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San Diego Housing Commission (SDHC) Fiscal Year 2015 Budget

July 1, 2014 – June 30, 2015

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Chief Financial Officer and Vice President
Financial Services Department





SDHC Budget Agenda/Index

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Fiscal Year 2015 SDHC Budget Presentation Section 1 - Summary and Budget Process



SDHC Affordable Housing Programs Provide Opportunities to Improve the Quality of Life for the Families that SDHC Serves

- Rental Assistance
- Management of SDHC-Owned Housing
- First-Time Homebuyer Assistance
- Initiatives to Reduce Homelessness
- Home Rehabilitation
- New Affordable Housing Units
- Family Self-Sufficiency



A home rehabilitation loan helped Kym and her family remove unsafe mold and replace carpets in their San Diego home.



SDHC Fiscal Year 2015 Budget

\$337.3 Million in Total Funding Sources

Directly Serving Over 50,000 San Diegans



SDHC Headquarters – 1122 Broadway, Downtown San Diego

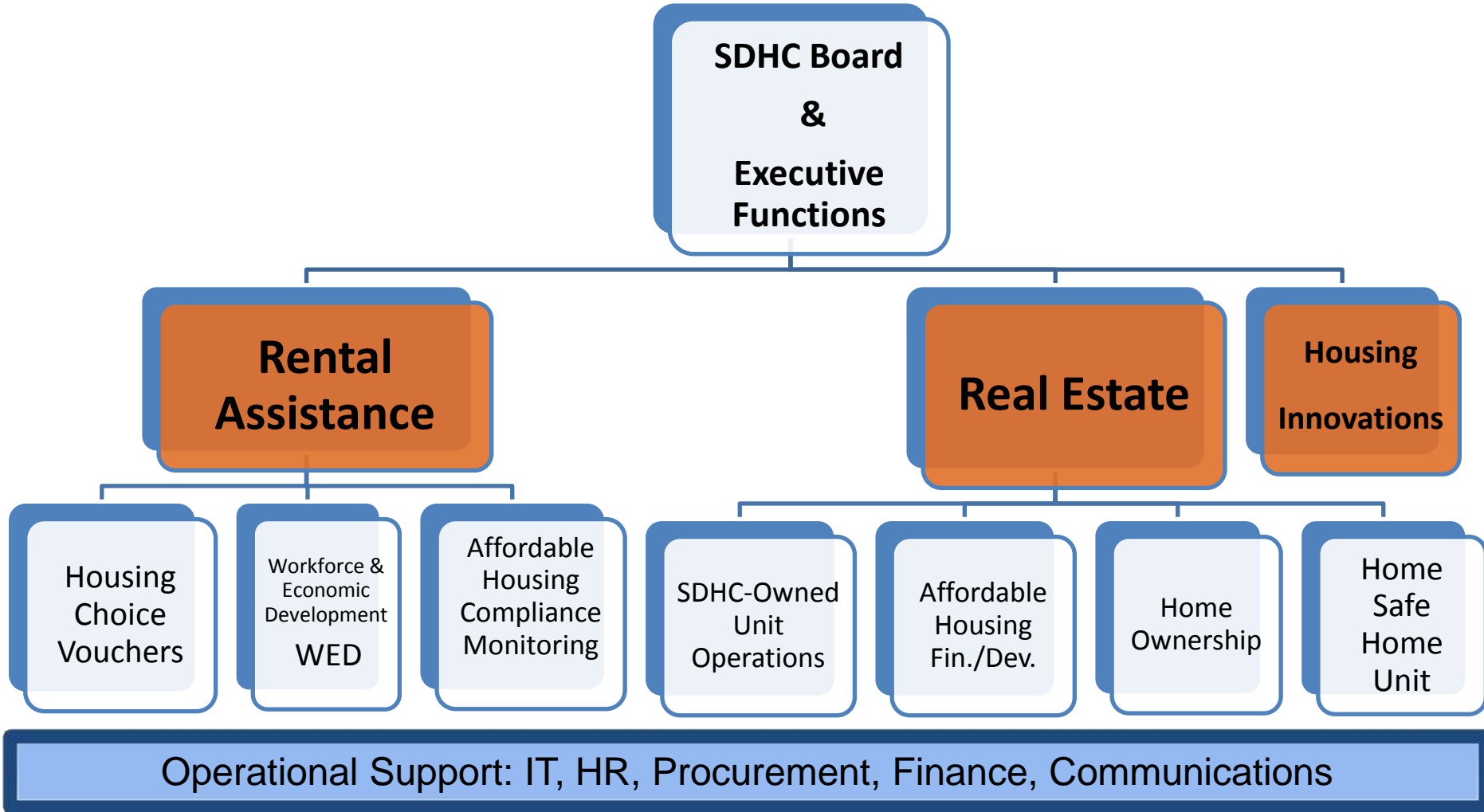


SDHC Fiscal Year 2015 Budget Executive Summary

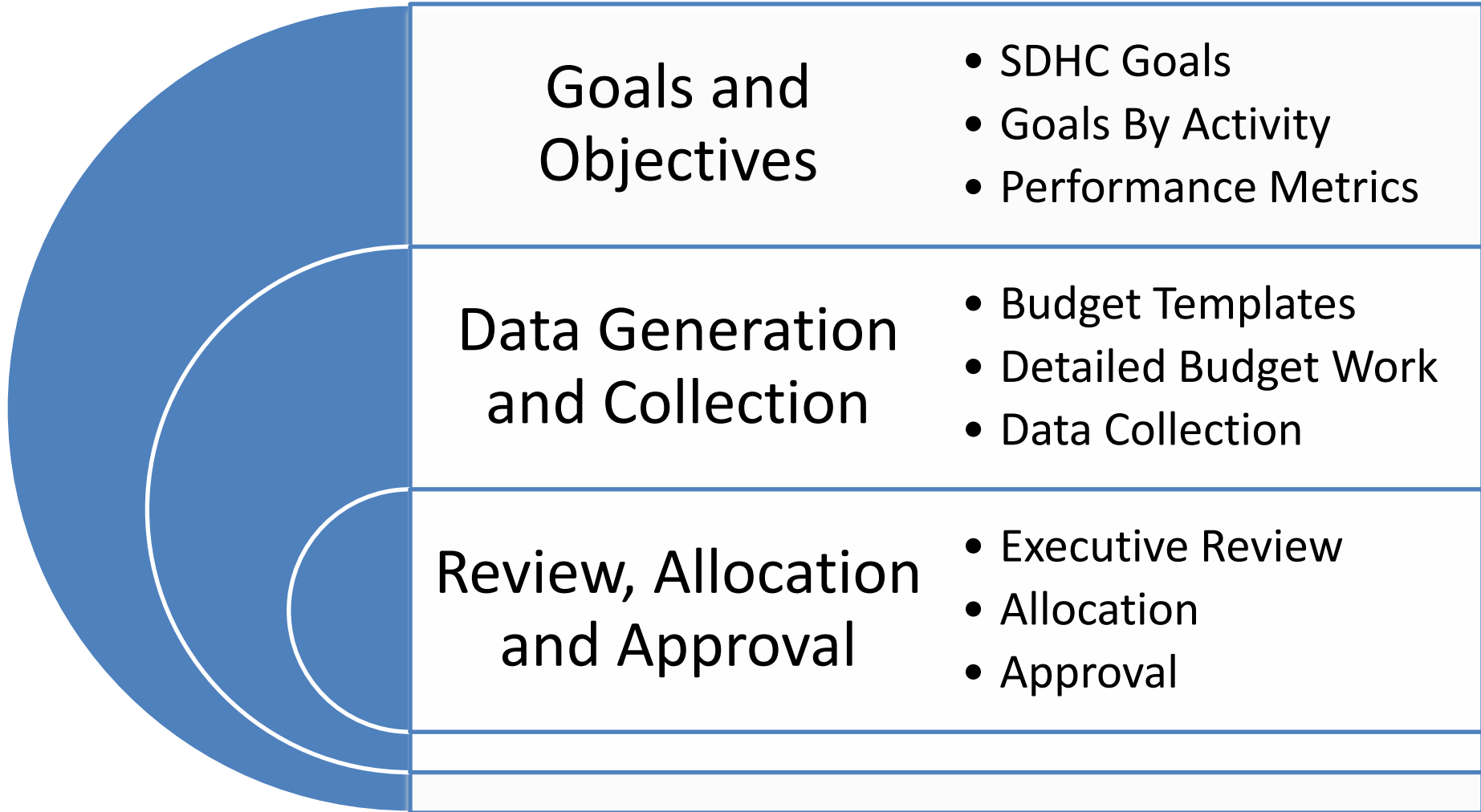
- \$13.9M or 6% increase in revenues due to increased MTW, Affordable Housing Fund and HOME revenues
