



SAN DIEGO
HOUSING
COMMISSION

We're About People

San Diego Housing Commission (SDHC) Fiscal Year (FY) 2020 Annual Financial Audit Report Presentation to the SDHC Board of Commissioners November 13, 2020

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Financial Services Department

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Controller
Financial Services Department



SDHC FY 2020 Annual Financial Audit Report Agenda

- Audit Timeline
- Introduction
- Summary of Annual Audit
- Financial Results
- Operational Highlights



Benson Place Apartments
82 Permanent Housing Units with
Supportive Services
SDHC Investment: \$4.8 Million Loan and
82 Federal Rental Housing Vouchers



SDHC FY 2020 Annual Financial Audit Report

FY 2020 Audit Timeline



SDHC FY 2020 Annual Financial Audit Report

Introduction

- Audit Committee in attendance: Chair Spoon, Commissioner Davis and Commissioner Hester
- Legal Counsel in attendance: Christensen & Spath LLP
- CohnReznick LLP (Independent Auditors) presented:
 - Unmodified Opinion
 - No Management Letter Comments
 - No Passed Audit Adjustments
- CFO presented:
 - FY2020 Comprehensive Annual Financial Report (CAFR) and Single Audit Report (SEFA)
- Audit Committee:
 - Approved the FY2020 CAFR and SEFA
 - Recommends SDHC Board Approve the FY2020 CAFR and SEFA



SDHC FY 2020 Annual Financial Audit Report

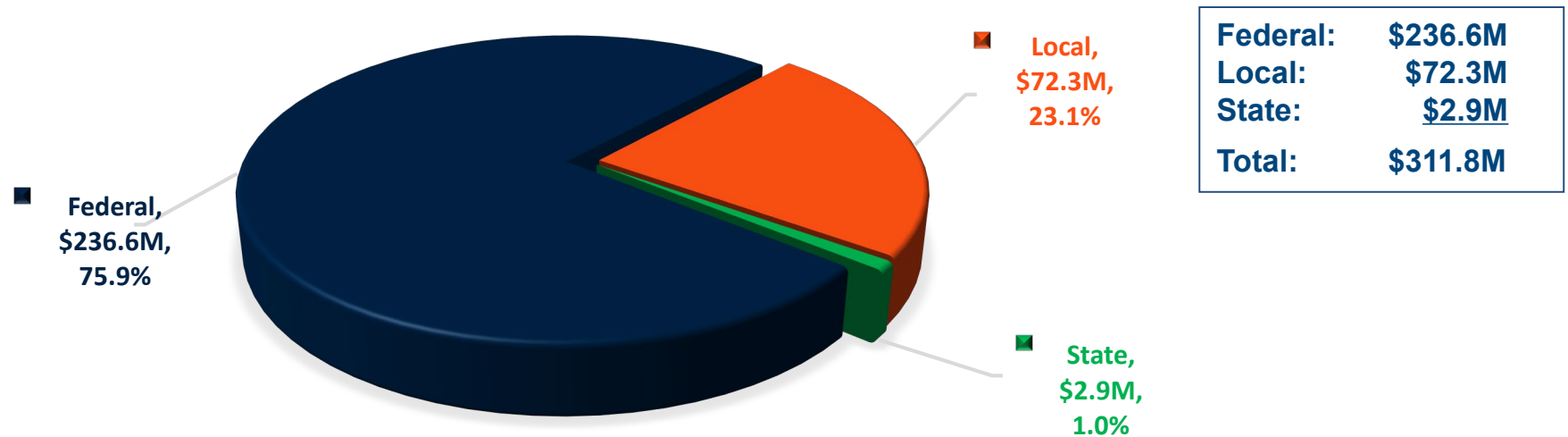
Financial Results Summary

- Total revenues: \$311.8M
- HUD grants: 72% of revenues
- City of San Diego awarded General Funds: \$2.5M
- Total expenses: \$293.0M
 - Housing Assistance Expenses: \$176.0M
 - Other Expenses: \$117.0M
- Expenses related to programs serving individuals and families experiencing homelessness: \$67.0M
- Multifamily and homeownership loans funded: \$38.6M
- Total capital expenditures, including total Green Physical Needs Assessment (GPNA) efforts: \$8.6M
- CARES Act funding \$3.1M received and \$0.2M expended, with the spending deadline extended to December 31, 2021.



