SAN DIEGO HOUSING COMMISSION

San Diego Housing Commission Financial Highlights

Fiscal Year Ended June 30, 2012
2012 Popular Annual Financial Report

San Diego Housing Commission
Financial Services Department
1122 Broadway, Suite 300
San Diego, CA 92101
www.sdhc.org

Housing Authority of the City of San Diego

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Sherri Lightner, 1st District
Kevin Faulconer, 2nd District
Todd Gloria, 3rd District
Carl DeMaio, 5th District
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SDHC Board of Commissioners

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Khadija Basir
Sam Guillen
Ben Moraga
Allen Sims
James T. Waring

SDHC President & CEO

Richard C. Gentry

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Our Popular Annual Financial Report (PAFR) for the fiscal year which ended June 30, 2012 was prepared by the Finance Department to provide readers an easy to understand summary of our financial activities.

This report provides a condensed presentation of the significant financial highlights of the San Diego Housing Commission (SDHC) for fiscal year 2012. The Comprehensive Annual Financial Report (CAFR) is the source of the data for this summary report. The CAFR is a more detailed financial report audited by CohnReznick, LLP and fully conforms to Generally Accepted Accounting Principles (GAAP). The CAFR is available on our website at:

www.sdhc.org/SDHCBudget/

SDHC welcomes any questions or comments on any of the information provided in this report. Requests for additional information should be addressed to Nicole DeBerg, Chief Financial Officer and Vice President of Financial Services, San Diego Housing Commission, 1122 Broadway, Suite 300, San Diego, California 92101

SDHC is a state-chartered government entity. It was created by the City of San Diego (City), under ordinance No. 2515 on December 5, 1978, in accordance with the Housing Authority Law of the State of California.

SDHC is an affordable housing developer, a lender and a rental assistance provider through the federal Housing Choice Voucher Program (Section 8), which serves more than 14,000 low-income households. The agency also plays a major role in San Diego's campaign to end homelessness.

SDHC is governed by the Housing Authority of the City of San Diego. Composed of the eight members of the San Diego City Council, the Housing Authority has final authority over SDHC's budget and major policy decisions.

A seven-member Board of Commissioners, appointed by the Mayor and confirmed by the City Council, oversees SDHC operations. Two commissioners must be residents of assisted housing, and one of the resident commissioners must be age 62 or older.

SDHC's Core Values: Respect, Integrity, Collaboration and Excellence

Mission: We are committed to providing quality housing opportunities to improve the lives of those in need.

Vision: An affordable home for every San Diegan

Strategic Business Goals:

Five goals make up the Business Plan, which is developed by SDHC's Board of Commissioners, management team, and SDHC staff.

- Broaden SDHC's mission to provide affordable housing for a wider San Diego population, from assistance for the homeless to opportunities for workforce housing.
- Model effective application of private sector techniques in a public sector operation.
- Become a national model in initiating and implementing new, progressive ideas to address affordable housing needs across the country.
- Provide a positive customer experience through the seamless, efficient and professional delivery of our programs and services.
- Continue to be an employer of choice in San Diego by offering professional development initiatives and treating staff members in a fair and equitable manner.

Established in 1979, SDHC is an award-winning public agency dedicated to preserving and increasing affordable housing within the City of San Diego.

PAFR Award

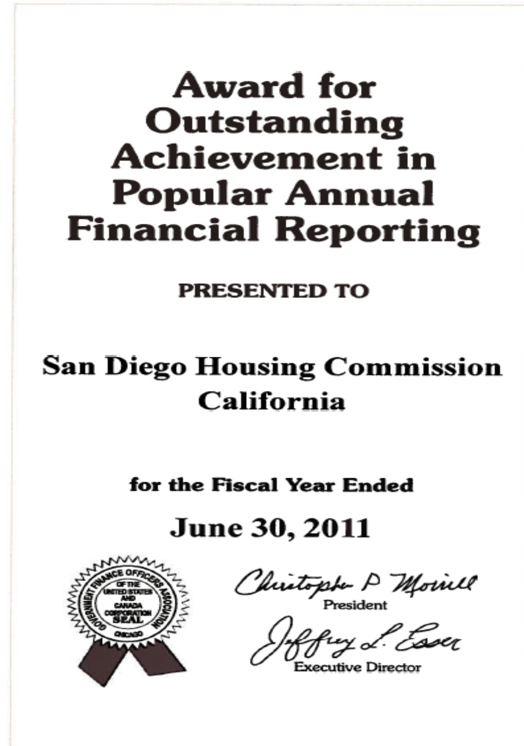
The Government Finance Officers Association of the United Stated and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to SDHC for its Popular Annual Financial Report for the fiscal year ended June 30, 2011. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose content conforms to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. SDHC has received the Popular Award for the last two consecutive years (fiscal years ended 2010-2011). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements and we are submitting it to GFOA.

