



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: May 5, 2022

HCR22-021

SUBJECT: San Diego Housing Commission Proposed Fiscal Year 2023 Budget

COUNCIL DISTRICT: Citywide

ORIGINATING DEPARTMENT: Financial Services Department

CONTACT/PHONE NUMBER: Suket Dayal (619) 578-7608

REQUESTED ACTION:

Recommend that the Housing Authority of the City of San Diego (Housing Authority) approve the San Diego Housing Commission's (Housing Commission) proposed Fiscal Year 2023 Budget and delegate authority from the Housing Authority to the Housing Commission to amend the Fiscal Year 2023 Budget for amounts consistent with prior year delegation.

EXECUTIVE SUMMARY OF KEY FACTORS:

- The proposed FY 2023 budget anticipates available funding sources of \$595 million, a decrease of \$9 million, or 2 percent, from the approved FY 2022 budget.
- The decrease is primarily due to lower COVID-19 Housing Stability Assistance Program (HSAP) expenditures anticipated in FY 2023.
- The proposed FY 2023 budget anticipates total uses of \$479 million (excluding ending fund balance), a decrease of \$16 million, or 3 percent, from the FY 2022 budget.
- The decrease is primarily due to lower HSAP-related costs in FY 2023, offset by an increase in property maintenance costs and the paydown of loans on Housing Commission-owned affordable housing properties.
- Funding Sources:
 - The majority of the Housing Commission's funding is restricted by funding source with respect to its use.
 - The increase in Federal Revenues is primarily due to maintaining increased voucher utilization, paydown of loans on Housing Commission-owned affordable housing properties, as well as the inclusion of additional revenues for Rental Assistance due in part to the award of new vouchers, primarily Emergency Housing Vouchers, and an increase in HOME Investment Partnerships Program revenues due to the timing of loans to be funded.
 - The decrease in Fund Balance is primarily due to HSAP expenditures anticipated in FY 2023, as well as a decrease in Rental Housing Finance funds due to the expected timing to fund multifamily affordable housing loans.
- Funding Uses:
 - The increase in the Property Expenses, Professional Services, Supplies and Other is primarily due to an inflationary increase in property maintenance costs and costs associated with the paydown of loans on Housing Commission-owned affordable housing properties, offset by a reduction in HSAP-related expenses.



REPORT

DATE ISSUED: April 28, 2022

REPORT NO: HCR22-021

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of May 5, 2022

SUBJECT: San Diego Housing Commission Proposed Fiscal Year 2023 Budget

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Recommend that the Housing Authority of the City of San Diego (Housing Authority) approve the San Diego Housing Commission's (Housing Commission) proposed Fiscal Year 2023 Budget and delegate authority from the Housing Authority to the Housing Commission to amend the Fiscal Year 2023 Budget for amounts consistent with prior year delegation.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) recommend that the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

- 1) Approve the Housing Commission's proposed \$595 million Fiscal Year (FY) 2023 budget (Attachment 1).
- 2) Delegate authority to the Housing Commission to approve amendments to the FY 2023 budget for the following amounts, consistent with prior delegation of authority from the Housing Authority:
 - a. Line item transfers not to exceed \$500,000 of budget authority that do not impact the overall size of the Housing Authority-approved FY 2023 budget;
 - b. Additional funding for the FY 2023 budget resulting from applications submitted with the approval of the Housing Authority (per Housing Authority Resolution HA-1569); and
 - c. Additions from other sources, not to exceed \$500,000 on an individual basis, to the FY 2023 budget.
- 3) Delegate authority to the Housing Commission's Interim President & Chief Executive Officer (Interim President & CEO) to amend the FY 2023 budget for amounts not to exceed \$250,000 consistent with policies, programs and activities approved by the Housing Commission and Housing Authority.

SUMMARY

The proposed FY 2023 budget anticipates available funding sources of \$595 million, a decrease of \$9 million, or 2 percent, from the approved FY 2022 budget. The decrease is primarily due to lower COVID-19 Housing Stability Assistance Program (HSAP) expenditures anticipated in FY 2023.

