years as information becomes available.

2 The Authority has elected to use the GASB 75 "look back" method where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current fiscal year.

**HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Schedule of the Authority's Proportionate Share of the Net Pension Liability⁴

	6/30/2020		6/30/2019		6/30/2018		6/30/2017		6/30/2016		6/30/2015	
	Valuation date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014	9/30/2013	9/30/2012	9/30/2011
Plan's proportion of the Net Pension Liability		0.07732%	0.05400%	0.05458%	0.05604%	0.056142%	0.056142%	0.056125%				
Plan's proportionate of the Net Pension Liability	\$	4,181,467	\$ 5,875,620	\$ 5,592,406	\$ 5,400,321	\$ 5,567,777	\$ 5,567,777	\$ 4,856,558				
Plan's covered-employee payroll ³	\$	3,743,848	\$ 3,432,659	\$ 2,898,253	\$ 2,700,222	\$ 2,599,664	\$ 2,599,664	\$ 2,429,340				
Plan's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll		111.69%	171.17%	192.96%	200.00%	214.17%	214.17%	199.91%				
Plan's proportionate share of the Fiduciary Net Position as a percentage of the Plan's Total Pension Liability		88.29%	75.10%	75.26%	75.26%	73.31%	73.31%	74.06%				

Schedule of the Authority's Pension Plan Contributions⁴

Actuarially Determined Contribution ²	\$	902,142	\$ 796,542	\$ 693,894	\$ 317,822	\$ 576,948	\$ 535,939
Contributions in relation to the Actuarially Determined Contribution ²		(902,142)	(796,542)	(693,894)	(317,822)	(576,948)	(535,939)
Contribution Excess (Deficiency)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ³	\$	4,027,745	\$ 3,557,865	\$ 2,970,511	\$ 2,722,264	\$ 2,631,255	\$ 2,457,096
Contributions as a percentage of covered payroll		22.40%	22.39%	23.36%	11.67%	21.93%	21.81%

Notes to Schedules

Historical information is required only for measurement periods for which GASB 68 is applicable, and additional years will

1 be added until ten years of data is presented.

2 Employees are assumed to make contributions equal to the actuarially determined contributions.

3 Covered-employee payroll represented above is based on pensionable earnings provided by the employer.

4 These dates match the valuation measurement date which are different than the Authority's fiscal year end date.

OTHER SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
Department of Housing and Urban Development (HUD)		
<i>Housing Voucher Cluster</i>		
Section 8 Housing Choice Vouchers	14.871	\$ 28,119,951
Mainstream Vouchers	14.879	1,235,171
HCV CARES Act Funding	14.HCC	562,626
Mainstream CARES Act Funding	14.MSC	78,755
Total Housing Voucher Cluster		29,996,503
<i>Other Programs</i>		
Emergency Housing Voucher	14.EHV	685,304
Resident Opportunity and Supportive Services	14.870	123,449
State/Local	2	111,176
Rent Supplements – Rental Housing for Lower Income Families	14.149	41,370
Total Other Programs		961,299
Total federal expenditures, all U.S. Department of Housing and Urban Development		\$ 30,957,802

See Notes to the Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2021

1. The Schedule of Expenditures of Federal Awards presents the activities of the federal award programs expended by the Housing Authority of the City of San Luis Obispo for the fiscal year ended September 30, 2021. The Housing Authority of the City of San Luis Obispo's reporting entity is defined in Note 1 to the financial statements.
2. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Housing Authority of the City of San Luis Obispo, it is not intended to and does not present the financial position, changes in net position, or cash flows of the entire operations of the Housing Authority of the City of San Luis Obispo.
3. The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. This is the same basis of accounting as was used in the preparation of the Authority's basic financial statements.
4. Amounts reported on the Schedule agree or can be reconciled with amounts reported in the Authority's basic financial statements.

Housing Authority of the City of San Luis Obispo (CA064)
 SAN LUIS OBISPO, CA
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	14.MSC Mainstream CARES Act Funding	2 State/Local	14.149 Rent Supplemental Housing for Lower Income Families	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC-HCV CARES Act Funding	14.EHV Emergency Housing Voucher	Subtotal	Total
111 Cash - Unrestricted			\$5,097,531	\$24,490	\$93,025	\$2,298,981			\$12,932	\$7,516,939	\$7,516,939
112 Cash - Restricted - Modernization and Development											
113 Cash - Other Restricted					\$77,240	\$745,690			\$380,423	\$1,203,593	\$1,203,593
114 Cash - Tenant Security Deposits			\$62,520	\$4,804						\$67,324	\$67,324
115 Cash - Restricted for Payment of Current Liabilities			\$5,160,051	\$29,294	\$160,265	\$3,044,881	\$0	\$0	\$393,355	\$8,787,866	\$8,787,866
100 Total Cash	\$0	\$0	\$5,160,051	\$29,294	\$160,265	\$3,044,881	\$0	\$0	\$393,355	\$8,787,866	\$8,787,866
121 Accounts Receivable - PHA Projects						\$10,256				\$10,256	\$10,256
122 Accounts Receivable - HUD Other Projects							\$15,737			\$15,737	\$15,737
124 Accounts Receivable - Other Government			\$5,064							\$5,064	\$5,064
125 Accounts Receivable - Miscellaneous			\$915,207	\$0						\$915,207	\$915,207
126 Accounts Receivable - Tenants			\$58,257	\$570						\$58,827	\$58,827
126.1 Allowance for Doubtful Accounts - Tenants			\$-100	\$0						\$-100	\$-100
126.2 Allowance for Doubtful Accounts - Other			\$0	\$0						\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current			\$37,016							\$37,016	\$37,016
128 Fraud Recovery						\$0				\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud						\$0				\$0	\$0
129 Accrued Interest Receivable			\$4,376,182	\$1						\$4,376,183	\$4,376,183
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$5,391,616	\$571	\$0	\$10,256	\$15,737	\$0	\$0	\$5,418,180	\$5,418,180
131 Investments - Unrestricted			\$16,504,557	\$166,454		\$1,228,826				\$17,733,383	\$17,733,383
132 Investments - Restricted										\$166,454	\$166,454
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets			\$563,931							\$563,931	\$563,931
143 Inventories			\$15,433							\$15,433	\$15,433
143.1 Allowance for Obsolete Inventories			\$0							\$0	\$0
144 Inter Program Due From			\$14,255	\$0						\$14,255	\$14,255
145 Assets Held for Sale			\$17,225,633							\$17,225,633	\$17,225,633
150 Total Current Assets	\$0	\$0	\$44,876,476	\$196,319	\$160,265	\$4,283,973	\$15,737	\$0	\$393,355	\$49,925,125	\$49,925,125
161 Land			\$22,921,030	\$456,000						\$23,377,030	\$23,377,030
162 Buildings			\$5,285,015	\$389,113						\$5,674,128	\$5,674,128
163 Furniture, Equipment & Machinery - Dwellings											
164 Furniture, Equipment & Machinery - Administration			\$454,474	\$23,470						\$651,037	\$651,037
165 Leasehold Improvements			\$38,883							\$38,883	\$38,883
166 Accumulated Depreciation			\$-1,487,697	\$-261,674						\$-1,842,408	\$-1,842,408
167 Construction in Progress											
168 Infrastructure											
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$27,211,705	\$606,909	\$0	\$80,056	\$0	\$0	\$0	\$27,898,670	\$27,898,670
171 Notes, Loans and Mortgages Receivable - Non-Current			\$60,840,133	\$0						\$60,840,133	\$60,840,133
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due											
173 Grants Receivable - Non Current											
174 Other Assets											
176 Investments in Joint Ventures											
180 Total Non-Current Assets	\$0	\$0	\$88,051,838	\$606,909	\$0	\$80,056	\$0	\$0	\$0	\$88,738,803	\$88,738,803
200 Deferred Outflow of Resources			\$804,636	\$18,939		\$401,020				\$1,224,055	\$1,224,055
290 Total Assets and Deferred Outflow of Resources	\$0	\$0	\$133,731,950	\$921,627	\$160,265	\$4,765,049	\$15,737	\$0	\$393,355	\$139,887,983	\$139,887,983