The PAFR is available on our website at:

www.sdhc.org/SDHCBudget/


Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

San Diego Housing Commission California

for the Fiscal Year Ended

June 30, 2011

President

Executive Director

CAFR Award

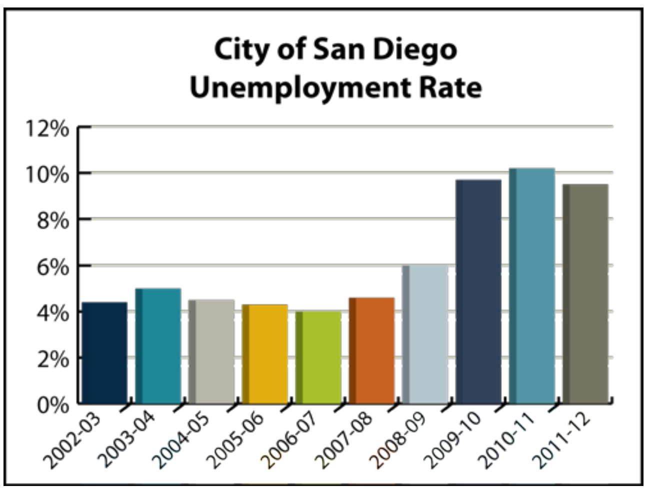
SDHC's comprehensive annual financial reports (CAFR) for the years ended 2008-2011, from which information on pages 7-8 has been drawn, were awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our CAFR continues to meet the Certificate of Achievement program requirements and we are submitting our CAFR for the current year to the GFOA.

Fiscal Year 2013 will offer many important challenges to SDHC. We will continue with a business approach to organization management, strategic thinking and entrepreneurial leadership. President & CEO Richard C. Gentry's goal is to expand SDHC's national influence as a leader in affordable housing development. SDHC continues to work on reducing homelessness and developing additional affordable housing for the City of San Diego.

The majority of SDHC's programs depend on federal financial assistance from the U.S. Department of Housing & Urban Development (HUD) to continue operations. SDHC's largest funding source is grant income from HUD initiatives. In FY 2012 SDHC received 79% of its total revenue from HUD, most of which was awarded to SDHC for the Moving to Work (MTW) initiatives. SDHC's budget and financial stability are greatly affected by the financial condition of the Federal Government and Congress's annual appropriation to HUD. Although there is an expectation that HUD grants for housing programs and administration funding may decrease, SDHC believes that through a combination of expense reduction and the prudent utilization of available programmatic resources, SDHC will be able to balance its budget for the upcoming fiscal year.

MTW plans are prepared and submitted to HUD on an annual basis. Each annual plan describes initiatives to be implemented over the next fiscal year and the related reports give an accounting of activities put into action over the previous fiscal year. SDHC's fiscal year 2013 MTW plan was approved by HUD on June 13, 2012 and can be viewed at http://www.sdhc.org/Rental-Assistance.aspx?id=5424. As HUD's fiscal year runs from October to September annually, more information on HUD appropriations levels for SDHC's fiscal year 2014 will likely become available in the spring and summer of 2013.



The local economic conditions in the City of San Diego have improved over the past year. This is indicated by the increase in local housing market values and lower rental vacancies. The "San Diego apartments are considerably outperforming the national market with a 4.7% vacancy rate. The outlook is for vacancy to remain below 3% in 2012." [1] San Diego's vacancy rate ranks the eighth-lowest in the Reis' 82 apartment markets. On one hand, this trend results in low vacancy rates in SDHC owned and operated units; on the other hand, low vacancy rates may result in higher rental costs which could result in higher rental subsidy payments required on behalf of SDHC's housing choice voucher clients.

[1] PMurray, San Diego Gaining Steam Across All Sectors, http://www.reisreports.com, October 1, 2012

Other factors affecting housing needs in the City of San Diego are job growth, home foreclosures and homelessness. Foreclosure and short sales will continue to be part of the market realities for San Diego in the near future. However, local unemployment fell to 8.6% in September 2012 compared to 9.9% in September 2011[2]. Despite the fact that employment seems to be slowly recovering, homelessness is a continuing concern for SDHC.