- Expenditures decreased due to reduced capital development, efficiencies, reduced single purpose funding for specific grant activities, improved long-term reserve management, HUD grant reform driven budget policy changes and the reversal of HUD's reserve recapture efforts
- Fund balance increased to reflect strategic long-term reserve management and GPNA requirements



SDHC Organizational Chart



SDHC Budgeting Process



SDHC Fiscal Year 2015 Budget Budget Process and Timeline

MONTH	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr - Jun 2014	
	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3	
PHASE	PLANNING		PREPARATION				APPROVAL	
Vice Presidents	Strategic Planning		Review			Review		
Operations	Goal Setting	Revenues & Allocations	Staffing and Expenditure Budgeting		Adjust			
Budget	Budget Prep and Training	Allocate Fund Bal. & New Revenues	Compile Funds and Roll-Up Budgets		Update	Budget Doc.		
Board/HA	Ongoing Commissioner Review					HC	HA Approval	



SDHC Fiscal Year 2015 Mission and Goals

MISSION:

Provide affordable, safe and quality homes for low- and moderate-income families and individuals in the City of San Diego and to provide opportunities to improve the quality of life for the families that SDHC serves

GOALS:

- *Create and Preserve Quality Affordable Housing*
- *Provide Housing Choice Voucher Families with Opportunities for Them to Become More Financially Self-Reliant*
- *Foster a Culture of Excellence and Innovation*