SDHC FY 2020 Annual Financial Audit Report

Financial Results – Revenues by Funding Type



Section 8/MTW	\$208.0M
CDBG & Other Federal (ROSS Grant)	\$12.4M
HOME	\$10.4M
ESG/CoC	<u>\$5.8M</u>
Total Federal	\$236.6M

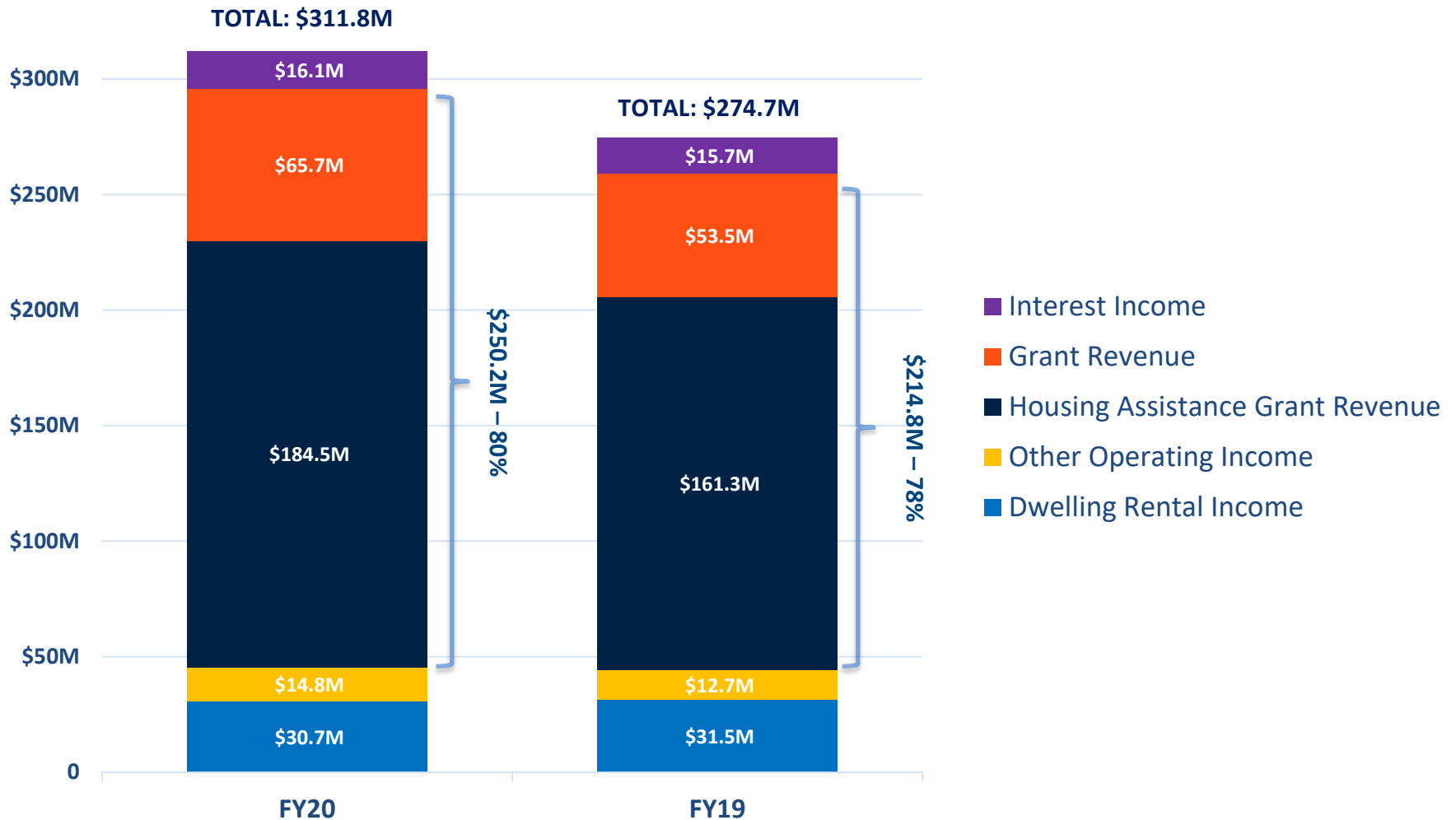
SDHC Real Estate	\$36.4M
Inclusionary/Housing Impact Fee	\$22.5M
Other Local (Includes City General Funds, Kellogg Grant, RDA)	\$9.0M
Unrestricted (Includes Bond, Compliance Monitoring Fees)	<u>\$4.4M</u>
Total Local	\$72.3M