This year's Regional Task Force on the Homeless count indicates that the number of homeless persons living in San Diego County has increased by approximately 6.9% from 9,020 in 2011 to a total of 9,641 in 2012.

SDHC continues to support the Downtown San Diego Partnership "Campaign to End Homelessness" and recently committed an additional 75 Sponsor-Based Vouchers for Phase 2 of the effort. This brings the total SDHC allocation of federal housing vouchers for the program to 150 in both phases.

Despite slow economic recovery and potential future funding decreases, SDHC is committed to serving the housing needs of low to moderate income residents in the City of San Diego. The need for affordable housing in San Diego remains very high in comparison to the rest of the nation. The number of people served and the level of service SDHC provides are constrained only by the amount of resources available for those services. SDHC's Board-approved fiscal year 2013 budget of $349.1 million will continue to provide a high level of services for its clients.

The ultimate goal for SDHC is to continue to strive towards providing the highest quality services to clients and the community, delivered in a fiscally prudent manner.

Although the economic funding and development challenges previously discussed remain unresolved, the financial outlook for SDHC appears sound and we remain hopeful for a strong and affordable housing market for all of San Diego.

Nicole DeBerg

Vice President and Chief Financial Officer

[2] San Diego-Carlsbad-San Marcos, California Unemployment, http://www.deptofnumbers.com,

Statement of Net Assets

The abbreviated ***Statement of Net Assets*** presented in this report is a useful indicator of SDHC's financial position. In fiscal year 2012, SDHC's assets exceeded liabilities by $422.7 million, an increase of 4% from fiscal year 2011.

Total assets increased by $10.3 million. The increase is mainly attributed to $5.9 million in capital assets net of depreciation, and to $9.4 million in construction-in-progress offset by $3.9 million in depreciation.

Total liabilities decreased by $7.9 million (6%). This is primarily due to SDHC refinancing the U.S. Bank loan for the Smart Corner Building. SDHC paid-down $4.6 million of this loan. In addition, SDHC paid off $2.9 million of the JP Morgan Chase loan that was due in fiscal year 2012.

Invested in capital assets net of debt increased $11.7 million due to $5.9 million increase in capital assets and $8.0 million decrease in notes payable offset by spending $2.0 million of loan proceeds.

Restricted net assets increased $5.3 million to $142.4 million. These funds are subjected to external restrictions on how they may be used.

Unrestricted net assets include funds that will be spent for future years' contractual, grant and other obligations, funds invested in notes receivable, public housing funds, capital funds needed for future property maintenance and improvements, available FHA and Fannie Mae loan proceeds, funds reserved for future MTW program initiatives and unrestricted funds available for operations and contingencies. The increase of $1.2 million is mostly due to the issuance of additional notes receivables under various grant programs.

SDHC's total net assets increased 4% due to a $18.2 million surplus generated during fiscal year 2012.

	2012	2011	Change %
ASSETS			
Current and other assets	$ 394,128	$ 389,701	1%
Capital assets net of depreciation	157,891	152,013	4%
Total assets	$ 552,019	$ 541,714	2%
LIABILITIES			
Current liabilities	$ 13,039	$ 34,548	-62%
Notes Payable and non-current liabilities	116,285	102,651	13%
Total liabilities	$ 129,324	$ 137,199	-6%
NET ASSETS			
Invested in capital assets net of debt	$ 54,769	$ 43,092	27%
Restricted	142,431	137,162	4%
Unrestricted	225,495	224,261	1%
Total liabilities and net assets	$ 552,019	$ 541,714	2%

Key Terms

Here are some definitions of accounting terms that will assist you throughout the financial section of the PAFR and CAFR reports:

Assets: What is owned by SDHC.
Liabilities: What SDHC owes.
Net assets: The difference between SDHC's assets and liabilities. It is the net worth of SDHC.
Current and other assets: Cash, restricted cash and equivalents, investments, prepaid items, and accounts receivable.
Capital assets, net of depreciation: Land, building, building improvements, equipment, construction in progress and depreciation.
Current liabilities: Accounts payable, accrued payroll, compensated absences, notes payable and unearned income.
Notes payable and non-current liabilities: Long term notes payable obligations due in the future years.
Investment in capital assets, net of debt: Capital assets less accumulated depreciation and any outstanding debt related to acquire these assets.
Restricted: Funds subject to various external restrictions.
Unrestricted: Funds available for SDHC to use for operations.