The proposed FY 2023 budget anticipates total uses of \$479 million (excluding ending fund balance), a decrease of \$16 million, or 3 percent, from the FY 2022 budget. The decrease is primarily due to lower HSAP-related costs in FY 2023, offset by an increase in property maintenance costs and the paydown of loans on Housing Commission-owned affordable housing properties.

FUNDING SOURCES

The proposed FY 2023 budget anticipates funding sources of \$595 million:

<u>Revenues</u>	<u>FY 2023 Budget</u>	<u>FY 2022 Budget</u>	<u>Increase/(Decrease)</u>
Federal Revenues	\$ 336,274,000	\$ 296,555,000	\$ 39,719,000
San Diego Local Revenues	63,863,000	64,824,000	(961,000)
State Revenues	31,622,000	31,264,000	358,000
Fund Balance from Prior Years	162,996,000	211,417,000	(48,421,000)
Total Funding Sources	\$ 594,755,000	\$ 604,060,000	\$ (9,305,000)

The majority of the Housing Commission's funding is restricted by funding source with respect to its use.

The increase in Federal Revenues is primarily due to maintaining increased voucher utilization, paydown of loans on Housing Commission-owned affordable housing properties, as well as the inclusion of additional revenues for Rental Assistance due in part to the award of new vouchers, primarily Emergency Housing Vouchers, and an increase in HOME Investment Partnerships Program revenues due to the timing of loans to be funded.

The decrease in Fund Balance is primarily due to HSAP expenditures anticipated in FY 2023, as well as a decrease in Rental Housing Finance funds due to the expected timing to fund multifamily affordable housing loans.

FUNDING USES

The following table summarizes the funding uses by expenditure type:

<u>Uses</u>	<u>FY 2023 Budget</u>	<u>FY 2022 Budget</u>	<u>Increase/(Decrease)</u>
Housing Program Expense	\$ 341,932,000	\$ 380,138,000	\$ (38,206,000)
Personnel Costs	47,460,000	44,270,000	3,190,000
Capital Expenditures	23,506,000	28,753,000	(5,247,000)
Property Expense, Professional Services, Supplies & Other	66,225,000	41,581,000	24,644,000
Total Costs	479,123,000	494,742,000	(15,619,000)
Ending Fund Balance	115,632,000	109,318,000	6,314,000
Total Funding Uses	\$ 594,755,000	\$ 604,060,000	\$ (9,305,000)

The proposed Housing Program Expense includes a decrease in expenditures primarily related to HSAP, a reduction in funds earmarked for an affordable housing preservation Notice of Funding Availability, and the timing of loans made to developers of affordable housing. These are offset by an

increase in expenses relating to Rental Assistance payments.

The increase in the Property Expenses, Professional Services, Supplies and Other is primarily due to an inflationary increase in property maintenance costs and costs associated with the paydown of loans on Housing Commission-owned affordable housing properties, offset by a reduction in HSAP-related expenses. The increase in ending fund balance is primarily due reserves relating to recently acquired properties and an increase in the agency contingency reserve.

PREVIOUS COUNCIL and/or COMMITTEE ACTION

The FY 2022 budget was approved by the Housing Commission on May 6, 2021, and by the Housing Authority on June 14, 2021.

ENVIRONMENTAL REVIEW

Approval of the FY 2023 Housing Commission budget is not a project as defined by the California Environmental Quality Act (CEQA) Section 21065 and State CEQA Guidelines Section 15378(b)(4), as it is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. Approval of the budget is also exempt under the National Environmental Policy Act pursuant to Section 58.34(a)(2) and (3) of Title 24 of the Code of Federal Regulations.