California Homeless Emergency Aid Program	\$2.4M
CALHOME Mortgages	\$0.2M
California Water Grant (landscaping)	\$0.2M
California Housing Trust Fund - REO	<u>\$0.1M</u>
Total State	\$2.9M



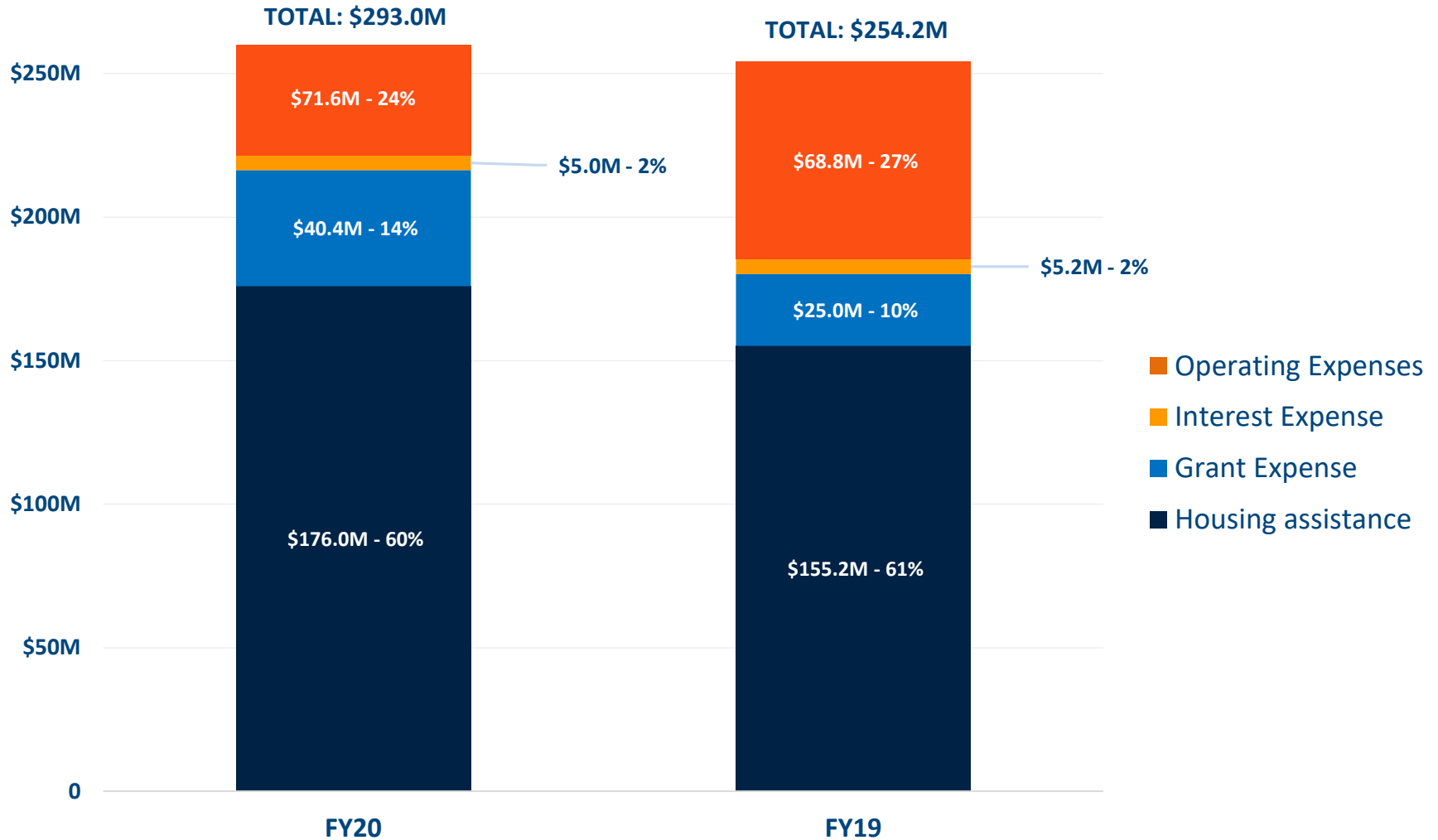
SDHC FY 2020 Annual Financial Audit Report

Financial Results – Revenues (in millions)



SDHC FY 2020 Annual Financial Audit Report

Financial Results – Expenses (in millions)