Statement of Activities

The abbreviated ***Statement of Activities*** accounts for all of SDHC's revenue and expenses and reports the difference between the two as the change in net assets. The statement reflects the results of SDHC's operations over the year and can be used to determine SDHC's credit worthiness and its ability to successfully recover all its costs through grants, tenant charges and other income.

Operating revenues decreased by $1.2 million in fiscal year 2012 in part due to a $1.4 million decrease in inclusionary fees received from fiscal year 2011.

Operating expenditures increased by $1.2 million in part due to increased administrative expenses, housing assistance payments and grant expense offset by a decrease in asset management expenses.

Other non-operating income and expenses, net, decreased $1.2 million in fiscal year 2012. This is due decrease in HOME program, NSP program and ARRA program funds offset by a $2.3 million increase in CDBG Housing Finance grant revenue.

This year's overall surplus of $18.2 million represents a $3.5 million decrease from fiscal year 2011 mainly due to $1.2 million in lower other non-operating income and expenses, net and $1.2 million in higher operating expenditures and a decrease of $120 million in operating revenues.

	2012	2011	Change %
Operating revenues			
Dwelling rental income	$ 25,083	$ 24,310	3%
Land lease and other rental income	1,892	1,970	-4%
Fee revenue	1,886	2,868	-34%
Shared equity income	171	158	8%
Other revenue	1,121	2,076	-46%
Total Operating revenues	30,153	31,382	-4%
Operating expenses	192,868	191,682	1%
Deficit before depreciation and other non-operating income and expenses	(162,715)	(160,300)	2%
Depreciation	3,920	4,048	-3%
Deficit before other non-operating income and expense	(166,635)	(164,348)	1%
Other non-operating income and expenses, net	184,815	186,024	-1%
Change in net assets	$ 18,180	$ 21,676	-16%

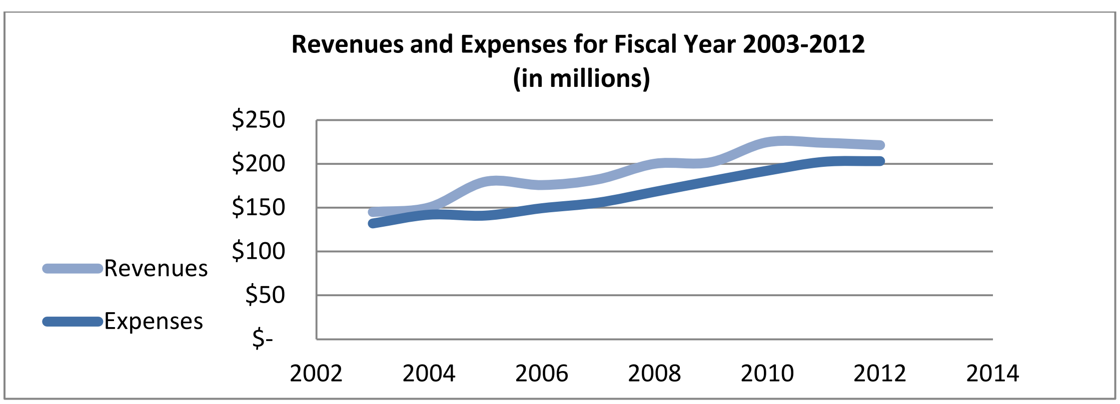
Additional Key Terms

Operating Revenues: Dwelling rent, commercial rent, land leases, management fees and other fees.

Non-Operating Revenues: Grant revenues from state, local and federal agencies and interest income.

Operating Expenses: Expenses related to operations and supportive services to assist SDHC in performing its functions.

Change in Net Assets: The total revenue earned less total expenses.



Investments

SDHC invests idle funds in accordance within the provisions of U.S. Department of Housing & Urban Development (HUD) Notice PIH 96-33 and California Government Code Sections 5922 and 53601. SDHC's approved Investment Policy contains provisions concerning the Standard of Care that include Prudence, Ethics, Conflict of Interest and Delegation of Authority.

The overriding investment strategy of SDHC's investment portfolio is to protect the principle investment. Second to safety of principle is liquidity of investments to meet anticipated cash flow needs. Subordinate to both safety and liquidity is yield. This principle of Safety, Liquidity then Yield, known as SLY, is the overriding principle used to evaluate each investment and the portfolio as a whole.