SDHC Fiscal Year 2015 Goals and Objectives

(continued)

Goal A: Create and Preserve Quality Affordable Housing

- Objective 1: Pursue new funding opportunities to decrease reliance on traditional funding sources for the creation and preservation of affordable housing at the lowest possible cost
- Objective 2: Ensure the SDHC real estate portfolio is economically and physically sustainable
- Objective 3: Ensure that the most effective and cost-efficient business practices are in place for management of the SDHC loan portfolio
- Objective 4: Define SDHC's leadership role in the effort to reduce homelessness in the City of San Diego



SDHC Fiscal Year 2015 Goals and Objectives

(continued)

Goal B: Provide Housing Choice Voucher Families with Opportunities for Them to Become More Financially Self-Reliant

- Objective 1: Provide a more comprehensive customer service delivery model for Housing Choice Voucher participants
- Objective 2: Increase opportunities at the SDHC Achievement Academy for Housing Choice Voucher Work-Able participants to become more financially self-reliant



SDHC Fiscal Year 2015 Goals and Objectives

(continued)

Goal C: Foster a Culture of Excellence and Innovation

- Objective 1: Promote a workplace environment with high employee engagement and retention (Employer of Choice)
- Objective 2: Ensure that real-time data is available to make agency-wide strategic decisions
- Objective 3: Make certain that major decision-making actions are consistent with SDHC's mission and goals and that they address the current economic and social conditions



SDHC Fiscal Year 2015 Goals and Objectives *(continued)*

Goal C: Foster a Culture of Excellence and Innovation *(continued)*

- Objective 4: Raise new funding to support agency-wide work readiness programs and homelessness initiatives
- Objective 5: Strengthen customer service delivery through agency-wide operational efficiency





SDHC Balanced Budget

SOURCES

USES

IN

OUT

**Fund Balance
+
Revenues**

**Expenditures
+ Fund
Balance**



SDHC Fiscal Year 2015 Budget Budget Process And Policy

- Determine Available Sources (Beginning Fund Balance + New GAAP Revenues)
- Allocate Sources To Divisions
 - Division-generated revenues are “owned” by Division
 - Multi-Use sources allocated according to strategy
 - HOME
 - Affordable Housing Funds
 - Unrestricted Local Funds
- Establish Reserve Levels
 - 5% minimum for unrestricted fund balance
 - Property reserves according to TCAC or GPNA



SDHC Fiscal Year 2015 Budget Budget Process And Policy

- Reserve Strategy
 - Funding Trend Up/Stable: Lower Reserves
 - Funding Trend Down/Unstable: Higher Reserves
- Debt Policy - new debt only if supported by assets generating sufficient debt service coverage (no “operational shortfall debt” allowed)
- Budget Amendments are reported as “Approved Variances” to the Board and Housing Authority Approved Budget
- Full budget revisions submitted to Board only if drastic changes in funding or operational environment occur



SDHC Fiscal Year 2015 Budget Procedures for Amending Budget

- CEO authorized to amend the annual budget in the amount of \$100,000 or less
- All budget amendments in excess of \$100,000 must be approved by the SDHC Board
- The Housing Authority of the City of San Diego has delegated authority to the SDHC Board to amend the annual budget for amounts less than \$500,000
- Budget amendments in excess of \$500,000 must be approved by the Housing Authority



SDHC FY 2015 Budget Factors Affecting FY 2015

- OMB Grant Reform: “Rate Management” requires change from capacity-based budget to an actual expenditure-based budget (>>lower expenditures, higher reserves)
- Completion of State Sites conversion and renovation
- HUD proration change for HAP from 96% to 99% and Admin from 69% to 75%
- COLA 2.5% and Performance Incentive 2.8% per Union MOU





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Fiscal Year 2015 SDHC Budget Presentation