Respectfully submitted,



Suket Dayal
Executive Vice President &
Interim Chief Financial Officer
San Diego Housing Commission

Approved by,



Jeff Davis
Interim President & Chief Executive Officer
San Diego Housing Commission

Attachments: 1) Proposed Fiscal Year 2023 Budget

Docket materials are available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org



SAN DIEGO
HOUSING
COMMISSION

Attachment 1

We're About People

San Diego Housing Commission (SDHC) Fiscal Year (FY) 2023 Proposed Budget (July 1, 2022 – June 30, 2023) Presentation to the San Diego Housing Commission Board May 5, 2022

Suket Dayal
Executive Vice President of Business Administration and
Interim Chief Financial Officer
San Diego Housing Commission

Christelle Van Der Windt
Director of Finance
Financial Services Department



SDHC – FY 2023 Proposed Budget Agenda

- Section 1 – Overview.....Slide 3
- Section 2 – Objectives and DeliverablesSlide 6
- Section 3 – Sources of Funds.....Slide 10
- Section 4 – Uses of Funds.....Slide 13





SAN DIEGO
HOUSING
COMMISSION

We're About People

SDHC FY 2023 Proposed Budget Section 1 – Overview



SDHC – FY 2023 Proposed Budget Overview

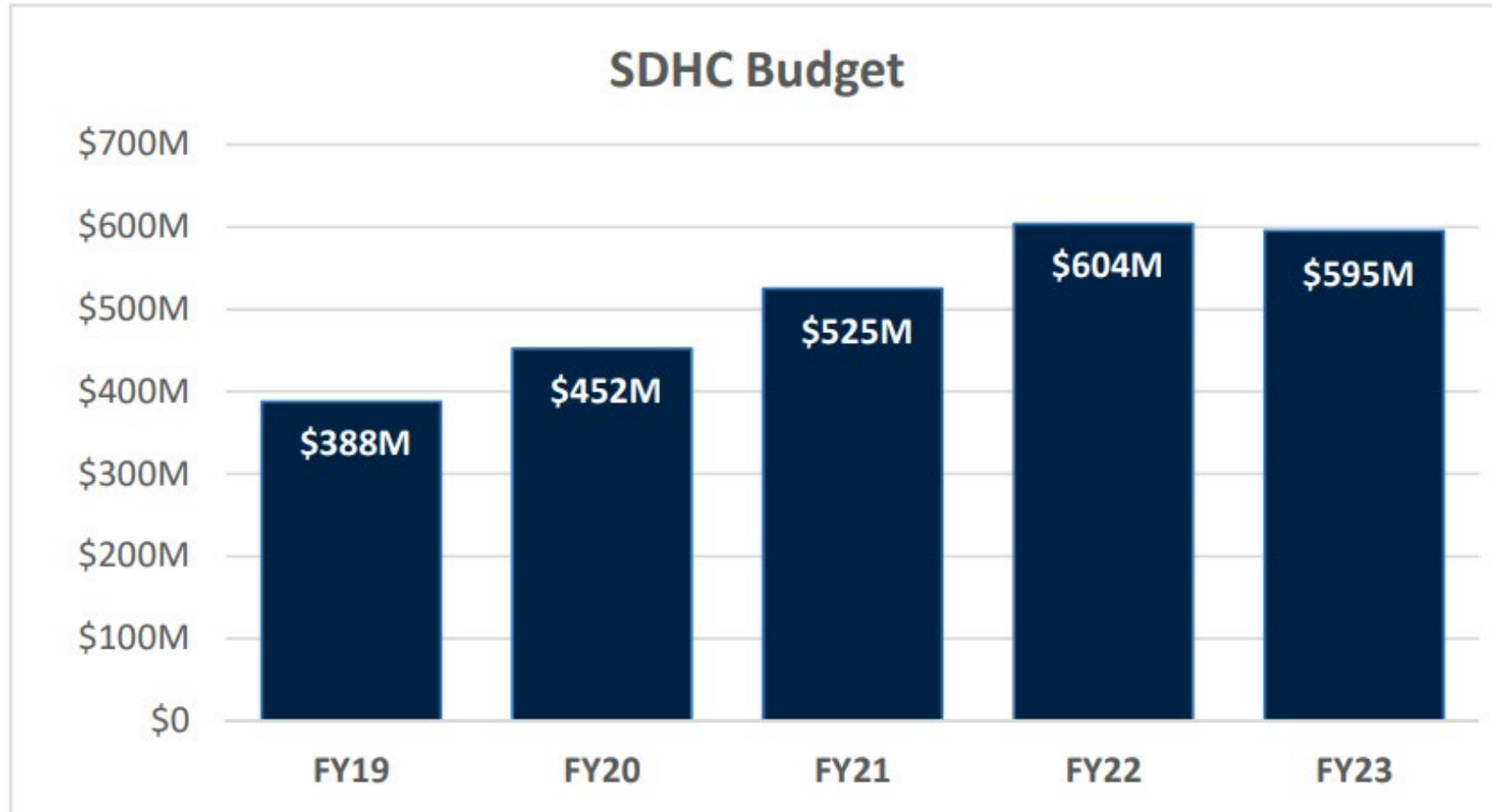
\$595 Million in Total Funding Sources



SDHC Headquarters
1122 Broadway
Downtown San Diego



SDHC – FY 2023 Proposed Budget Trend Analysis





SAN DIEGO
HOUSING
COMMISSION

We're About People

SDHC FY 2023 Proposed Budget Section 2 – Objectives and Deliverables



SDHC – FY 2023 Proposed Budget

Objectives and Deliverables

- **Provide Rental Assistance to Households with Low Income:**