	Project Total	14.MSC Mainstream CARES Act Funding	2 State/Local	14.149 Rent Supplements-Rent at Housing for Lower Income Families	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	Subtotal	Total
311 Bank Overdraft											
312 Accounts Payable <= 90 Days			\$172,818	\$11	\$2,134	\$11,037			\$9,543	\$195,543	\$195,543
313 Accounts Payable >90 Days Past Due											
321 Accrued Wage/Payroll Taxes Payable			\$17,986	\$322		\$26,267	\$1,482			\$46,059	\$46,059
322 Accrued Compensated Absences - Current/Ponion			\$46,570	\$653		\$69,865				\$117,408	\$117,408
324 Accrued Contingency Liability											
325 Accrued Interest Payable			\$8,166	\$0		\$15,248				\$23,414	\$23,414
331 Accounts Payable - HUD PHA Programs			\$2,569	\$0						\$2,569	\$2,569
332 Account Payable - PHA Projects											
333 Accounts Payable - Other Government			\$5,207	\$460						\$5,667	\$5,667
341 Tenant Security Deposits			\$78,367	\$4,804						\$83,171	\$83,171
342 Unearned Revenue			\$1,210,046	\$144					\$120,880	\$1,331,070	\$1,331,070
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue											
344 Current Portion of Long-term Debt - Operating Borrowings											
345 Other Current Liabilities			\$225,496							\$225,496	\$225,496
346 Accrued Liabilities - Other											
347 Inter Program - Due To							\$14,255			\$14,255	\$14,255
348 Loan Liability - Current			\$30,957	\$0						\$30,957	\$30,957
310 Total Current Liabilities	\$0	\$0	\$1,796,164	\$6,594	\$2,134	\$122,537	\$15,737	\$0	\$130,423	\$2,075,609	\$2,075,609
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue											
352 Long-term Debt, Net of Current - Operating Borrowings											
353 Non-current Liabilities - Other			\$13,256,364			\$310,800				\$13,566,164	\$13,566,164
354 Accrued Compensated Absences - Non Current			\$36,696	\$676		\$55,460				\$92,828	\$92,828
355 Loan Liability - Non Current			\$4,436,879	\$0						\$4,436,879	\$4,436,879
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities			\$2,979,520	\$70,520		\$1,396,917				\$4,446,957	\$4,446,957
350 Total Non-Current Liabilities	\$0	\$0	\$20,708,661	\$71,196	\$0	\$1,765,167	\$0	\$0	\$0	\$22,545,024	\$22,545,024
300 Total Liabilities	\$0	\$0	\$22,506,845	\$77,790	\$2,134	\$1,887,704	\$15,737	\$0	\$130,423	\$24,620,633	\$24,620,633
400 Deferred Inflow of Resources			\$2,645,158	\$21,090		\$1,316,365				\$3,992,603	\$3,992,603
505.4 Net Investment in Capital Assets		\$0	\$27,211,705	\$606,909		\$80,056	\$0	\$0		\$27,898,670	\$27,898,670
511.4 Restricted Net Position		\$0	\$425,265	\$0	\$75,106	\$425,265	\$0	\$0	\$250,000	\$750,371	\$750,371
512.4 Unrestricted Net Position	\$0	\$0	\$81,369,242	\$15,848	\$83,025	\$1,055,659	\$0	\$0	\$12,932	\$82,635,706	\$82,635,706
513 Total Equity - Net Assets / Position	\$0	\$0	\$108,579,947	\$22,757	\$158,131	\$1,560,960	\$0	\$0	\$262,932	\$111,284,747	\$111,284,747
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$0	\$135,731,950	\$821,627	\$160,265	\$4,765,049	\$15,737	\$0	\$393,355	\$136,867,993	\$136,867,993

Housing Authority of the City of San Luis Obispo (CA064)
 SAN LUIS OBISPO, CA
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	14. MSC Mainstream CARES Act Funding	2 State/Local	14.149 Rent Supplements Rent at Housing for Lower Income Families	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14. HCC HCV CARES Act Funding	14. EHV Emergency Housing Voucher	Subtotal	Total
7030 Net Tenant Rental Revenue		\$1,240,100	\$59,935						\$1,300,035	\$1,300,035
70400 Tenant Revenue - Other		\$164,142	\$1,832						\$165,974	\$165,974
7050 Total Tenant Revenue	\$0	\$1,404,242	\$61,767	\$0	\$0	\$0	\$0	\$0	\$1,466,009	\$1,466,009
7060 HUD PHA Operating Grants	\$78,755	\$111,176	\$41,370	\$1,235,171	\$28,119,951	\$123,449	\$562,626	\$685,304	\$30,957,802	\$30,957,802
70610 Capital Grants										
70710 Management Fee										
70720 Asset Management Fee										
70730 Book Keeping Fee										
70740 Front Line Service Fee										
70750 Other Fees										
70700 Total Fee Revenue										
70800 Other Government Grants	\$14,486,916								\$14,486,916	\$14,486,916
71100 Investment Income - Unrestricted	\$2,034,739		\$12		\$3,358				\$2,038,109	\$2,038,109
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery	\$4,901,569		\$30		\$4,666				\$4,906,235	\$4,906,235
71500 Other Revenue										
71600 Gain or Loss on Sale of Capital Assets										
72000 Investment Income - Restricted			\$51	\$1,235,171	\$28,445,571	\$123,449	\$562,626	\$685,304	\$54,172,748	\$54,172,748
70000 Total Revenue	\$78,755	\$22,938,642	\$103,220	\$1,235,171	\$28,445,571	\$123,449	\$562,626	\$685,304	\$54,172,748	\$54,172,748
91100 Administrative Salaries		\$707,903	\$21,111	\$46,350	\$882,139		\$368,714	\$80,511	\$2,106,728	\$2,106,728
91200 Auditing Fees		\$7,054	\$92		\$22,435				\$29,581	\$29,581
91300 Management Fee			\$0						\$0	\$0
91310 Book-keeping Fee			\$0						\$0	\$0
91400 Advertising and Marketing		\$10			\$622				\$632	\$632
91500 Employee Benefit Contributions - Administrative		\$1,701,533	\$18,177	\$12,318	\$1,177,342		\$105,143	\$17,369	\$3,032,182	\$3,032,182
91600 Office Expenses		\$51,143	\$3,142		\$266,510			\$195	\$320,990	\$320,990
91700 Legal Expense		\$20,277	\$4		\$1,040				\$21,321	\$21,321
91800 Travel		\$3,797			\$10				\$3,807	\$3,807
91810 Allocated Overhead										
91900 Other		\$28,024	\$8,664	\$134	\$69,821			\$3,792	\$110,435	\$110,435
91000 Total Operating - Administrative	\$0	\$2,520,041	\$51,190	\$58,802	\$2,419,919	\$0	\$473,857	\$101,867	\$5,625,676	\$5,625,676
92000 Asset Management Fee										
92100 Tenant Services - Salaries		\$27,381	\$108		\$28,892	\$91,746			\$148,127	\$148,127
92200 Relocation Costs		\$486							\$486	\$486
92300 Employee Benefit Contributions - Tenant Services		\$7,661	\$30		\$7,289	\$30,093			\$46,073	\$46,073
92400 Tenant Services - Other		\$574	\$308		\$36,489	\$121,839	\$20,898	\$152,120	\$173,900	\$173,900
92500 Total Tenant Services	\$0	\$36,102	\$138	\$0	\$36,489	\$121,839	\$20,898	\$152,120	\$367,586	\$367,586
93100 Water		\$23,040	\$6,491						\$29,531	\$29,531
93200 Electricity		\$93,059	\$82						\$94,041	\$94,041
93300 Gas		\$31,721	\$4,049						\$35,770	\$35,770
93400 Fuel										
93500 Labor		\$16,313	\$5,067						\$21,380	\$21,380
93700 Employee Benefit Contributions - Utilities										