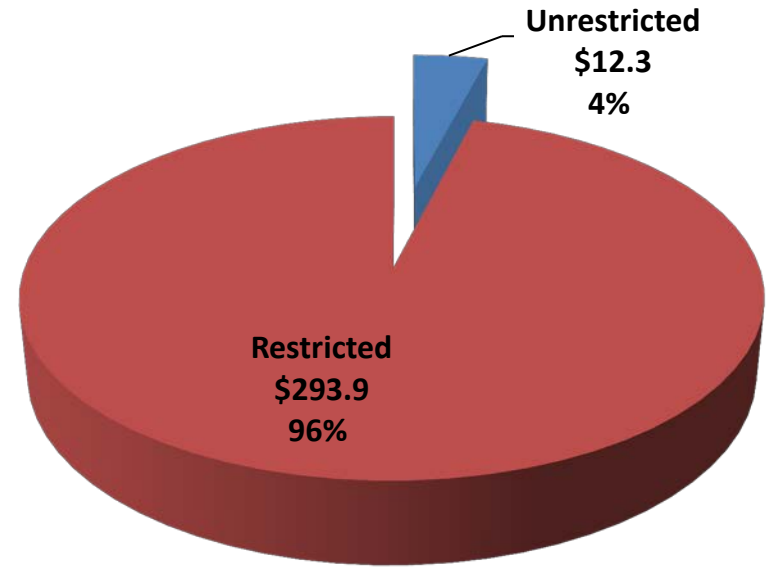
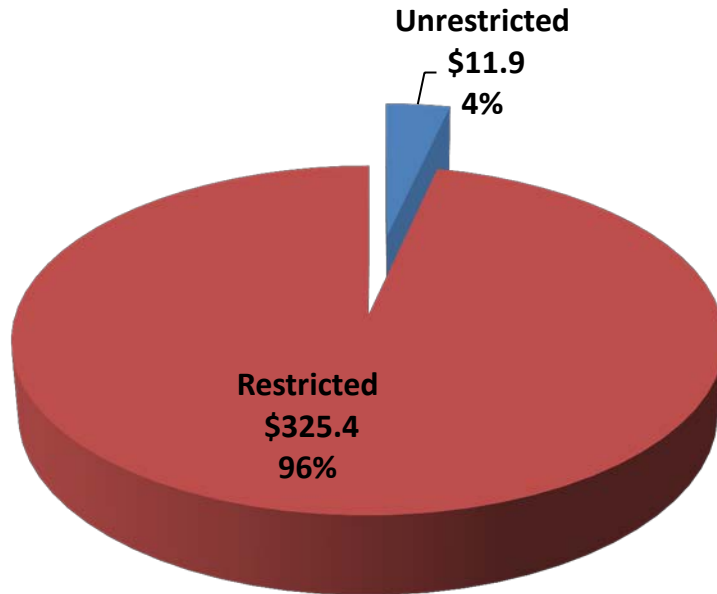
Section 2 - Sources of Funds



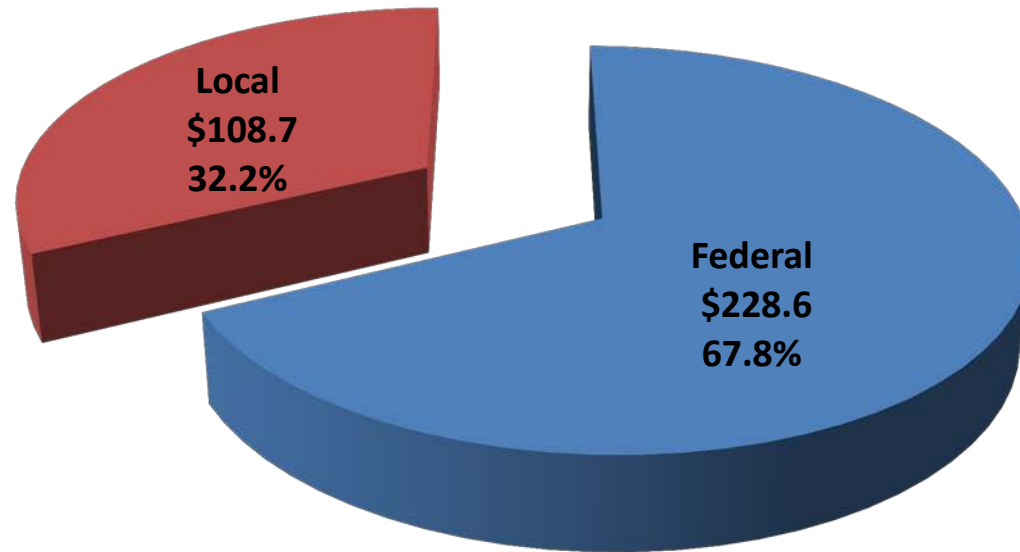
SDHC Fiscal Year 2015 Budget Sources of Funds by Restriction (*\$ in Millions*)

