



SAN DIEGO
HOUSING
COMMISSION

INFORMATIONAL REPORT

DATE ISSUED: December 30, 2014

REPORT NO: HCR15-010

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of January 16, 2015

SUBJECT: Annual Report of Fiscal Year 2014 Collection Write-Offs

COUNCIL DISTRICT: Citywide

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

SUMMARY

On February 22, 1980, the San Diego Housing Commission (Housing Commission) Board delegated authority to the President & Chief Executive Officer to write off non-recoverable accounts, commonly known as “write-offs.” The Housing Commission Board further required the submission of quarterly reports on such actions. In 1995, the frequency of this report was modified from quarterly to annually.

During Fiscal Year (FY) 2014, the Housing Commission provided property management services to 1,889 residential rental units. An additional 310 units were managed by a third-party property management provider.

The Property Management Unit is responsible for the collection of rent and other costs resulting from occupancy. The classifications of such charges include rent, maintenance expenses, resident-caused damages, late fees and legal fees. Occasionally, former residents owing a debt will fail to meet financial obligations for various reasons. Current practice mandates writing off such non-recoverable accounts whenever they are outstanding for longer than 90 days.

Although an account is written off, the write-off information and history is retained in the tenant’s file and the tenant’s status is flagged as delinquent. A former delinquent resident owing an unpaid debt to the Housing Commission is prohibited from leasing a unit until the debt is repaid. Debts in excess of \$100 are sent to a collection agency. In addition, other methods of collection include judgments, abstracts and the garnishment of wages. Since FY 2005, the Housing Commission has participated in the State of California’s Franchise Tax Board Interagency Intercept Collection Program, which intercepts and forwards tax refunds, unclaimed property and lottery winnings to pay off debts owed to government agencies.

For the units managed by the Housing Commission, the FY 2014 collection write-off amount was \$370,103. In FY 2014, \$20,021 (excluding collection fees) of total written-off debt was collected.

The FY 2014 net total write-off was \$350,082 or 1.55 percent of total income. In FY 2013, the net total write-off was \$116,335 or .52 percent of total income. The increase in FY 2014 is partially attributed to the timing of the write-offs. Approximately \$80,000 of write-offs that occurred in FY 2014 were eligible to be written off in FY2013. Had they been processed in the year in which they were eligible,

FY 2013 write-offs would reflect .86 percent of total income and FY 2014 write-offs would reflect 1.19 percent of total income attributed to write offs. The Property Management team is focused on re-engineering the collection guidelines to ensure a higher collection ratio, while lowering collection losses, including review of third party management practices. In the past five fiscal years, the Housing Commission's collection loss averaged 1 percent of total income. The industry standard for affordable, subsidized multi-family properties is 0.7 percent of total income.

Attachment 1 to this report is an FY 2014 listing of the recovered amounts by collection method and a history of prior years' write-offs of both Housing Commission-managed and third-party-managed properties.

Respectfully submitted,



Jennifer McKinney
Vice President, Real Estate Operations
Real Estate Department

Approved by,



Deborah N. Ruane
Senior Vice President
Real Estate Department

Attachment: 1) FY14 Prior Years' Write-offs and Recovered Amounts by Collection Method

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at www.sdhc.org.

San Diego Housing Commission
 Annual Report of FY2014 Collection Write Offs
 As of 06/30/14

San Diego Housing Commission Property Management Unit

<u>Fiscal Year</u>	<u>Dwelling Income</u>	<u>Net Write - Off</u>	<u>% or Loss to Total Income</u>
2010	20,909,929	211,011	1.01%
2011	22,030,884	230,236	1.05%
2012	22,401,422	195,640	0.87%
2013	22,586,047	116,335	0.52%
2014	22,608,977	350,082	1.55%

Third-Party Property Management

<u>Fiscal Year</u>	<u>Dwelling Income</u>	<u>Net Write - Off</u>	<u>% or Loss to Total Income</u>
2010	283,270	303	0.11%
2011	2,279,025	(244)	-0.01%
2012	2,681,239	53,139	1.98%
2013	3,083,542	77,827	2.52%
2014	3,141,988	86,698	2.76%

Collections Recovered in FY2014

Method of Collections Management Units	Recovered Amount
Direct Payments from Former Tenants	296
Kimball, Tirey, St.John--Court-ordered Judgments	14,405
National Recovery Agency--Collection Agency	3,202
Franchise Tax Board--Interagency Intercepts	2,118
Total Amount Recovered	20,021

Method of Collections Third Party Management	Recovered Amount
Hyder--Collection Agency from Management Company	1,691
Total Amount Recovered	1,691

Total Amount Recovered	21,711
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