SDHC FY 2020 Annual Financial Audit Report

Financial Results – Revenues and Expenses

	FY20 Actual	FY19 Actual	\$\$ Change	% Change
Total Revenue	\$311.8M	\$274.7M	\$37.1M	14%

- Increase in total revenue by \$37.1M is primarily due to:
 - Higher Grant Revenue of \$31.2M from Federal sources and \$5.9M from Local sources

	FY20 Actual	FY19 Actual	\$\$ Change	% Change
Total Expenses	\$293M	\$254.2M	\$38.8M	15%

- Total expenses higher by \$38.8M primarily due to increases in:
 - Housing assistance and Grant expenses of \$20.8M and \$15.4M, respectively
 - Salaries and personnel expense of \$2.0M and
 - Other Administrative Costs, primarily software support contracts of \$0.6M

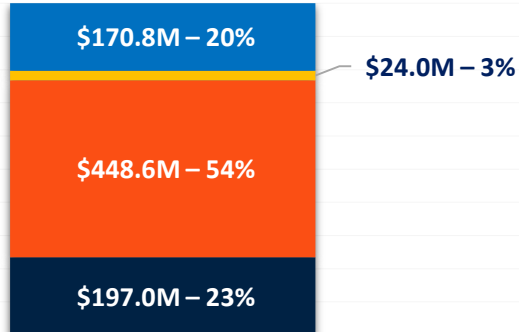


SDHC FY 2020 Annual Financial Audit Report

Financial Results – Assets, Liabilities and Net Position

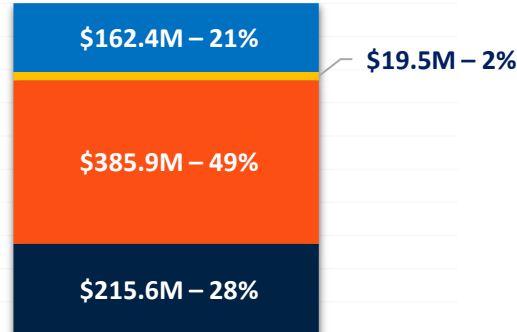
(in millions)

FY 2020



TOTAL: \$840.5M

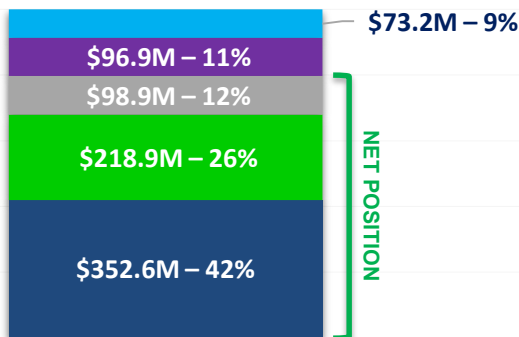
FY 2019



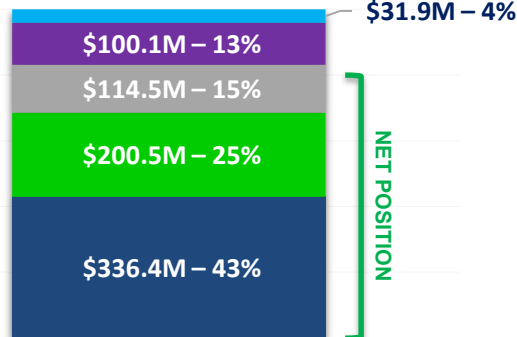
TOTAL: \$783.4M

Assets

- Cash and Investments
- Accounts Receivable and Other Assets
- Notes, Mortgage & Interest Receivable
- Capital Assets



TOTAL*: \$840.5M



TOTAL**: \$783.4M

Liabilities and Net Position

- Accounts Payable & Other Liabilities
- Notes Payable
- Net Investment in Capital Assets
- Restricted Net Position
- Unrestricted Net Position

* Liabilities \$170.1M + Net Position \$670.4M = \$840.5M

** Liabilities \$131.9M + Net Position \$651.5M = \$783.4M



SDHC FY 2020 Annual Financial Audit Report

Statement of Net Position – Changes from Prior Fiscal Year (in millions)

	FY20 Actual	FY19 Actual	\$\$ Change	% Change
Total Assets	\$840.5M	\$783.4M	\$57.1M	7.3%
<i>Total Liabilities</i>	<i>170.1M</i>	<i>131.9M</i>	<i>38.2M</i>	<i>29.0%</i>
<i>Total Net Position</i>	<i>670.4M</i>	<i>651.5M</i>	<i>18.9M</i>	<i>2.9%</i>
Total Liabilities + Net Position	\$840.5M	\$783.4M	\$57.1M	7.3%

- The increase in total assets of \$57.1M is primarily due an increase in:
 - Notes and mortgage receivable related to funding multifamily and homeownership loans, and a seller carryback loan related to the sale of Mariner's Village to an affiliate
 - Proceeds received from the sale of Mariner's Village
- The increase in Liabilities of \$38.2M relates primarily to the deferred gain on the sale of Mariner's Village
- The change in Net Position of \$18.9M is primarily due to an increase in total assets related to loans funded, offset by the sale of the above mentioned capital asset.