FY 2015 Budget – \$337.3 M

FY 2014 Budget - \$306.2 M



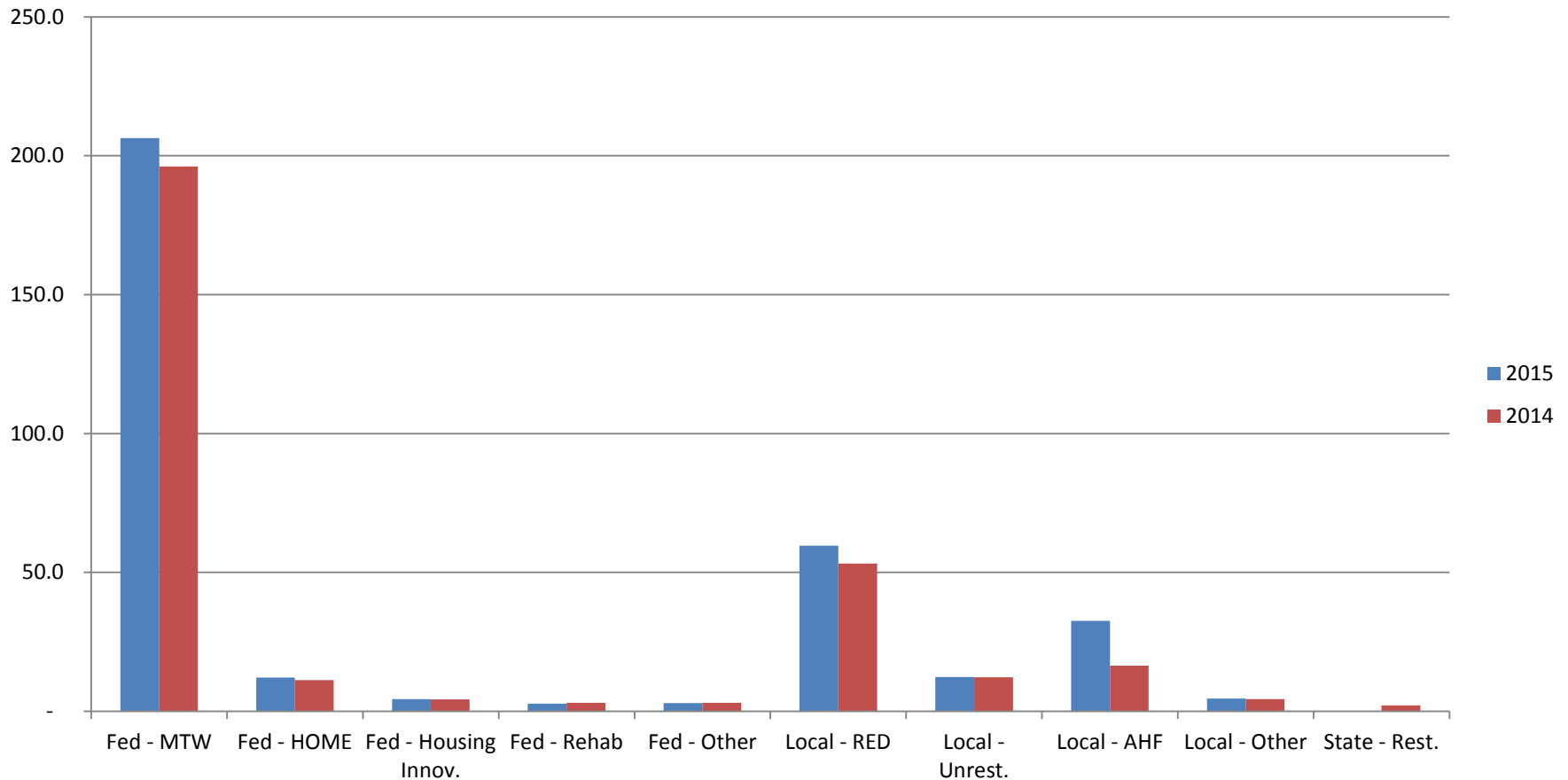
SDHC Fiscal Year 2015 Budget Funding Sources by Major Category - \$337.3M (*\$ in Millions*)



SDHC Fiscal Year 2015 Budget

FY 2015/2014 SDHC Funding Source Comparison

(\$ in Millions)



SDHC Fiscal Year 2015 Budget Available Funding Sources Detail

	FY 2015 Budget			FY 2014 Budget			Increase/(Decrease)					
	Fund Balance	Revenue	Total	Fund Balance	Revenue	Total	Fund Balance	Revenue	Total			
FEDERAL												
Section 8/MTW HOME	32,589,037	173,749,115	206,338,152	30,594,291	165,504,092	196,098,384	1,994,746	7%	8,245,022	5%	10,239,768	5%
Housing Innovations Rehabilitation	-	4,437,277	4,437,277	-	4,289,859	4,289,859	-	0%	147,418	3%	147,418	3%
CDBG	904,118	1,870,125	2,774,243	1,235,341	1,691,287	2,926,628	(331,223)	-27%	178,838	11%	(152,385)	-5%
Other	21,444	123,651	145,095	50,193	63,113	113,306	(28,749)	-57%	60,538	96%	31,789	28%
FEDERAL Total	33,514,599	195,094,556	228,609,155	31,950,829	185,762,825	217,713,655	1,563,770	5%	9,331,731	5%	10,895,501	5%
LOCAL												
SDHC Real Estate Unrestricted	31,174,898	28,467,551	59,642,450	25,879,898	27,318,682	53,198,580	5,295,000	20%	1,148,869	4%	6,443,869	12%
RDA	9,885,920	2,016,303	11,902,223	9,851,351	2,408,283	12,259,634	34,569	0%	(391,980)	-16%	(357,411)	-3%
AHF	738,415	6,892	745,307	1,200,568	28,911	1,229,479	(462,153)	-38%	(22,019)	-76%	(484,172)	-39%
Other	24,496,005	8,046,502	32,542,507	13,333,448	3,135,197	16,468,645	11,162,557	84%	4,911,305	157%	16,073,862	98%
LOCAL Total	67,909,328	40,770,003	108,679,331	50,812,969	35,500,367	86,313,336	17,096,359	34%	5,269,637	15%	22,365,995	131%
STATE	47,098	2,606	49,704	1,391,170	740,853	2,132,023	(1,344,072)	-97%	(738,247)	-100%	(2,082,319)	155%
Grand Total	101,471,025	235,867,165	337,338,191	84,154,968	222,004,045	306,159,013	17,316,057	21%	13,863,120	6%	31,179,177	10%





