



INFORMATIONAL REPORT

DATE ISSUED: May 26, 2015

REPORT NO: HCR15-049

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of June 25, 2015

SUBJECT: Agency Financial Statements – Third Quarter Fiscal Year 2015 (Unaudited)

COUNCIL DISTRICT: Citywide

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

SUMMARY

The purpose of the San Diego Housing Commission's (Housing Commission) Financial Statements Report is to show year-to-date (YTD) variances of actual sources and uses of funds compared to Board-approved budget amounts (Attachment 1). The report also provides summary explanations for significant YTD variances and a Balance Sheet as of March 31, 2015, to outline Housing Commission Assets, Liabilities and Fund Balance (Attachment 2).

FINANCIAL SUMMARY – SOURCES AND USES OF FUNDS:

SOURCES OF FUNDS: Total actual March 2015 YTD funding sources earned were \$284.1 million which was 2.1 percent or \$5.7 million higher than budgeted YTD funding sources. The budget is spread out evenly (straight-line) through the fiscal year; however, funding sources and uses do not necessarily come in evenly through the year. The following explanations account for variances over \$750,000:

Federal Sources

- The \$10.9 million under-budget variance in federal Housing Choice Voucher-Section 8/Moving to Work (MTW) funds is due to the timing of the conversion of state subsidized housing to federally funded public housing, approximately \$4.0 million; some of this conversion activity is expected in the fourth quarter of Fiscal Year (FY) 2015. Additionally, the remaining variance relates primarily to reduced expenses which correlates to reduced funding. Ultimately, this savings will be available for use in other MTW programs in the future.
- The \$4.2 million under-budget variance in HOME Investment Partnerships Program (HOME) funds is due primarily to the timing of multifamily loans, which do not occur evenly throughout the year. This variance is not expected to fully reverse in the current fiscal year.
- The \$984,000 under-budget variance in Rehabilitation funds is due primarily to grant funds budgeted which were not actively pursued. This variance is not anticipated to reverse in the current fiscal year.

Local Sources

- The \$870,000 positive budget variance in the Affordable Housing Fund is due to the timing of payments, which is at the discretion of the payee. As a result, these payments do not occur evenly throughout the year. The current favorable variance is expected to continue through the remainder of the fiscal year and is due to higher than anticipated loan repayments.

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Agency Financial Statements – Third Quarter Fiscal Year 2015

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- The \$2.5 million positive budget variance in Other Local Funds is due to additional awards for local programs from the City of San Diego (Homeless Housing Initiatives) and Redevelopment Agency funding received, neither of which were included in the original budget.

State Sources

- The \$1.7 million positive budget variance in State revenues is due to CalHome funding received from the State in the current fiscal year that was not budgeted. The current favorable variance is expected to continue through the remainder of the fiscal year.

USES OF FUNDS: Total actual March 2015 YTD funding uses were \$284.1 million which was 2.1 percent or \$5.7 million higher than budgeted YTD funding uses. The following explanations account for variances over \$750,000:

- The \$1.6 million under-budget variance in personnel, which includes salaries, wages and all benefits, is due primarily to vacant positions. Many positions at the Housing Commission require specialized internal training which makes them difficult to fill. As a result, some staff positions will remain vacant for a significant period of time before they are filled. In the current fiscal year, this has resulted in the authorization of overtime hours in these areas. This variance is not expected to reverse in the current fiscal year.
- The \$1.6 million under-budget variance in Housing Assistance Payments is related to reduced per-voucher expenditures and is linked to the reduced revenue. These cost savings will ultimately be available for use in other MTW-eligible programs.
- The \$1.3 million under-budget variance in Services, Supplies and Other is due to the timing of Information Technology Infrastructure projects and may partially reverse in the current fiscal year depending on the timing of major projects.
- The \$5.4 million under-budget variance in loans made is primarily due to the timing of multifamily loans. The Housing Commission has approved project loans for these amounts, but conditions for disbursement of funds have not yet been met. This under-budget variance is not expected to fully reverse in the current fiscal year.
- The \$9.0 million under-budget variance in capital expenditures is due primarily to timing of expenditures related to conversion of State Sites properties into public housing which are projected to occur in the last quarter of FY 2015 and first quarter of FY 2016.

FINANCIAL SUMMARY – BALANCE SHEET:

Balance Sheet Highlights and Selected Notes (Attachment 2):

- Total Assets: \$598.5 million, Total Liabilities \$121.8 million, Fund Balance \$476.7 million
- Total Notes Receivable: \$264.8 million, which consists of \$152.2 million funded by the HOME Program, \$53.7 million by Affordable Housing Funds and \$58.9 million funded by other local, state and federal programs.
- Total Notes Payable: \$110.4 million, primarily the Limited Liability Companies' \$89.3 million FNMA and FHA financed via Housing Commission property equity, \$9.8 million from GE Capital for the Smart Corner building, and \$11.3 million related to other rental properties.