	Project Total	14. MSC Mainstream CARES Act Funding	2 State/Local	14.149 Rent Supplements, Rent al Housing for Lower Income Families	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14. HCC HCV CARES Act Funding	14. EHV Emergency Housing Voucher	Subtotal	Total
93800 Other Utilities Expense	\$0	\$0	\$164,133	\$16,589	\$0	\$0	\$0	\$0	\$0	\$180,722	\$180,722
93900 Total Utilities	\$0	\$0	\$164,133	\$16,589	\$0	\$0	\$0	\$0	\$0	\$180,722	\$180,722
94100 Ordinary Maintenance and Operations - Labor			\$596,173	\$2,285						\$598,458	\$598,458
94200 Ordinary Maintenance and Operations - Materials and Other			\$48,898	\$1,041	\$744					\$50,683	\$50,683
94300 Ordinary Maintenance and Operations Contracts			\$97,000	\$11,754	\$52,559					\$161,313	\$161,313
94500 Employee Benefit Contributions - Ordinary Maintenance			\$186,680	\$789						\$187,469	\$187,469
94600 Total Maintenance	\$0	\$0	\$928,751	\$15,869	\$0	\$53,303	\$0	\$0	\$0	\$997,923	\$997,923
95100 Protective Services - Labor											
95200 Protective Services - Other Contract Costs											
95300 Protective Services - Other			\$3,500							\$3,500	\$3,500
95500 Employee Benefit Contributions - Protective Services											
95900 Total Protective Services	\$0	\$0	\$3,500	\$0	\$0	\$0	\$0	\$0	\$0	\$3,500	\$3,500
96110 Property Insurance			\$40,274	\$956						\$41,230	\$41,230
96120 Liability Insurance			\$24,635	\$222	\$11,198					\$36,055	\$36,055
96130 Workmen's Compensation			\$54,415	\$685	\$608	\$8,741	\$1,610	\$6,919	\$1,286	\$74,364	\$74,364
96140 All Other Insurance			\$6,022		\$1,260					\$9,282	\$9,282
96100 Total Insurance Premiums	\$0	\$0	\$127,346	\$1,763	\$808	\$21,199	\$1,610	\$6,919	\$1,286	\$160,931	\$160,931
96200 Other General Expenses			\$191,110							\$191,110	\$191,110
96210 Compensated Absences			\$134,060	\$1,775		\$197,090				\$332,915	\$332,915
96300 Payments in Lieu of Taxes			\$4,512							\$4,512	\$4,512
96400 Bad debt - Tenant Rents			\$3,026							\$3,026	\$3,026
96500 Bad debt - Mortgages											
96600 Bad debt - Other											
96800 Severance Expense											
96900 Total Other General Expenses	\$0	\$0	\$332,708	\$1,775	\$0	\$197,090	\$0	\$0	\$0	\$531,563	\$531,563
96710 Interest of Mortgage (or Bonds) Payable			\$73,939							\$73,939	\$73,939
96720 Interest on Notes Payable (Short and Long Term)											
96730 Amortization of Bond Issue Costs											
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$73,939	\$0	\$0	\$0	\$0	\$0	\$0	\$73,939	\$73,939
96800 Total Operating Expenses	\$0	\$0	\$4,166,520	\$87,324	\$59,610	\$2,727,990	\$123,449	\$501,674	\$255,273	\$7,941,840	\$7,941,840
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$78,755	\$18,752,122	\$15,906	\$1,175,561	\$26,717,581	\$0	\$60,952	\$430,031	\$46,230,908	\$46,230,908
97100 Extraordinary Maintenance											
97200 Casualty Losses - Non-capitalized											
97300 Housing Assistance Payments		\$78,755			\$1,051,620	\$25,940,966		\$167,099		\$27,238,440	\$27,238,440
97350 HAP Portability-In						\$321,608				\$321,608	\$321,608
97400 Depreciation Expense			\$173,074	\$13,781		\$5,291				\$192,146	\$192,146
97500 Fraud Losses											
97600 Capital Outlays - Governmental Funds											
97700 Debt Principal Payment - Governmental Funds											
97800 Dwelling Units Rent Expense			\$657,447							\$657,447	\$657,447
99000 Total Expenses	\$0	\$78,755	\$5,077,041	\$101,105	\$1,111,230	\$26,995,655	\$123,449	\$501,674	\$422,372	\$36,351,481	\$36,351,481
10010 Operating Transfer In											
10020 Operating Transfer Out											
10030 Operating Transfers from/to Primary Government											
10040 Operating Transfers from/to Component Unit											
10050 Proceeds from Notes, Loans and Bonds											
10060 Proceeds from Property Sales											