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Net Position Categories

- Net Investment in Capital Assets: \$98.9M
 - The amount spent on capital assets and is used for operations
- Restricted Net Position: \$218.9M
 - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments
- Unrestricted Net Position: \$352.6M
 - This balance of \$352.6M is not indicative of funds available for discretionary use. GASB (accounting) definitions require this amount to be classified as “unrestricted net position” for financial reporting on the Comprehensive Annual Financial Report (CAFR). See Slide #13 for detailed explanation of commitments.



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Unrestricted Net Position (in millions)

Total Unrestricted Net Position	\$352.6M
Less:	
Contingency Reserves required by the City	(\$11.6M)
Repair and Maintenance Reserve	(\$11.8M)
Board-Committed Affordable Housing Loans + Programs	(\$91.9M)
Existing Affordable Housing Loans	<u>(\$237.3M)</u>
Remaining Available for Use	<u>\$0</u>

TOTAL: \$352.6M



- Contingency Reserves Required by City
- Repair + Maintenance Reserve
- Board Committed Affordable Housing Loans + Programs
- Existing Affordable Housing Loans



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SDHC Operational Highlights

Rental Assistance Division

Federal Section 8 Housing Choice Vouchers (HCV):

- 288 Federal Project-Based vouchers committed to affordable housing developments
- 1,115 families moved to Enterprise or Choice communities
- Paid more than \$510K in security deposit loans
- 1,062 households received mobility counseling and assistance

SDHC Achievement Academy:

- 1,579 participants received core services
- 288 participants placed in jobs, and 295 participants increased earnings
- \$14.58 average hourly wage of participants
- More than 2,000 participants attended 275 workshops on various topics
- San Diego EnVision Center served 284 clients prior to the COVID-19 shutdown



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SDHC Operational Highlights (Continued)

Real Estate Division

- Completed several affordable housing partnership developments:
 - **Stella and Bluewater** – 158 combined affordable rental homes for low-income San Diegans, including 87 permanent supportive housing units for individuals and veterans
 - **Encanto Village** – 65 affordable housing units for low-income families, including 8 units for veterans experiencing homelessness
 - **Paseo La Paz** – 137 affordable rental units for low-income families and individuals
 - **West Park** – 46 affordable rental units with supportive services for individuals who experienced homelessness
 - **The Beacon** – 43 affordable rental units supportive services for San Diegans who experienced homelessness
 - **San Ysidro Senior Village** – 50 affordable housing units for seniors who experiences homelessness
 - **J Street Inn** – extended affordability for 221 housing units for low-income families
 - **Pacifica at Playa del Sol** – 42 affordable housing units for families with low income, including 12 units for households with family members with developmental disabilities
- Green Physical Needs Assessment (GPNA) – \$8.6M in renovations, of which \$1.7M were capital improvements at 24 SDHC-owned properties



SDHC FY 2020 Annual Financial Audit Report

SDHC Operational Highlights (Continued)

Homeless Housing Innovations

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- Current programs include:
 - Homelessness Prevention & Diversion
 - SDHC Moving Home Rapid Rehousing
 - Landlord Engagement and Assistance Program (LEAP)
 - New Permanent Supportive Housing
 - SDHC Moving On Rental Assistance
 - HUD Mainstream Vouchers
- More than 9,200 housing opportunities created since November 12, 2014.
 - 6,459 Permanent housing opportunities created from 2017-2020, more than double the goal of 3,000



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SDHC Operational Highlights (Continued)

Homeless Housing Innovations (Continued)