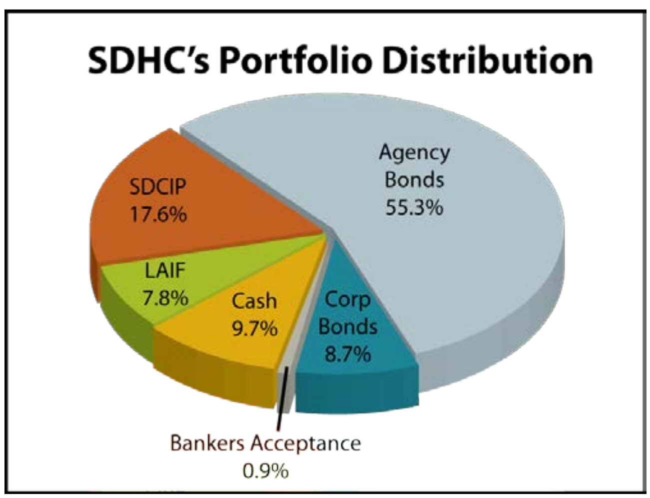
Portfolio Overall Position

Market Value in Millions			
	6/30/2011	6/30/2012	Variance
Cash	$ 9.63	$ 12.27	$ 2.64
LAIF	34.79	9.89	(24.90)
SDCIP	22.22	22.33	0.11
Agency Bonds	58.87	70.04	11.17
Corp Bonds	9.04	10.99	1.95
CD (Escrow)	0.09	-	(0.09)
Bankers Acceptance	-	1.12	1.12
Total	$ 134.64	$ 126.64	$ (8.00)

The total funds invested on June 30, 2012 decreased by 5.94% over the previous year. Virtually all of the decrease is from the use of proceeds from debt financing activities to acquire additional local affordable housing. Funds obtained from debt financing are expected to be expended within the next year and therefore reside in liquid investment such as the State of California's Local Agency Investment Fund (LAIF) and the San Diego County Investment Pool (SDCIP).

The blended rate of return at year-end was 1.19%. This is down slightly from the prior year-ending blended rate of 1.21% but significantly higher than the 2-yr Treasury benchmark of 0.33%. Investment returns remain low. The U.S. economic recovery continues to stall despite the Federal Reserve's efforts to stimulate economic growth through monetary policies such as purchasing longer-term bonds (Quantitative Easing) and pledging to keep its benchmark interest rate at record lows into 2015. This has created additional demand for fixed income securities. The added demand continues to lift bond prices, pushing yields lower on all asset classes in the portfolio.

SDHC's investment portfolio is presented in detail to the Board- appointed Investment Committee on a quarterly basis. After each Investment Committee meeting, the report is officially sent to the SDHC Board as an informational report and posted on SDHC website. Further investment detail from the August 2012 report can be view at http://www.sdhc.org/HCR12100InvestmentReport4thQtr2012ALL.aspx



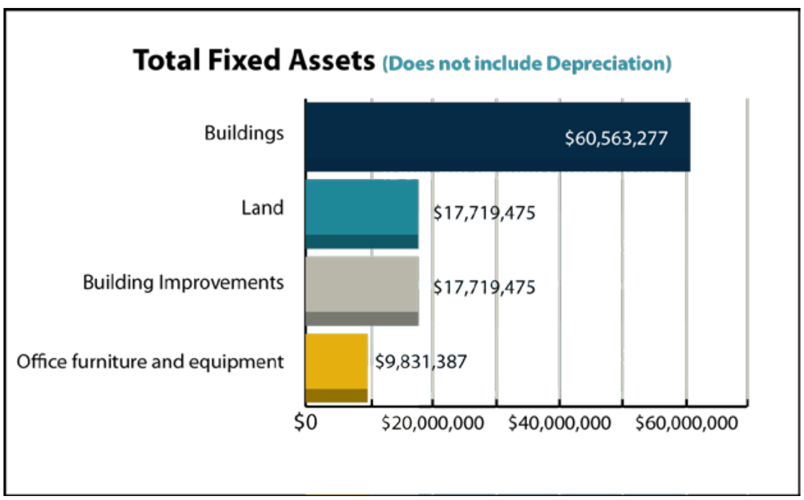
Capital Assets

At the end of fiscal year 2012, SDHC had nearly $157.9 million invested in capital assets, including office furniture and equipment, vehicles, land, building and building improvements. The majority of SDHC's investment in capital assets is comprised of ownership of land, affordable housing stock, the Smart Corner office building as well as construction-in-progress that represents rehabilitation projects underway.