	Project Total	14. MSC Mainstream CARES Act Funding	2 State/Local	14.149 Rent Supplements, Rental Housing for Lower Income Families	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14. HCC HCV CARES Act Funding	14. EHV Emergency Housing Voucher	Subtotal	Total
10070 Extraordinary Items Net Gain/Loss			\$1,500							\$1,500	\$1,500
10080 Special Items (Net Gain/Loss)											
10091 Inter Project Excess Cash Transfer In											
10092 Inter Project Excess Cash Transfer Out											
10093 Transfers between Program and Project - In											
10094 Transfers between Project and Program - Out											
10100 Total Other financing Sources (Uses)	\$0	\$0	\$1,500	\$0	\$0	\$60,952	\$0	-\$60,952	\$0	\$1,500	\$1,500
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$0	\$17,823,101	\$2,125	\$123,941	-\$489,332	\$0	\$0	\$262,932	\$17,822,767	\$17,822,767
11020 Required Annual Debt Principal Payments	\$0	\$0	\$30,043	\$0	\$0	\$0	\$0	\$0	\$0	\$30,043	\$30,043
11030 Beginning Equity	\$0	\$0	\$90,656,846	\$720,632	\$34,190	\$2,050,312	\$0	\$0	\$0	\$93,461,990	\$93,461,990
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			\$0	\$0		\$0				\$0	\$0
11050 Changes in Compensated Absence Balance											
11060 Changes in Contingent Liability Balance											
11070 Changes in Special Term/Severance Benefits Liability											
11080 Changes in Unrecognized Pension Transition Liability											
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents											
11100 Changes in Allowance for Doubtful Accounts - Other											
11170 Administrative Fee Equity						\$1,135,715				\$1,135,715	\$1,135,715
11180 Housing Assistance Payments Equity						\$425,265				\$425,265	\$425,265
11190 Unit Months Available	0		420	108	1611	23628			468	32235	32235
11210 Number of Unit Months Leased	0		405	108	1245	28922			100	30780	30780
11270 Excess Cash	\$0									\$0	\$0
11610 Land Purchases	\$0									\$0	\$0
11620 Building Purchases	\$0									\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0									\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0									\$0	\$0
11650 Leasehold Improvements Purchases	\$0									\$0	\$0
11660 Infrastructure Purchases	\$0									\$0	\$0
13510 CFFP Debt Service Payments	\$0									\$0	\$0
13901 Replacement Housing Factor Funds	\$0									\$0	\$0

**HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
STATEMENT OF COMPLETED CAPITAL FUND PROJECTS
SEPTEMBER 30, 2021**

Capital Fund Project No. CA16-P064-501-20

Capital funds approved	\$ 111,176
Capital funds received from HUD	<u>111,176</u>
Grant funds available	<u>\$ -</u>
Capital funds expended	\$ 111,176
Capital funds received from HUD	<u>111,176</u>
Unexpended grant funds	<u>\$ -</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Housing Authority of the City of San Luis Obispo
San Luis Obispo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of San Luis Obispo, which comprise the statement of net position as of and for the year ended September 30, 2021, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of San Luis Obispo's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of San Luis Obispo's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of San Luis Obispo's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



CROPPER ROWE, LLP
Walnut Creek, California
June 10, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Housing Authority of the City of San Luis Obispo
San Luis Obispo, California

Report on Compliance for Each Major Program

We have audited the Housing Authority of the City of San Luis Obispo's (the "Authority") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of San Luis Obispo's major federal programs for the year ended September 30, 2021. The Housing Authority of the City of San Luis Obispo's major programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of San Luis Obispo's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the

Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We have audited the financial statements of the business-type activities of the Authority, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated June 10, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.


CROPPER ROWE, LLP
Walnut Creek, California
June 10, 2022

**HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
STATUS OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2021**

The audit report for the year ended September 30, 2020 contained no audit findings.

**HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2021**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified	None reported
Noncompliance material to financial statements?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified	None reported

Type of auditors' report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CRF 200.516(a)?	No
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Identification of major programs:	
US Department of Housing and Urban Development - Housing Voucher Cluster	
Section 8 Housing Choice Vouchers	14.871
Mainstream Vouchers	14.879
Housing Choice Vouchers CARES Act Funding	14.HCC
Mainstream Vouchers CARES Act Funding	14.MSC

Dollar threshold to distinguish between Type A and Type B programs	\$ 750,000
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Auditee qualified as low risk auditee?	Yes
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Section II – Findings Related to Financial Statements Required to be reported in Accordance with Generally Accepted Government Auditing Standards	None noted
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Section III - Federal Award Findings	None noted
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Staff Report and Recommendation RAD 175

1. Conversion of the Construction Loan to the Permanent Loan

The RAD 175 acquisition and rehabilitation project has successfully reached completion. This massive project rehabilitated 175 units, in 43 separate buildings, at 14 scattered sites throughout the city limits. The project costs total approximately \$112,909,000, which is less than 1% (\$436,000) higher than our projected budget when construction started. Directly due to COVID materials disruptions, and COVID labor delays, the project completion and lease up was delayed. These delays resulted in less tax credits earned by the project in the amount \$912,000.

It is time to pay down the \$57 million construction loan to the supported permanent loan amount. However, an additional funding source is needed to cover the higher construction costs and the reduced investor tax credits. There are two options. First, HASLO could choose to defer some of the developer fee earned on the project. This would in essence mean that HASLO wouldn't receive payment for the development efforts in making this project a success.

The second option is for RAD 175 to obtain a higher permanent loan amount. Staff is recommending this is the path to take for the following reasons. Now that the project is occupied and operational, we have confirmed that the project is generating higher than projected cash flow. We had intentionally been very conservative at closing with our budgeted operating expense numbers, and had expected to be able to outperform our original projections. Additionally, the TCAC restricted rents have increased since we closed. This additional cash flow supports additional debt and allows HASLO to be paid the allowable developer fee. Both the investor and lender have reviewed operational results and have agreed with this conclusion. HASLO has provided the guarantees on the permanent loan, and would need to approve guaranteeing this additional loan. HASLO is not borrowing the funds, and would not make any of the payments.

2. Recommendation to Obtain an Additional Permanent Loan Amount.

Staff is recommending the Commission authorize HASLO to provide the necessary guarantee for RAD 175 to borrow an additional permanent loan amount of \$1,606,494. This would be an additional loan would be from Pacific Western Bank, who has provided the current tax exempt permanent loan commitment. The loan rate and loan term will be the same as the existing permanent loan commitment. We have included a final Sources & Uses showing the additional permanent loan.

RAD 175

Comparison of Original Project Budget to Actual Results

	At Closing - August 2019	At Completion - August 2022	Net Change	
Total Project Costs	112,473,272	112,909,538	436,266	1
PWB Tax-Exempt Permanent Loan	13,793,600	13,793,600	-	
PWB Taxable Permanent Loan	-	1,606,494	1,606,494	2
HASLO Seller Note & Accrued Interest	32,690,287	32,354,969	(335,318)	3
HASLO Conversion Note	18,760,982	18,828,339	67,357	
Deferred Developer Fee	1,500,000	1,500,000	-	
SLONP Capital Contributions	10,852,777	10,862,475	9,698	
Investor Capital Contributions	34,875,627	33,963,661	(911,966)	4
	<u>112,473,273</u>	<u>112,909,538</u>	<u>436,265</u>	

1 - Total project cost increases, which are less than .50% higher than our original budget.

2 - The new permanent loan needed to balance the project sources & uses.

3 - Less interest was accrued on the HASLO loan during construction. This is because we managed cash flow, and didn't advance funds until needed.