 - Assist more than 16,000 households.
 - Continue to administer the City of San Diego COVID-19 Housing Stability Assistance Program.
 - Continue specialized programs: Assist populations, such as individuals experiencing chronic homelessness, individuals with serious mental illness experiencing homelessness, and transition-age youth.
 - Assist 480 households through the Emergency Housing Voucher Program.
 - Continue Landlord Partnership Program to attract and retain landlords to the rental assistance program.



SDHC – FY 2023 Proposed Budget Objectives and Deliverables (Continued)

- **Create and Preserve Affordable Housing:**
 - Invest \$15 million to acquire affordable housing properties.
 - Award up to \$13 million to developers to create permanent affordable housing units.
 - Use \$25 million of Moving to Work (MTW) funds to reduce notes on affordable housing properties to increase cash flow for future opportunities.
 - Invest \$8 million to rehabilitate SDHC-owned units.
 - Dedicate \$5.3 million to help households become first-time homebuyers.



SDHC – FY 2023 Proposed Budget Objectives and Deliverables (Continued)

- **Address Homelessness:**

- Dedicate \$131.3 million to address homelessness in the City of San Diego.
- Further the goals of the Community Action Plan on Homelessness for the City of San Diego.
- Continue HOUSING FIRST – SAN DIEGO, which creates housing opportunities through effective programming that meets the varied needs of people who are at risk of or experiencing homelessness in the City of San Diego.