On January 31, 2011 SDHC established its seventh wholly-owned LLC, Mercado SDHC LLC. Mercado SDHC LLC was created to take title to the land and for the execution of the ground agreement to the developer for the Estrella del Mercado Apartments due to the environmental remediation needed on the site. Once soil remediation and construction is completed, Mercado SDHC LLC may transfer the land and ground lease to SDHC. As part of the project, SDHC acquired land on July 26, 2011 for $100 and executed a loan for $7 million to Chelsea Development Corporation for the development of the Project.

SDHC acquired Hotel Churchill through Single Room Occupancy (SRO) litigation in August 2011 for a settlement of $203,390 which included $120,085 in land. The Hotel Churchill is a historic 94-unit SRO building constructed in 1915. The building is currently uninhabited and is will undergo rehabilitation prior to placing it back in service.

Construction in progress increased by $9.4 million to $9.8 million due to the various stages of completion of several development and modernization projects. Some of the major projects in the works include Hotel Sandford at $4.1 million, Parker-Kier $3.5 at million, Vista Verde at $1.1 million and Picador for $0.8 million.



In fiscal year 2012, SDHC increased office furniture and equipment by $280,848 mainly due to the selling four vans and purchasing nine vans for their maintenance fleet.

Depreciation expense for the year ended June 30, 2012 was $3,920,321

September 2012 marked the fifth anniversary of SDHC receiving HUD approval to transition out of the Public Housing Program and assume full ownership and operating authority for 1,366 units at 137 sites.

On September 11, 2009 an innovative Finance Plan to tap into the equity from this new portfolio to generate additional housing was approved unanimously by SDHC's Board of Commissioners. It subsequently was approved by the Housing Authority of the City of San Diego.

SDHC raised $95.3 million in total loan proceeds and created 810 additional affordable rental housing units that will remain affordable for 55 years or more. SDHC exceeded the terms of the HUD agreement, which called for 350 additional units.

To generate the $95.3 million of loan proceeds, 33 of SDHC's larger properties were leveraged with three loans from Fannie Mae under the conventional multifamily loan program, generating $37.1 million in loan proceeds. These loans closed in December 2009. Another portion of SDHC's portfolio, 44 properties, was leveraged under the Federal Housing Administration's (FHA) 223(f) program and generated $58.2 million in loan proceeds. Two of the FHA loans closed in August 2010 and one in September 2010. The loans were obtained by grouping the properties into six SDHC wholly owned Limited Liability Companies (LLCs). The LLC's were primarily based on property location. All of the LLC's loans are non-recourse obligations of SDHC.

Park Crest Apartments
70-Unit Affordable Apartment Complex
And 1 Manager Unit

Hotel Sandford
129 Affordable Units
And 1 Manager Unit

As a result of its entrepreneurial real estate finance strategy, SDHC rescued a foreclosed property, preserved senior housing, built multifamily developments that reduce energy costs, and renovated aging properties. Utilizing these loan proceeds, SDHC purchased three properties and another one in partnership with a government entity:

- Hotel Sandford, 129 affordable units and a manager's unit, $6.46 million, closed March 2010
- Courtyard Apartments, 37 affordable units, $7.85 million, closed September 2010
- Mariner's Village, 171 affordable units and a manager's unit, $34.8 million, closed October 2010
- Park Crest Apartments, 70 affordable units and a manager's unit, $8.91 million, closed September 2012

These properties will serve families with incomes at 80 percent of the San Diego Area Median Income (AMI) or less.

SDHC also invested in six public-private partnerships in which the agency purchased the land and provided a loan and ground lease to the developer.

- Arbor Village, 111 affordable units and a manager's unit, $7.98 million, March 2010
- Riverwalk Apartments, 49 affordable units and a manager's unit, $4.52 million, closed March 2010
- Vista Grande Apartments, 48 affordable units and a manager's unit, $3.85 million, closed October 2010
- Estrella del Mercado Apartments, 91 affordable units and a manager's unit, $7.1 million, closed March 2011
- Mission Apartments, 84 affordable units and a manager's unit, $6 million, closed May 2011
- Park Terramar Apartments, 20 affordable units and a manager's unit, $2.15 million, closed July 2011

These properties will serve families with incomes at 60 percent of the San Diego AMI or less.