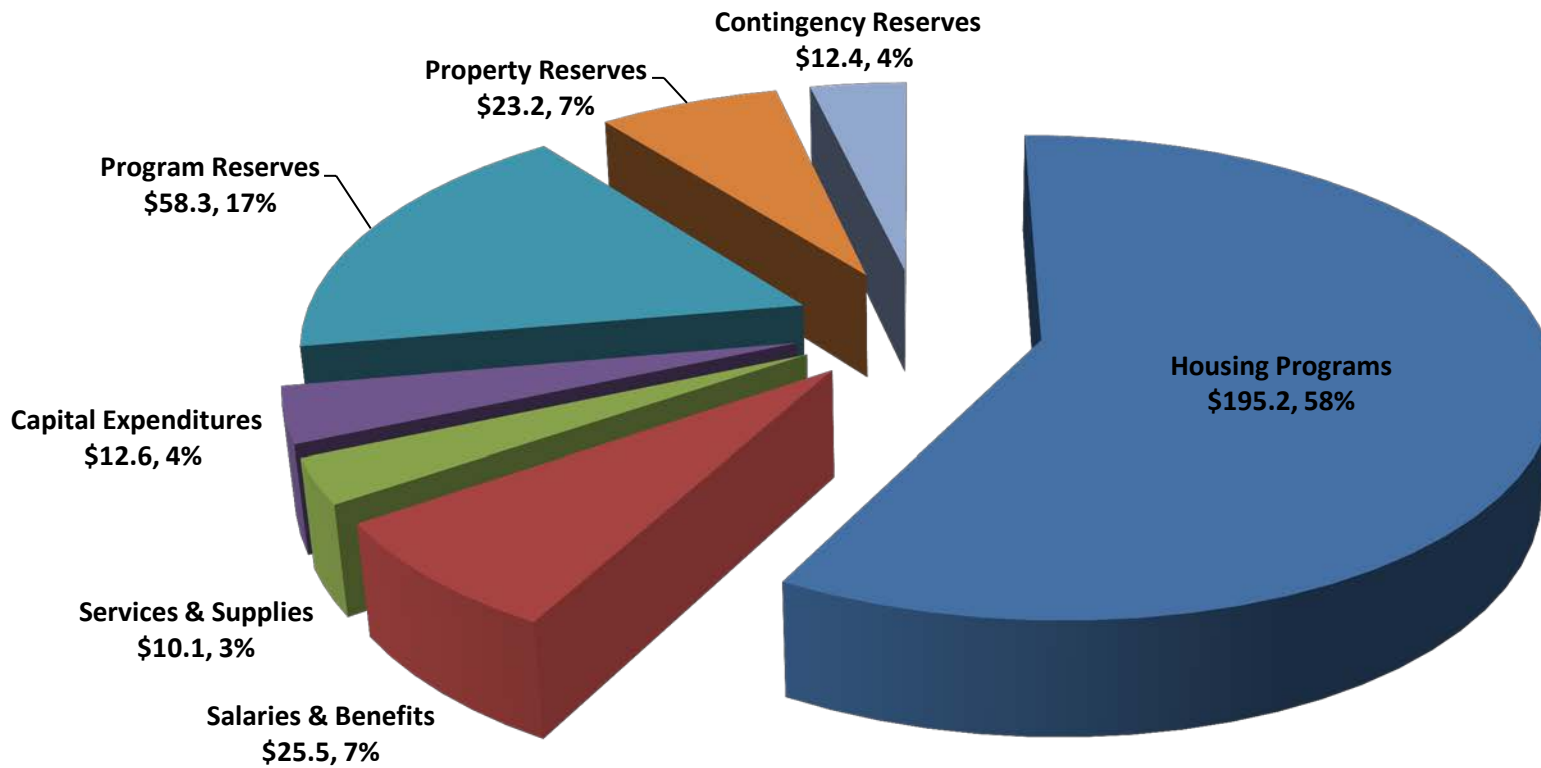
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Fiscal Year SDHC 2015 Budget Presentation

Section 3 - Uses of Funds



SDHC Fiscal Year 2015 Budget Funding Uses by Major Category - \$337.3M (*\$ in Millions*)



SDHC Fiscal Year 2015 Budget

Funding Uses by Fiscal Year

(\$ in Millions)

	FY 2015	FY 2014	
	<u>Budget</u>	<u>Budget</u>	<u>Inc./</u> (Dec)
Housing Program Expense	\$ 178.1	\$ 185.4	\$ (7.3)
Salaries and Benefits	25.5	24.9	0.6
Property Expense	14.1	11.4	2.7
Professional Services, Supplies & Other	10.1	12.3	(2.2)
Debt Principal Payments	3.0	3.1	(0.1)
Capital Expenditures	12.6	19.2	(6.6)
Ending Reserves	93.9	49.9	44.0
Total	\$ 337.3	\$ 306.2	\$ 31.1



SDHC Fiscal Year 2015 Budget Funding Uses Detail Salaries & Benefits (*\$ in Millions*)

	FY 2015		FY 2014		
	<u>Budget</u>	<u>%</u>	<u>Budget</u>	<u>%</u>	<u>Inc/(Dec.)</u>
Salaries	\$ 18.7	73%	\$ 18.4	74%	\$ 0.3
Flex Plan Benefits	2.7	11%	2.5	10%	0.2
Pension Plan	2.5	10%	2.4	10%	0.1
Fringe Benefits - Other	1.6	6%	1.6	6%	0.0
Total	\$ 25.5	100%	\$ 24.9	100%	\$ 0.6