SAN DIEGO
HOUSING
COMMISSION

We're About People

SDHC FY 2023 Proposed Budget Section 3 – Sources of Funds



SDHC – FY 2023 Proposed Budget

Funding Sources Available

	FY23 Budget	FY22 Budget	FY23 vs FY22 \$ Variance	Budget % Variance
FEDERAL				
Section 8/MTW	\$306,562,000	\$272,625,000	\$33,937,000	12%
HOME	20,785,000	13,458,000	7,327,000	53%
Housing Innovation Funds	6,683,000	8,003,000	(1,320,000)	(14%)
CDBG	2,164,000	2,389,000	(225,000)	(4%)
Other Federal Funds	80,000	80,000	-	0%
TOTAL FEDERAL	336,274,000	296,555,000	39,719,000	13%
LOCAL				
SDHC Real Estate	41,427,000	40,831,000	596,000	2%
Affordable Housing Fund	7,459,000	7,049,000	410,000	7%
City General Funds and Other Local Funds	11,413,000	13,779,000	(2,366,000)	(28%)
Bond and Other Discretionary Local Funds	3,564,000	3,165,000	399,000	19%
TOTAL LOCAL	63,863,000	64,824,000	(961,000)	(2%)
TOTAL STATE	31,622,000	31,264,000	358,000	1%
TOTAL NEW REVENUE	431,759,000	392,643,000	39,116,000	10%
CONTINGENCY RESERVES *	15,112,000	13,743,000	1,369,000	10%
PROGRAM AND PROPERTY RESERVES	147,884,000	197,674,000	(49,790,000)	(25%)
TOTAL BEGINNING FUND BALANCE	162,996,000	211,417,000	(48,421,000)	(23%)
TOTAL SOURCES OF FUNDS	\$594,755,000	\$604,060,000	(\$9,305,000)	(2%)

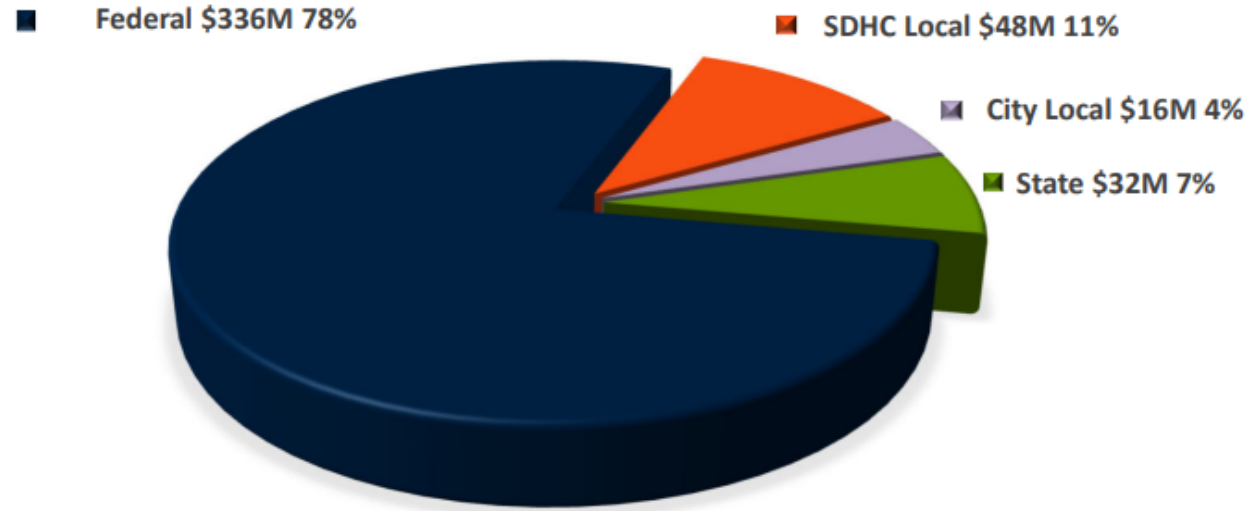
* 3.5% Contingency Reserve



SDHC – FY 2023 Proposed Budget

New Revenue by Major Category (*\$ in Millions*)

FY 2023 New Revenue Total: \$432M



Section 8/MTW	\$306M
HOME	\$21M
ESG/CoC	\$7M
CDBG & Other Federal (ROSS Grant)	\$2M
Total Federal	\$336M

HHAP	\$32M
Total State	\$32M

SDHC Real Estate	\$41M
Bond, Compliance Monitoring Fee	4M
Other Local	3M
Total SDHC Local	\$48M