Park Terramar Apartments
Grand Opening — 4.2.12

Mission Apartments
Grand Opening — 11.1.12

Estrella del Mercado Apartments
Grand Opening — 11.14.12

In 2009, SDHC's Board of Commissioners and the Housing Authority approved the Finance Plan for Acquisition of New Affordable Housing Units. The Finance Plan was created to structure and monitor the usage of equity from a portion of SDHC's real estate portfolio for the purpose of acquiring additional affordable housing in the San Diego area. As outlined in the Letter of Transmittal, SDHC leveraged 33 properties in fiscal year 2010, with three Fannie Mae loans generating $37.1 million. In fiscal year 2011, SDHC leveraged an additional 44 properties under the FHA's 223(f) program and received three additional loans for $58.2 million. This resulted in a total borrowing amount for the LLCs of $95.3 million.

SDHC also utilized the Build American Bonds (BABs) program that was offered by the Federal government. The BABs program provides a 35 percent interest rebate, for the life of the loan, of the interest paid on debt used by a municipality to construct, acquire, or rehabilitate facilities or other qualified capital expenditures. The Belden SDHC FNMA LLC, the Northern SDHC FHA LLC and the Southern SDHC FHA LLC loans have been approved as qualified direct subsidy BABs loans. SDHC has received $839,089 in fiscal year 2012 BABs subsidy payments.

SDHC has acquired (or committed) 810 new units of affordable housing for a total investment of $88,484,000 as listed below. These acquisitions include to-be-constructed properties as well as the acquisition and rehabilitation of existing properties.

Partnerships	# of Affordable Units	Investment		Closing Date
Riverwalk Apartmnets	49	$	4,475	04/2010
Arbor Village Apartments	111		7,900	04/2010
Vista Grande Apartments	48		3,812	10/2010
Estrella de Mercado	91		7,005	03/2011
Mission Apartments	84		6,000	05/2011
Park Terramar	20		2,150	07/2011
Sub-total	**403**	**$**	**31,342**	
Publicly Owned				
Hotel Sandford	129	$	6,095	03/2010
Mariner's Village Apartments	171		34,331	10/2010
Courtyard Apartments	37		7,686	09/2010
Hotel Churchill			203	08/2011
Park Crest - FY 13	70		8,827	10/2012
Sub-total	**407**	**$**	**57,142**	
Total	**810**	**$**	**88,484**	

Housing Development Partners of San Diego

Beginning fiscal year 2012 SDHC included the consolidated financial statements of Housing Development Partners (HDP) as a discretely presented component unit. They are reported in a separate column in the financial statements to emphasize they are legally separate from SDHC. The consolidated financial statements of HDP include HDP, HDP Mason and Casa Colina and intercompany transactions have been eliminated.

The abbreviated financial statements are for the period ending December 31, 2012 and presented in thousands of dollars.

HDP's mission is to preserve and increase affordable housing opportunities for low and moderate income San Diegans. HDP strives for housing that is functional, financially practical, environmentally sustainable and compatible with its surroundings. Its portfolio includes building specially designed for seniors, families, workers and tenants with needs.

HDP had developed 789 apartments, townhomes and single-occupancy units.

ASSETS	
Current and other assets	$ 3,720
Capital assets net of depreciation	10,104
Total assets	13,824
LIABILITIES	
Current liabilities	301
Notes Payable and non-current liabilities	11,379
Total liabilities	11,680
NET ASSETS	
Unrestricted	2,144
Total liabilities and net assets	$13,824

OPERATING REVENUES	
Dwelling rental income	$ 884
Fee revenue	73
Other revenue	71
Total Operating revenues	1,028
OPERATING EXPENSES	1,082
Deficit before depreciation and other non-operating income and expenses	(54)
Depreciation	226
Deficit before other non-operating income and expense	(280)
Other non-operating income and expenses, net	188
Change in net assets before capital transactions	(92)
Capital distributions	(97)
Change in net assets	$ (189)

Mason Hotel

Courtyard Terraces

Studio 15

Federal Funds

With a total budget of $349.1 million and 268 employees, SDHC fuels the region's economy by expanding the supply of affordable housing and overseeing programs that help approximately 125,000 San Diegans annually. For more information on our major federally funded programs, the annual single audit report can be viewed at http://www.sdhc.org/SDHCBudget/

SDHC's Rental Assistance Department administers the federally supported **Housing Choice Voucher (Section 8) Program (HCV)** which provides rent subsidies for over 14,000 San Diego households. The department is dedicated to breaking the cycle of poverty by helping housing-assisted families become economically self-sufficient while providing homes to families in need. With the agency's **MTW** designation, the department has recently engaged in significant administrative streamlining projects and has created new programs and partnerships. Some of the innovative activities undertaken include: the Choice Communities program, which works toward the de-concentration of poverty in San Diego; a Sponsor-Based Voucher program for the homeless which includes partnerships with several non-profit service providing agencies; and the expansion of our Project-Based Voucher programs, allowing SDHC to use project-based vouchers in our own units to increase housing choices for low-income families.