FTE's	299.0	310.0	(11.0)
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***Benefit Load as % Of
Total Personnel:***

27%

26%



SDHC Salary and Staffing Detail

SAN DIEGO HOUSING COMMISSION
CHANGES IN BUDGETED FTES AND SALARIES BY DEPARTMENT
FISCAL 2014 AND 2015

	Budgeted FTEs			Budgeted Base Salaries 2014	COLA & PI	Other Changes*	Budgeted Salaries 2015
	2014	2015	Change				
Rental Assistance							
Housing Choice Voucher Program	91.8	92.5	0.7	4,991,542	268,046	(105,263)	5,154,325
WED	11.0	11.1	0.1	775,268	41,632	(701)	816,199
Compliance	5.1	5.1	-	324,902	17,447	(3,690)	338,659
Subtotal Rental Assistance	107.9	108.7	0.8	6,091,712	327,125	(109,654)	6,309,183
Real Estate							
Property Management & Maint.	52.0	49.9	(2.0)	1,819,730	97,719	23,234	1,940,682
Construction Services	7.7	6.0	(1.7)	552,127	29,649	(121,153)	460,623
Facilities Management	1.7	3.4	1.8	140,442	7,542	108,805	256,789
Rental Housing Development	1.4	0.4	(0.9)	119,851	6,436	(81,409)	44,878
Rental Housing Finance	7.6	7.1	(0.6)	470,962	25,291	83,007	579,260
Homeownership	3.4	3.1	(0.3)	208,064	11,173	(19,925)	199,312
Home Safe Home Unit	12.2	10.0	(2.2)	917,067	49,246	(186,551)	779,762
Lease Management	0.9	3.2	2.3	75,454	4,052	176,756	256,262
Loan Management	6.8	6.1	(0.7)	409,384	21,984	(45,105)	386,263
Subtotal Real Estate	93.7	89.2	(4.5)	4,713,081	253,092	(62,341)	4,903,831
HDP **	2.9	2.8	(0.0)	302,878	16,265	(19,266)	299,877
Housing Innovations	9.5	7.0	(2.5)	653,908	35,115	(145,381)	543,642
Operations Support							
Board & Executive	3.5	4.2	0.7	541,252	29,065	81,010	651,327
Public Policy & Legislative Services	3.5	-	(3.5)	284,240	15,264	(299,504)	-
Communications	5.0	6.0	1.0	437,842	23,512	67,264	528,618
Compliance & Special Programs	9.8	7.6	(2.2)	760,481	40,838	(160,121)	641,198
Reinvestment Task Force	1.1	1.1	-	83,518	4,485	490	88,493
Section 3 and Outreach	2.2	2.0	(0.2)	160,318	8,609	(19,453)	149,474
Human Resources	18.0	18.0	-	633,384	34,013	200	667,597
Procurement	13.1	13.4	0.3	863,449	46,367	38,615	948,431
Information Technology	15.0	14.0	(1.0)	1,148,936	61,698	(72,549)	1,138,085
Financial Services	25.0	25.0	-	1,696,800	91,118	48,877	1,836,795
Subtotal Operations Support	96.2	91.3	(4.9)	6,610,221	354,969	(315,170)	6,650,019
Grand Total	310.0	299.0	(11.0)	18,371,799	986,566	(651,814)	18,706,551

* Position eliminations, reclassifications, salary changes due to turn-over

** HDP salaries are 100% reimbursed by HDP revenues and are not agency funded



SDHC Fiscal Year 2015 Budget Funding Uses Detail Reserves (*\$ in Millions*)

	<u>FY 2015 Budget</u>	<u>FY 2014 Budget</u>	<u>Increase/ (Decrease)</u>
Program Restricted	\$ 58.3	\$ 21.4	\$ 36.9
Property Reserves	23.2	20.5	2.7
Contingency Reserves	0.6	0.6	-
Unobligated Reserves	11.8	7.4	4.4
Total	\$ 93.9	\$ 49.9	\$ 44.0