4 - Reduction in investor tax credit equity because of COVID delays

RAD 175

Prepared For: HASLO
 Prepared By: California Housing Partnership Corporation
 Version: 9.01 Cost Cert
 Revised: April 11, 2022
 Notes: Draft Cost Certification 04/11/22; NEF Downward Adjuster

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SOURCES OF FUNDS

<u>PERMANENT</u>	AMOUNT	TOTAL INT COST	OID INT RATE	AMORT TERM (Yr)	COMMENTS
PWB Tax-Exempt Permanent Loan	13,793,600	4.850%		35	17 year term/35 year amortization
PWB Taxable Permanent Loan	1,606,494	4.850%		35	17 year term/35 year amortization
Seller Note	30,319,316	2.760%	2.76%	55	June 2019 AFR (selected by NEF)
Accrued/Deferred Interest	2,035,653				
Conversion Note	18,760,982	2.760%	2.76%	55	June 2019 AFR (selected by NEF)
Accrued/Deferred Interest	67,357				
Deferred Developer Fee	1,500,000	0.000%			
Capital Contributions					
General Partner (Capital Grant)	2,201,566				
General Partner (Developer Fee)	8,660,909				
Limited Partner	33,963,661				
TOTAL SOURCES	112,909,538				
Surplus/(Shortfall)	(0)				

Federal Credit Pricing (Gross): 0.95000
 Credit Rate (August 2019): 3.21%
 Total PWB Permanent Loans: 15,400,094

<u>CONSTRUCTION</u>	AMOUNT	INT RATE	TERM (Mo.)	
PWB Tax-Exempt Construction Loan	57,000,000	3.500%	34	
Seller Note	30,319,316	2.760%	34	
Accrued/Deferred Interest	2,035,653			
Conversion Note	694,528	2.76%	34	
Accrued/Deferred Interest	67,357			
Costs Deferred Until Conversion	11,659,774			
Deferred Developer Fee	1,500,000			
Capital Contributions				
General Partner (Capital Grant)	2,201,566			
General Partner (Developer Fee)	0			
Limited Partner	7,431,344			
TOTAL SOURCES	112,909,538			
Surplus/(Shortfall)	(0)			

Equity at Construction Closing: 5,271,289

<u>COSTS DEFERRED UNTIL CONVERSION</u>		<u>DEVELOPER FEE PAY-IN SCHEDULE</u>	
Transition Reserve	0	Construction Closing	812,500
Operating Reserve (6 months)	1,198,865	Certificate of Occupancy	812,500
Replacement Reserve	175,000	Perm Conversion/Stabilization	8,660,909
Legal - Permanent Closing	0	Perm Conversion/Stabilization	1,425,000
Title/Recording/Escrow - Permanent	0	Form 8609	150,000
Accounting/Cost Certification	0	Tax Return/K-1	50,000
Developer Fee	10,285,909	Deferred Fee	1,500,000
TOTAL	11,659,774	TOTAL	13,410,909

Fee contributed as GP Equity

<u>INTEREST RATE STACK</u>	<u>Construction</u>	<u>Permanent</u>
Index (Fixed Rates)	3.500%	4.850%
Bank spread	0.000%	0.000%
Cushion	0.000%	0.000%
TOTAL	3.500%	4.850%

	100% TOTAL		DEPRECIABLE			EXPENSE	AMORTIZE	TAX CREDIT ELIGIBLE	
	TOTAL	RESIDENTIAL	NON-DEPREC	TOTAL RESIDENTIAL	NON-RES			TOTAL CONST/REHAB	TOTAL ACQUIS
	ACQUISITION COSTS								
<i>Total Purchase Price</i>	62,030,000								
Land Lease Payment	6,410,000	6,410,000	6,410,000						
Building Improvements	55,620,000	55,620,000		55,620,000				55,620,000	
GENERAL DEVELOPMENT COSTS									
<i>Total Construction Contract</i>	25,195,585								
Residential Construction	18,522,985	18,522,985	0	18,522,985	0	0	18,522,985		
Site Improvements/Landscape	4,126,012	4,126,012		4,126,012	0		4,126,012		
Personal Property included in Contract	0	0		0	0		0		
Contractor General Requirements	767,515	767,515	0	767,515	0		767,515		
Contractor Overhead & Profit	1,779,073	1,779,073	0	1,779,073	0		1,779,073		
Contractor Bond/Insurance	0	0		0	0		0		
Construction Contingency	0	0	0	0	0		0		
Local Permits/Fees/Utility Fees	183,881	183,881		183,881	0		183,881		
Environmental Audit	51,214	51,214		51,214	0		51,214		
Architecture	898,039	898,039		898,039	0		898,039		
Survey/Engineering	203,172	203,172		203,172	0		203,172		
Appraisal	16,000	16,000	0	16,000	0	0	16,000		
Temporary Relocation	1,657,348	1,657,348		1,657,348	0		1,657,348		
Market Study	26,300	26,300		0	0	26,300	0		
Construction Period Interest (Tax Exempt)	3,845,587	3,845,587		2,836,520	0	1,009,067	2,836,520		
Construction Period Interest (Seller Note)	2,035,653	2,035,653		1,597,080	0	438,573	1,597,080		
Construction Period Interest (Conversion Note)	67,357	67,357		67,357	0	0	67,357		
Title/Recording/Escrow - Acquisition	0	0	0	0	0		0	0	
Title/Recording/Escrow - Construction	190,238	190,238		190,238	0		190,238	0	
Title/Recording/Escrow - Permanent	30,000	30,000		0	0	30,000	0	0	
Real Estate Taxes During Construction	0	0		0	0	0	0	0	
Insurance During Construction	132,390	132,390		132,390	0	0	132,390	0	
Soft Cost Contingency	0	0		0	0		0		
TCAC Application /Allocation/Monitoring Fees	108,684	108,684		0	0	108,684	0		
Sponsor Legal: Acquisition	0	0	0	0	0		0	0	
Construction Closing	71,643	71,643		71,643	0		71,643	0	
Permanent Period	5,000	5,000		0	0	5,000	0		
Organization of Partnership	0	0		0	0	0	0		
Syndication	40,000	40,000	40,000	0	0		0	0	
Investor Legal/Fees	55,000	55,000	55,000	0	0		0	0	
Syndication Consulting	70,000	70,000	70,000	0	0		0	0	
Accounting/Cost Certification	172,985	172,985		102,985	0	70,000	102,985		
Furnishings	51,975	51,975		51,975	0		51,975		
Replacement Reserve	175,000	175,000	175,000	0	0		0		
Operating Reserve (6 months)	1,198,865	1,198,865	1,198,865	0	0		0		
Marketing/Lease-Up	34,680	34,680		0	0	34,680	0		
CNA/PML Reports	91,050	91,050		91,050	0		91,050		
Energy Consultant	58,920	58,920		58,920	0		58,920		
Construction Manager	251,896	251,896		251,896	0		251,896		
Prevailing Wage Monitoring	20,000	20,000		20,000	0		20,000		
Permanent Relocation	0	0	0	0	0		0		
Developer Fee	13,410,909	13,410,909	0	13,410,909	0		5,067,909	8,343,000	
COSTS OF ISSUANCE/FINANCING FEES									
Lender Counsel (Permanent)	0	0		0	0		0		
Lender Counsel (Construction)	60,000	60,000		60,000	0		60,000		
Bond Counsel	90,000	90,000		0	0	90,000	0		
Lender Expenses	18,767	18,767		18,767	0		18,767	0	
Lender Fees (Construction)	285,000	285,000		30,000	0	255,000	30,000		
Lender Fees (Permanent)	0	0		0	0		0		
CDLAC Fees	21,150	21,150		0	0	21,150	0		
Issuer Fee/Expenses	55,250	55,250		0	0	55,250	0		
<i>Subtotal - Costs of Issuance</i>	530,167	530,167	0	108,767	0	0	108,767	0	
TOTAL DEVELOPMENT COSTS	112,909,538	112,909,538	7,948,865	102,816,969	0	1,552,320	591,384	38,853,969	63,963,000
<i>Total Development Cost Per Unit</i>	645,197								
<i>Syndication Costs</i>	235,000								
<i>Net Total Development Costs</i>	112,674,538								