Respectfully submitted,

Leslie Levinson

Leslie Levinson
Vice President of Financial Services &
Chief Financial Officer

Approved by,

Jeff Davis

Jeff Davis
Executive Vice President & Chief Operating Officer
San Diego Housing Commission

Attachments: 1) Year-to-Date Statement of Sources and Uses
2) Agency Balance Sheet

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
STATEMENT OF SOURCES AND USES
FISCAL YEAR-TO-DATE AS OF MARCH 31, 2015

	<u>YTD</u> <u>Actual</u>	<u>YTD</u> <u>Budget</u>	<u>Over/(Under)</u> <u>Budget YTD</u>	<u>Annual</u> <u>Budget</u>	<u>YTD as %</u> <u>of Annual</u>
SOURCES OF FUNDS					
FEDERAL					
Section 8/MTW	119,401,669	130,311,836	(10,910,167)	173,749,115	68.7%
HOME	4,808,378	9,087,289	(4,278,911)	12,116,385	39.7%
Housing Innovation Funds	3,442,225	3,327,958	114,267	4,437,277	77.6%
Rehabilitation Funds	1,114,548	2,098,503	(983,954)	2,798,003	39.8%
CDBG	1,241,029	1,441,674	(200,645)	1,922,232	64.6%
Other Federal Funds	11,034	92,738	(81,704)	123,651	8.9%
SUBTOTAL FEDERAL	130,018,884	146,359,998	(16,341,114)	195,146,663	66.6%
LOCAL					
SDHC Real Estate	21,628,192	21,350,661	277,531	28,467,548	76.0%
Unrestricted Funds	2,935,245	2,245,663	689,582	2,994,218	98.0%
Affordable Housing Fund	6,839,859	5,969,217	870,642	7,958,956	85.9%
Other Local Funds	3,452,006	972,878	2,479,128	1,297,170	266.1%
SUBTOTAL LOCAL	34,855,302	30,538,420	4,316,882	40,717,893	85.6%
STATE	1,669,654	1,955	1,667,699	2,606	64069.8%
SPENDABLE FUND BALANCE	117,567,720	101,471,025	16,096,695	101,471,025	115.9%
SOURCES OF FUNDS	284,111,560	278,371,398	5,740,162	337,338,187	84.2%
USES OF FUNDS					
PERSONNEL					
Salaries and Wages	13,176,434	14,029,915	(853,481)	18,706,551	70.4%
Fringe Benefits - Pension	1,533,690	1,855,054	(321,364)	2,473,404	62.0%
Fringe Benefits - Flex Credit	1,828,794	1,994,570	(165,776)	2,659,425	68.8%
Fringe Benefits - Other	990,302	1,210,057	(219,754)	1,613,396	61.4%
SUBTOTAL PERSONNEL	17,529,220	19,089,596	(1,560,376)	25,452,777	68.9%
NON-PERSONNEL					
Housing Assistance Payments	108,988,187	110,604,076	(1,615,889)	147,472,101	73.9%
Grants	7,824,180	8,413,502	(589,322)	11,218,003	69.7%
Property Expenses	10,888,363	10,579,712	308,651	14,106,278	77.2%
Professional Services	2,776,101	3,393,668	(617,568)	4,524,885	61.4%
Services, Supplies & Other	2,907,728	4,221,568	(1,313,841)	5,628,741	51.7%
Loans Made	9,120,780	14,555,736	(5,434,956)	19,407,648	47.0%
Debt Principal Payments	2,569,582	2,282,265	287,317	3,043,019	84.4%
Capital Expenditures	460,116	9,468,814	(9,008,697)	12,625,084	3.6%
SUBTOTAL NON-PERSONNEL	145,535,036	163,519,340	(17,984,304)	218,025,760	66.8%
SPENDABLE FUND BALANCE	121,047,304	95,762,462	25,284,842	93,859,650	129.0%
TOTAL USES OF FUNDS	284,111,560	278,371,398	5,740,162	337,338,187	84.2%
GAAP Net Income/(Loss)	15,145,595	20,598,251	(5,878,186)	27,464,377	28.6%

**SAN DIEGO HOUSING COMMISSION
BALANCE SHEET
AS OF MARCH 31, 2015**

ASSETS

Cash	\$ 25,479,637
Restricted Cash	4,580,622
Accounts Receivable	9,174,575
Notes Receivable	264,847,217
Accrued Interest on Notes Receivable	37,629,854
Investments	93,998,882
Deposits Payable	458,312
Land, Buildings & Equipment	159,942,178
Prepaid Items & Other Assets	2,363,000

TOTAL ASSETS	<u>\$ 598,474,278</u>
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LIABILITIES & FUND BALANCE

LIABILITIES

Accounts Payable	\$ 2,613,104
Notes Payable	110,423,941
Accrued Liabilities	4,992,686
Deferred Revenues	3,798,723

TOTAL LIABILITIES	<u>121,828,454</u>
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FUND BALANCE	476,645,824
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TOTAL LIABILITIES & FUND BALANCE	<u>\$ 598,474,278</u>
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