City Affordable Housing Fund	7M
City General Fund	9M
Total City Local	\$16M





SAN DIEGO
HOUSING
COMMISSION

We're About People

SDHC FY 2023 Proposed Budget Section 4 – Uses of Funds



SDHC – FY 2023 Proposed Budget

Funding Uses by Fiscal Year

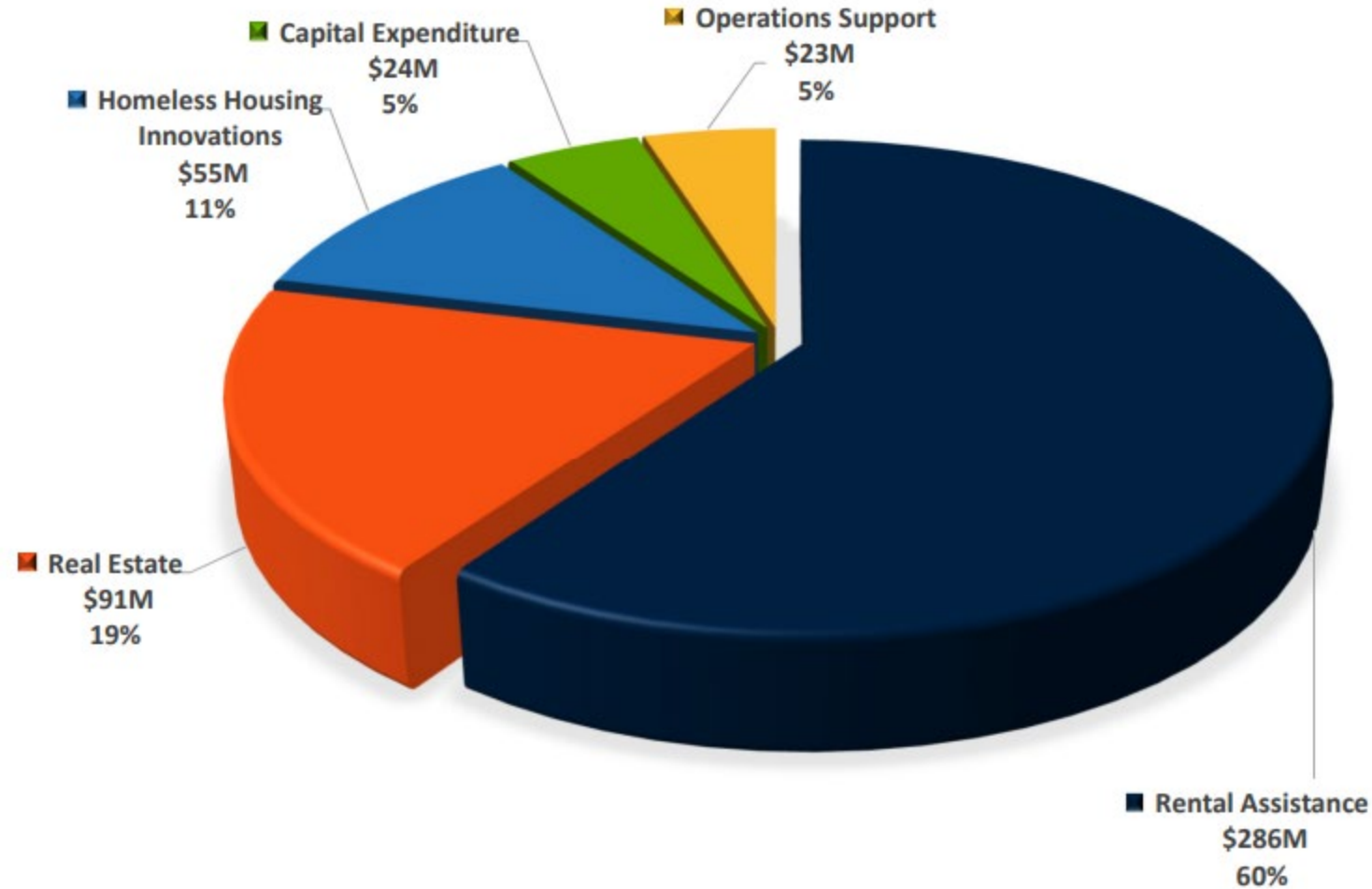
	FY23 Budget	FY22 Budget	\$ Change	% Change
Personnel Costs	\$47,460,000	\$44,270,000	\$3,190,000	7%
Non-Personnel Costs				
Housing Program Expense	341,932,000	380,138,000	(38,206,000)	(10%)
Property Expense, Professional Services, Supplies and Other	66,225,000	41,581,000	24,644,000	59%
Capital Expenditures	23,506,000	28,753,000	(5,247,000)	(18%)
Non-Personnel Costs Total	431,663,000	450,472,000	(18,809,000)	(4%)
Total Uses (excluding Ending Fund Balance)	\$479,123,000	\$494,742,000	(\$15,619,000)	(3%)