TCAC DEVELOPER FEE CALCULATION			
	Construction	Acquisition	Total
Eligible Basis	33,786,060	55,620,000	89,406,060
Maximum Potential TCAC Fee (per limits)	N/A	N/A	N/A
Maximum Potential TCAC Fee (per basis)	5,067,909	8,343,000	13,410,909
Ratio	37.79%	62.21%	100.00%
Maximum Fee Per TCAC (adjusted at PIS)	5,067,909	8,343,000	13,410,909
Fee per TCAC Application	4,148,982	8,343,000	12,491,982
MAXIMUM FEE IN ELIGIBLE BASIS & COSTS	5,067,909	8,343,000	13,410,909
<i>Maximum Cash Fee Paid by Development Sources</i>			<i>3,250,000</i>
<i>Contributed as Deferred Fee/GP Equity</i>			<i>10,160,909</i>

PROPOSED DEVELOPER FEE	
Maximum Fee in Eligible Basis & Costs	13,410,909
Cash Fee Paid by Development Sources	3,250,000
Deferred Fee Paid by Cash Flow	1,500,000
Contributed as GP Equity	8,660,909

INCOME		
Gross Potential Income		2,359,150
Rental Subsidy Premium		511,418
Misc. Income		7,200
Vacancy Loss	5.0%	(118,317)
Vacancy Loss - Rental Subsidy	5.0%	(25,571)
EFFECTIVE GROSS INCOME		2,733,880
EXPENSES - RESIDENTIAL		
Administrative		
Advertising	600	
Legal	2,400	
Accounting/Audit	27,400	
Security	600	
Misc Admin	29,848	
<i>Additional Payroll</i>	49,801	
Total Administrative		110,649
Management Fee		164,281
Utilities		
Electricity	16,000	
Gas	8,600	
Total Utilities		24,600
Water/Sewer		148,800
Payroll/Payroll Taxes		
On-Site Managers	140,000	
Administration Payroll	180,000	
Maintenance/Janitorial Payroll	180,000	
Manager Unit Expense/(Credit)	0	
Benefits/Workers Comp	163,587	
Total Payroll/Payroll Taxes		663,587
Insurance		88,857
Real Estate Taxes		0
Maintenance		
Painting	0	
Repairs	0	
Trash Removal	66,000	
Exterminating	0	
Grounds	8,400	
Elevator	0	
Contract Costs	152,000	
Supplies	30,300	
Total Maintenance		256,700
Replacement Reserve	<i>PUPA: 375</i>	65,628
Operating Reserve		0
Other		
Misc Taxes/Licenses	0	
Supportive Services	62,946	
Bond Issuer Monitoring Fee	4,000	
Total Other		66,946
TOTAL EXPENSES - RESIDENTIAL		1,590,048
<i>Per Unit Per Year (incl. Reserves)</i>	9,086	
<i>Per Unit Per Year (w/o Services, Taxes, Reserves, Bond Fe</i>	8,328	
TOTAL EXPENSES - COMMERCIAL		0
NET AVAILABLE INCOME		1,143,832
NET AVAILABLE INCOME (w/o Subsidy)		657,984
Debt Service Coverage Ratio		1.25
AVAILABLE FOR DEBT SERVICE		915,065

MAXIMUM MORTGAGE CALCULATION

PWB Total Permanent Debt

Net Operating Income (including Rental Subsidy)		1,143,832	
DSC		<u>1.25</u>	
Available for Debt Service		915,065	
Net Available for Debt Service		915,065	
	<u>Underwriting</u>	<u>Maximum</u>	
	<u>Constraint</u>	<u>Loan Amount</u>	
Debt Service Coverage	1.25	15,400,107	
Original Tax-Exempt Bank Loan Commitment		13,793,600	
Maximum Total Permanent Loans		15,400,107	<i>Includes tax-exempt and taxable loans</i>
Tax-Exempt Permanent Loan		13,793,600	
Taxable Permanent Loan		1,606,494	<i>Additional increase</i>
Total Permanent Loans		15,400,094	

LOAN CONSTANT/TIC CALCULATION

		<i>Permanent</i>			
Bond or Loan Rate		4.85000%			
Term (Yr)		35.00			
Amort (P&I)		1.09194%			
Loan Constant		5.94194%			
Imputed Total Interest Cost (TIC)		4.85000%			

BOND/REHABILITATION RATIOS

Tax-Exempt Financing Ratio

PWB Tax-Exempt Construction Loan	57,000,000
TOTAL TAX-EXEMPT FINANCING *	57,000,000
AGGREGATE BASIS	
Depreciable basis (residential)	102,816,969
Land	6,410,000
Permanent Relocation	0
TOTAL AGGREGATE BASIS	109,226,969
Percent Tax-Exempt Financing	52.18%

RESOLUTION NO. 18 (2022 SERIES)

**HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO
AUTHORIZING RESOLUTIONS
RE: GUARANTYING THE FINANCING OF RAD 175**

At a duly constituted meeting of the Board of Commissioners of the Housing Authority of the City of San Luis Obispo, a public body, corporate and politic (the “**Authority**”) held on August 18, 2022, the following resolutions were adopted:

WHEREAS, RAD 175, L.P., a California limited partnership (the “**Partnership**”), is an entity formed by the Authority with its affiliate San Luis Obispo Nonprofit Housing Corporation, as its managing general partner (“**SLONP**”); and

WHEREAS, the Partnership owns a leasehold interest in the land and a fee interest in the improvements, located at 441 Branch Street, 1600 Toro Street, 508 Hathway Avenue, 228 High Street, 11650 Los Osos Valley Road, 480 High Street, 2929 Augusta Street, 2126 Harris Street, 1497 Royal Way, 1240 Southwood Drive, 711 Upham Street, 4280 South Higuera Street, 1175 Islay Street, and 456 Leff Street, in the City of San Luis Obispo, County of San Luis Obispo, California (the “**Property**”) upon which the Partnership is rehabilitating the one hundred and seventy-three (173) units of affordable rental housing located on the Property (the “**Project**”); and

WHEREAS, in connection with the development of the Project, the Partnership is obtaining a loan from Pacific Western Bank (“**PWB**”) in an amount not to exceed \$2,000,000 (the “**PWB Additional Loan**”); and