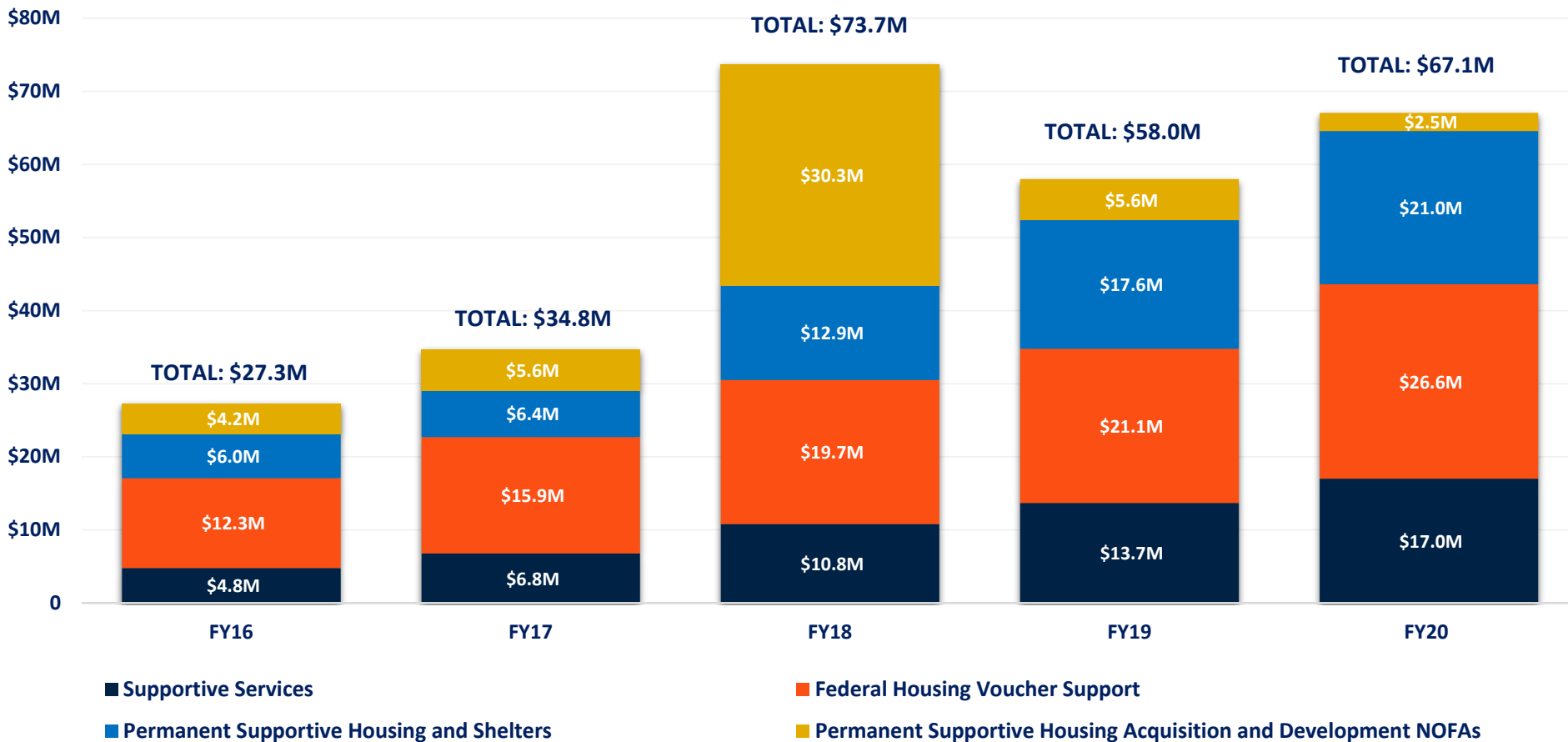
Homeless Shelters and Services Programs

- 282 transitional housing beds supported
- 3 additional Rapid Rehousing Programs and an expanded Family Reunification program funded by State Homeless Emergency Assistance Program (HEAP) funds
- Operation Shelter to Home (a collaboration of service providers) opened at the San Diego Convention Center on April 1, 2020, in response to the COVID-19 pandemic, with the objective to protect the health of San Diegans experiencing homelessness during the pandemic, while maintaining social distancing guidelines. Approximately 1,100 people are provided shelter per day, and more than 700 individuals have secured permanent or longer-term housing.



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FY 2016 - 2020 Expenditures on Homelessness Activities (in millions)



SDHC FY 2020 Annual Financial Audit Report Recognition

Financial Services

- Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for Comprehensive Annual Financial Report (CAFR) 2008 – 2019
- Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from GFOA for 2010 - 2019



*Certificate of Achievement for
Excellence in
Financial Reporting*



Questions & Comments