SDHC – FY 2023 Proposed Budget

Funding Uses by Division (Excluding Ending Reserves)

\$479 Million (*\$ in Millions*)



SDHC – FY 2023 Proposed Budget

Rental Assistance Program Expenditures

RENTAL ASSISTANCE DIVISION	FY23 Budget
Housing Assistance Payments (HAP)	
Housing Choice Vouchers	198,979,000
VASH Vouchers	14,441,000
FUP Vouchers	2,479,000
Mainstream Vouchers	2,823,000
Emergency Housing Vouchers	8,545,000
Port-In	3,921,000
HSAP Program	30,000,000
Moving Home	2,320,000
Landlord Partnership Program	792,000
Security Deposit Loan Program	388,000
Guardian Scholars	600,000
Preservation Grant	2,200,000
Achievement Academy	3,328,000
Compliance Monitoring	1,457,000
TOTAL	\$ 272,273,000



SDHC – FY 2023 Proposed Budget

Real Estate Division Expenditures

REAL ESTATE DIVISION	FY23 Budget
Real Estate Finance Division	
Multifamily Housing Loans	16,656,000
Homeownership Loans	5,389,000
ADU Loans	2,000,000
Real Estate Operations / Acquisitions & Development	
Rental Operations	19,934,000
Debt Service	9,378,000
Loan Pay Downs	25,000,000
Capital Purchases	23,506,000
TOTAL	\$ 101,863,000



SDHC – FY 2023 Proposed Budget

Homelessness Programs Expenditures

HOMELESS DIVISION		FY23 Budget
Housing First 3.0	Housing First Permanent Supportive Housing	15,000,000
	SDHC Moving Home Rapid Rehousing	2,739,000
	Landlord Engagement Assistance Program	2,881,000
	Prevention & Diversion	2,028,000
	Family Reunification	394,000
	Housing First Rental Assistance Program	455,000
	Housing First Supportive Services Programs	280,000
	Program Administration Costs	4,759,000
City Programs	Bridge Shelters	20,123,000
	Interim Shelters, Rapid Rehousing, Day Center, and Serial Inebriate Program	12,668,000
	Storage Connect Center, Transitional Storage Center, Storage Connect Center 2	2,576,000
	Homelessness Response Center	1,550,000
SDHC Programs	Federal Housing Voucher Support	54,994,000
	Permanent Supportive Housing	4,160,000
	Rapid Rehousing	2,420,000
	Transition-Age Youth Rapid Rehousing	1,348,000
	Transitional Housing	434,000
	SDHC Supportive Services Programs	1,251,000
TOTAL		\$131,304,000



SDHC – FY 2023 Proposed Budget

Summary – Staffing by Division

SDHC Major Division	FY23 Budget	FY22 Budget	Change
Homeless Housing Innovations	39	36	3
Operations Support	98	95	3
Real Estate	102	101	1
Rental Assistance	127	120	7
Total Full-Time Equivalents	366	352	14



SDHC – FY 2023 Proposed Budget

Approval Request

FY 2023 Budget - \$595 Million



SDHC – FY 2023 Proposed Budget



Rental
Assistance



Creating Affordable
Housing



Homelessness
Solutions

Thank You