WHEREAS, as a condition of the receipt of the PWB Additional Loan, PWB is requiring that the Authority execute payment and completion guaranties and indemnities (collectively, the “**Guaranty**”) in favor of PWB; and

WHEREAS, the Board of Commissioners of the Authority deems it to be in the best interests of the Authority to assist the Partnership with the PWB Additional Loan and the Partnership’s transactions and to enter into any and all documents with PWB, including but not limited to the Guaranty, completion and payment guaranties, indemnity agreements and any other types of agreements necessary to assist the Partnership in obtaining the PWB Additional Loan;

NOW, THEREFORE, BE IT RESOLVED: That the Authority shall guaranty the Partnership’s obligations under the PWB Additional Loan, and shall execute and shall enter into any and all documents, including but not limited to the Guaranty, completion and payment guaranties, indemnity agreements, and any other types of agreements necessary to assist the Partnership in obtaining the PWB Additional Loan; and

FURTHER RESOLVED: That all actions taken in connection with the Project by any officer of the Authority to the date of this Resolution is hereby approved and ratified;

FURTHER RESOLVED: That Scott Smith, Executive Director; Ken Litzinger, Director of Finance & CFO; and Michelle Pedigo, Deputy Director of Finance, are authorized and directed to enter into any and all agreements necessary to assist in the Partnership's obtaining the PWB Additional Loan, and shall enter into any and all agreements necessary, including but not limited to completion and payment guaranties, indemnity agreements, and shall take any and all further actions necessary provided such actions are consistent with the Board action; and

FURTHER RESOLVED: That Scott Smith, Executive Director; Ken Litzinger, Director of Finance & CFO; and Michelle Pedigo, Deputy Director of Finance, are authorized to execute and certify any form of resolution required by any lender, regulator or other third party involved in the transaction, so long as the Chairman and counsel to the Authority determine that the substance of such resolutions does not materially conflict with the substance of this Resolution.

On motion of Commissioner _____, seconded by Commissioner _____, and on the following roll call votes:

AYES:

NOES:

ABSENT:

ABSTAINED:

The foregoing Resolution was duly adopted and passed this 18th day of August, 2022.

JAY C. BECK, CHAIRMAN

SEAL:

ATTEST:

SCOTT SMITH, SECRETARY

CHAIRMAN’S CERTIFICATE

I HEREBY CERTIFY that I am the duly elected and acting Chairman of the Housing Authority of the City of San Luis Obispo, a public body, corporate and politic (the “**Authority**”); that the attached is a true and correct copy of resolutions duly and unanimously adopted at a meeting of the Board of Commissioners of the Authority on August 18, 2022 (collectively, the “**Resolution**”), all of the Commissioners being present necessary to constitute a quorum for the transaction of business; further, that such meeting was called in compliance with all applicable laws and the requirements of the charter of the Authority; that the Resolution does not conflict with the charter of the Authority, nor has the Resolution been in any way altered, amended, or repealed, and that it is in full force and effect, unrevoked and unrescinded, as of this day, and has been entered upon the regular minute book of the Authority, as of the aforementioned date, and that the Board of Commissioners of the Authority has, and at the time of adoption of the Resolution, had, full power and lawful authority to adopt the Resolution and to confer the powers thereby granted to the Authorized Officer(s) therein named who has (have) full power and lawful authority to exercise the same.

Jay C. Beck, Chairman

Attest:

Scott Smith, Secretary

Dated: August 18, 2022

Development Loan Collateralized by the Bridge Street Property

HASLO has strategically invested significant unrestricted financial resources into pipeline projects and land assets that will create major positive impacts on our community. Over the past 24 months, HASLO has purchased four development properties. HASLO currently has over \$12 million of its resources invested in sites and predevelopment costs.

A partial summary of our major investments are shown below:

	Entitlement / Design Predevelopment Costs	Site Acquisition - HASLO Cash	7/31/2022	Potential Units	Project Status
Anderson Hotel	442,840	-	442,840	68	No discretionary approvals required
Bridge St	834,435	3,150,000	3,984,435	93	Project Approved
Cleaver Park	152,103	-	152,103	53	Project Approved
1422 Monterey	253,084	2,350,000	2,603,084	100	Approval in Process
Oak Park, AG	543,000	2,252,960	2,795,960	63	Project Approved
HASLO Offices	379,481	-	379,481	0	Project Approved
Shell Beach Senior	210,996	1,350,000	1,560,996	24	Project Approved
Humbert/Victoria	70,748	-	70,748	40	Design In process
Maxine Lewis	74,881	-	74,881	40	Project Approved
	<u>2,961,568</u>	<u>9,102,960</u>	<u>12,064,528</u>	481	

In order to minimize the impact of interest costs on new projects, HASLO often utilizes its own cash for land acquisition and related costs rather than using borrowed funds. However, our cash management strategy does also include use of borrowed funds, including on the Bridge Street project. This is reflected in our rolling 18-month unrestricted cash forecast updated regularly. The Housing Trust Fund has approved a predevelopment loan on Bridge Street in the amount of \$2.2 million. Their loan would be collateralized by a deed of trust the property. The terms are as follows:

Loan Amount: \$2,200,000
Interest Rate: 4.25% simple annual. Fixed rate
Term: 4 years
Payments: Monthly interest payments
Fees: 1/2 point - \$11,000 loan origination fee plus actual costs

As projects begin construction HASLO cash investments are repaid to HASLO with interest. Shell Beach Senior will begin construction in December, and the Anderson Hotel should close in March 2023 if all financing is approved.

Staff recommends the Commission approve this Bridge Street predevelopment loan, and authorize staff to sign the related documents.

RESOLUTION NO. 19 (2022 SERIES)

CORPORATE BORROWING RESOLUTION

Housing Authority of the City of San Luis Obispo

TO: Housing Trust Fund of San Luis Obispo County

**RE: 279 Bridge Street Housing Site, APN 060-242-044 and 060-242-045.
Authorization of Predevelopment Loan**

RESOLVED: That the Executive Director, Finance Director, and Deputy Finance Officer of the Housing Authority of the City of San Luis Obispo, a public body, corporate and politic (“borrower”) be and hereby is authorized and empowered for and on behalf of and in the name of borrower, as its corporate act and deed:

1. To borrow money from the Housing Trust Fund of San Luis Obispo County (“Lender”) on such terms and conditions as shall be agreed upon by those authorized above and Lender, and to sign and deliver to Lender such promissory notes and other evidences of indebtedness for money borrowed or advanced and/or for indebtedness assumed as Lender shall require; such promissory notes or other evidences of indebtedness may provide that advances be requested by telephone communication and by any officer, employee or agent of this corporation so long as the advances are deposited into any deposit account of this corporation with Lender; this corporation shall be bound to Lender by, and Lender may rely upon, any communication or act, including telephone communications, purporting to be done by any officer, employee or agent of this corporation provided that lender believes, in good faith, that the same is done by such person.
2. To mortgage, encumber, pledge, convey, grant, assign or otherwise transfer all or any part of this corporation's real or personal property for the purpose of securing the payment of any of the promissory notes, contracts, instruments and other evidences of indebtedness authorized hereby and to execute and deliver to Lender such deeds of trust, mortgages, pledge agreements, security agreements and/or other related documents as Lender shall require.
3. To perform all acts and to execute and deliver all documents described above and all other contracts and instruments which Lender deems necessary or convenient to accomplish the purposes of this resolution and/or to perform or continue the rights, remedies and security interests to given to Lender hereunder, including without limitation, any modifications, renewals and/or extensions of any of this corporation's obligations to Lender, however evidenced; provided that the aggregate principal amount of all sums borrowed and credits established pursuant to this resolution shall not at any time exceed the sum of \$2,500,000.00 outstanding and unpaid at the following rates and terms:

Interest Rate: 4.25% simple annual interest

Term: 48 months

Origination Fees: ½ point

BE IT FURTHER RESOLVED, that disbursements of loan proceeds may be made by Lender to Borrower's account (account to be set up) maintained with Lender upon the written request of any one (1) of the following: Executive Director; Finance Director, or Deputy Finance Director, who are authorized to request disbursements until written notice of this corporation's revocation of such authority is received by Lender.