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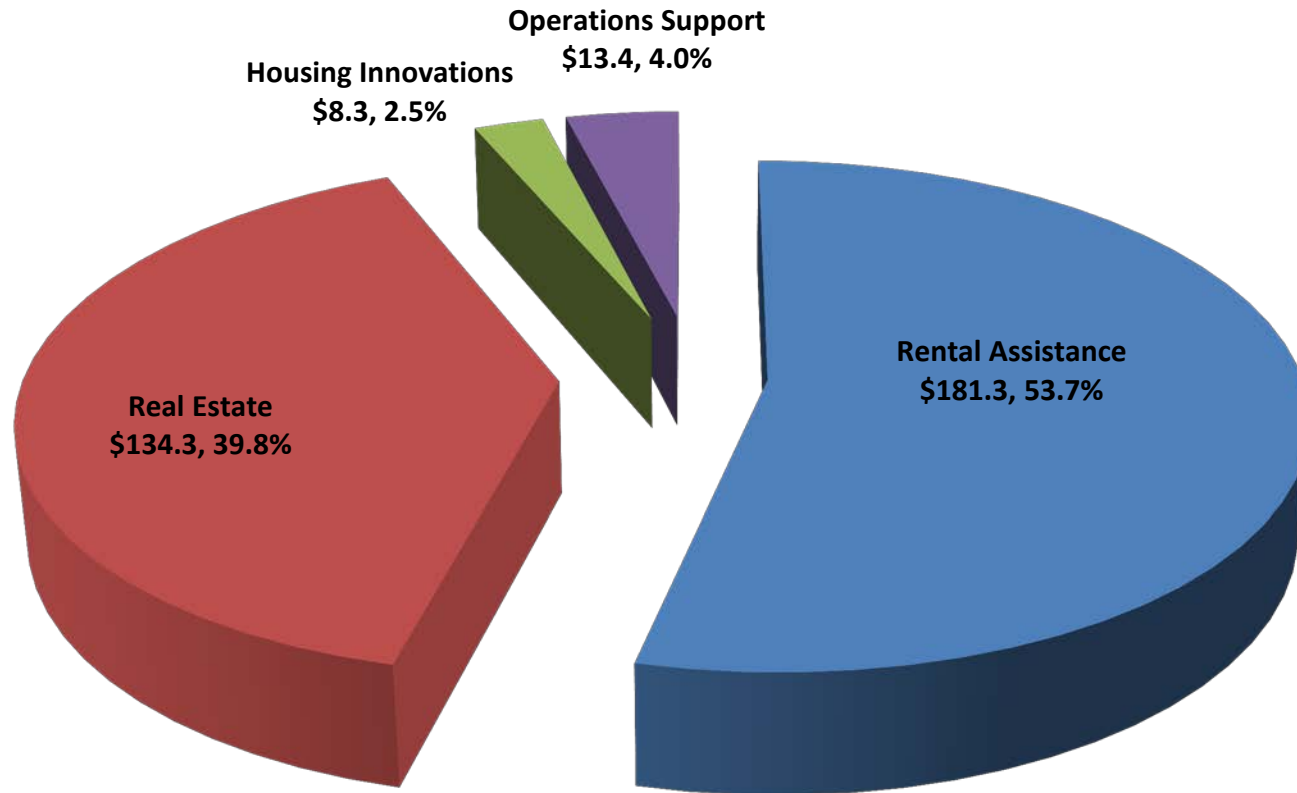
Fiscal Year SDHC 2015 Budget Presentation

Section 4 – Activity-Based Budget Information



SDHC Fiscal Year 2015 Budget Funding Uses by Activity - \$337.3M

(\$ in Millions)



SDHC Fiscal Year 2015 Budget

Annual Budget By Activity

Operations

(\$ in Millions)

	FY 2015	FY 2014	
	<u>Budget</u>	<u>Budget</u>	<u>Inc./Dec</u>
Rental Assistance	\$ 168.1	\$ 169.4	\$ (1.3)
Housing Innovations	8.9	10.5	(1.6)
Property Operations	38.8	43.3	(4.5)
Rental Housing Finance	16.1	17.9	(1.8)
Homeownership	4.4	5.5	(1.1)
Home Safe Home	5.3	6.6	(1.3)
Loan Management	1.1	2.4	(1.3)
Reinvestment Task Force	0.2	0.2	0.0
Housing Development Partners	0.5	0.5	0.0
Reserves	93.9	49.9	44.0
Total	\$ 337.3	\$ 306.2	\$ 31.1



SDHC Fiscal Year 2015 Budget

Annual Budget By Activity

Operations Support

(\$ in Millions)

	<u>FY 2015</u> <u>Budget</u>	<u>FY 2014</u> <u>Budget</u>	<u>Inc./</u> (Dec)
Board & Executive Functions	\$ 1.6	\$ 1.5	\$ 0.1
Public Policy & Legislative Services	-	0.4	(0.4)
Community Relations & Communications	0.8	0.8	0.0
Special Programs	0.9	1.3	(0.4)
Section 3 & Outreach	0.2	0.2	(0.0)
Human Resources	1.3	1.1	0.2
Procurement	1.7	1.7	(0.0)
Information Technology	4.1	3.9	0.2
Financial Services	2.8	3.1	(0.3)
Total	\$13.4	\$14.0	\$ (0.6)



SDHC Approval Request

FY 2015 Budget - \$337.3 Million

Over 50,000 San Diegans Served



SDHC Deliverables To San Diego

- Continue to assist approximately 14,500 low-income households through federal rental assistance
- Assist 70 households to become first-time homebuyers
- Support the financing of 486 affordable housing units
- Rehabilitate 233 homes and apartments for low-income families
- Operate 2,221 units of SDHC-owned housing
- Support programs that provide shelter to more than 3,300 homeless individuals and day-services to 3,600 homeless individuals
- Help 800 families that receive federal rental assistance to work toward self-reliance through the SDHC Achievement Academy





Rental
Assistance



Creating Affordable
Housing



Solutions To
Homelessness

Thank You!