Loans made pursuant to a special resolution and loans made by offices of lender other than the office to which this resolution is delivered shall be in addition to the foregoing limitation.

The authority hereby conferred shall be deemed retroactive, and any and all acts authorized herein which were performed prior to the passage of this resolution are hereby approved and

ratified. The authority hereby conferred is in addition to that conferred by any other resolution heretofore or hereafter delivered to Lender and shall continue in full force and effect until Lender shall have received notice in writing, certified by the Secretary of this corporation, of the revocation hereof by a resolution duly adopted by the Board of Directors of this corporation, and such revocation shall be effective only as to credit which was not extended or committed to this corporation by Lender prior to Lender's receipt of such notice.

On motion by _____, seconded by _____, and on the following roll call vote:

AYES: _____ NOES: _____ ABSENT: _____

ABSTAINED: _____

The foregoing Resolution was duly adopted and passed this 18th day of August 2022.

JAY C. BECK, Chairman

SEAL:

ATTEST:

SCOTT SMITH, SECRETARY

CERTIFICATE OF THE SECRETARY

The undersigned, Secretary of the Corporation does hereby attest and certify that the foregoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of said corporation which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

DATE: _____

Scott Smith, Secretary

RESOLUTION NO. 20 (2022 SERIES)

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN LUIS OBISPO APPROVING DEED RECONVEYANCE TO REMOVE THE RESTRICTION FOR 147 PATRICIA DRIVE, SAN LUIS OBISPO

WHEREAS, the San Luis Obispo Nonprofit Housing Corporation (hereinafter “SLONP”) purchased 147 Patricia Drive, San Luis Obispo, on January 27, 1993; and

WHEREAS, the Housing Authority of the City of San Luis Obispo (hereinafter “HASLO”) advanced funds to SLONP for the purchase of 147 Patricia and two other houses to be used as Transitional Housing; and

WHEREAS, SLONP and HASLO entered into a Deed Restriction on January 3, 2001, to restrict the use of the Transitional Housing, including 147 Patricia Drive, for rental to qualified low income households, as defined by Section 50079.5 of the Health and Safety Code; and

WHEREAS, Transitions Mental Health Association (hereinafter “TMHA”) rented 147 Patricia Drive as a transitional home for their clients since March 31, 1993; and

WHEREAS, TMHA properly served notice to end their tenancy; and

WHEREAS, the SLONP Board of Directors agreed to the sale of the home on condition the proceeds are used for other affordable housing projects; and

WHEREAS, SLONP and HASLO must remove the deed restriction to allow a new owner to use the property as they wish.

NOW THEREFORE BE IT RESOLVED, that the Board of Commissioners approves removal of the deed restriction at 147 Patricia Drive contingent on sale of the property and repayment of its advance along with any unpaid interest in accordance with the promissory note dated May 19, 1994.

On motion of Commissioner _____, seconded by Commissioner _____, and on the following roll call votes:

AYES:

NOES:

ABSENT:

ABSTAINED:

The foregoing Resolution was duly adopted and passed this 18th day of August, 2022.

JAY C. BECK, CHAIRMAN

SEAL:

ATTEST:

SCOTT SMITH, SECRETARY

EZBike Project Proposal to HASLO for use of donated space at 1422 Monterey Street, SLO

- HASLO owns 1422 Monterey Street and is processing plans for its redevelopment. One space at 1422 Monterey is currently vacant, the space formerly occupied by Cambria Bicycles (CBO Inc). It has been vacant for over nine months (November 2021). The property continues to be marketed by our broker Adam Buttery. However, no offers have been forthcoming. In addition to market conditions, there is some feeling that potential lessees are reluctant given its future redevelopment.
- A non-profit group, “The EZBike Project,” would like to start a community e-bike lending project in San Luis Obispo. They currently operate a program in Santa Barbara. They have been attempting to locate donated space in San Luis Obispo, working with the City and County but have been unsuccessful. They have approached HASLO with a proposal to use the former bicycle site at 1422 Monterey.
- Staff tentatively supports the idea, given the space has been vacant with no prospects at this writing. If this arrangement were to move forward we would propose limiting their lease period to 6-months, along with continued marketing of the space to rent-paying businesses. The EZBike Project would be responsible for all utilities, maintenance and insurance.

From the EZBike Project

“EZBike Project Overview

Community members check out bikes for multiple days. These multi-day loans provide a real sense of the difference it makes to commute, carry cargo, haul kids or simply run errands using an e-bike in comparison to a car, or a regular bicycle. When people experience the difference electric assist makes, they start to consider an electric bike as a legitimate means of transportation. To appeal to people who haven't ridden a bike in a long time, or simply have limited urban cycling experience, gaining confidence increases their motivation to add an e-bike to their transportation options. Additionally, for those who are physically challenged an e-bike is often their only option for personalized & sustainable mobility.

Upon the return of the e-bike, participants are encouraged to purchase an electric bike of their own and to use them to replace car trips. The EZBike Project does not sell bikes, we only loan them out.

It's imperative that every city, company and organization widely promote the use of e-bikes in order to make progress towards zero greenhouse gas (GHG) emissions, achieve safe streets, healthier communities, and reduce traffic congestion. To do so we MUST shift our transportation modes away from single occupancy vehicles. A community e-bike lending program gives people a new experience and opens their minds to new possibilities. Through lending projects participants ride, receive bike education and inspiration, get route assistance and learn about rebates and incentives. Since most car trips are under 5 miles, it's critical that we find ways to help people to make the shift.

Specific Building Use and Needs

Bikes are released for 5-day loans on Fridays and participants return the bikes on Wednesdays. Those are the only planned days that one of our staff would get into the building for between 2-4 hours. The building will house approximately 10 bikes and the proximity to the bike kitchen is fabulous since Bike SLO County is our maintenance team. The bikes will live inside the building on Wednesday and Thursday nights. The bikes will be locked inside in addition to securing the building. Any bikes not checked out during a given week will stay in the building until the following week's check out.

Keyholders will be Nancy Eckert, Project Director, the project coordinator who is yet to be hired, and Rick Ellison who is the ED of Bike SLO County. We anticipate paying for electricity and plan to use a hotspot for internet use. “