Another innovative initiative made possible with MTW status is the **Achievement Academy** of the San Diego Housing Commission, a 9,600 square foot, state-of-the-art, learning and skills center with a computer lab. This facility provides on-site office space for our staff and our partners to offer a variety of resources, such as financial skills education classes, career and financial coaching, employment services and job training workshops. The core curriculum program of SDHC's Achievement Academy is the **Family Self Sufficiency program** (FSS). This HUD-funded program allows the implementation of local strategies to help voucher families obtain employment that will lead to economic independence and self-sufficiency.

In addition, the **Housing Innovations Department** supports initiatives designed to prevent or reduce homelessness in the City of San Diego. Populations served include chronically homeless individuals, families, veterans, and seniors. In fiscal year 2012, the Housing Innovations Department completed the expenditure of **Federal American Recovery and Reinvestment Act** (ARRA) funds (via the Homelessness Prevention and Rapid Re-housing Program), providing temporary housing assistance for over 1,000 individuals. Through its administration of the City's Emergency **Winter Shelter Program**, SDHC's Housing Innovations Department provided 370 beds of seasonal shelter to 1,164 individuals. SDHC also utilized HUD's **Shelter Plus Care Grants** to provide permanent supportive housing for 236 households, assisting a total of 316 lives. With additional federal and local funds, the Housing Innovations Department supported more than 1,700 men, women and children with a total of 562 beds of transitional housing for individuals and families, and the city's homeless day center that served 3,600 individuals by providing such basic level services as showers, laundry, mail service and shelter.

The **HOME** Program was created under Title II (the Home Investment Partnerships Act) of the National Affordable Housing Act of 1990 to provide decent, safe, and affordable housing for all Americans and to alleviate the problems of excessive rent burdens, homelessness and deteriorating housing stock nationwide. HOME funds a broad range of activities, including new construction, rehabilitation and acquisition of standard housing, assistance to new homebuyers, and tenant-based rental assistance. The fiscal year 2012 HOME budget was $21.9 million.

SDHC is one of 35 Moving to Work (MTW) agencies designated by HUD. This designation allows SDHC certain regulatory exemptions from the Housing Choice Voucher and Public Housing programs. It permits SDHC to combine operating, capital and rental assistance funds. This provides flexibility to create and test innovative programs that address San Diego's unique housing needs and to further assist our more than 14,000 Housing Choice Voucher (HCV) households. SDHC's MTW operating budget in FY 2012 was $204,802,671.

- Choice Communities, one of SDHC's first MTW initiatives, improves and increases housing opportunities for our HCV families. Since 2012, this program has resulted in 134 families moving to communities with more employment and educational opportunities. Nearly 75 percent of HCV families in the City of San Diego live in high-poverty communities. Higher rents prevent low-income families from changing neighborhoods. This initiative removes those barriers.
- The Sponsor-Based Voucher Program for homeless San Diegans allows SDHC to provide housing subsidies to non-profit agencies that provide supportive services to program participants.
- Three initiatives implemented agency-wide increase the availability of affordable housing in San Diego: expanding the use of Project-Based Vouchers, converting market rate developments into affordable housing, and creating additional public housing units through acquisition, rehabilitation, and preservation.
- The Graduation Incentive Program encourages families to pursue and complete higher education by offering a monetary award upon graduation from an eligible institution of higher learning.
- SDHC's most recent MTW program "Path to Success" began in 2011. Path to Success modifies the method used to determine the rent portion paid by families who have been identified as able to work. It will increase the average rental payment of Work-Able families.

  At the same time, SDHC will guide Work-Able families in becoming more financially self-sufficient through enrollment at SDHC's Achievement Academy learning center, which emphasizes job skills and financial education. Path to Success will allow SDHC to serve more low-income families. Exempt from the program are families in which all adult family members are 55 years or older, disabled, or a verified, full-time student ages 18 to 23 who is not the head of household, spouse or co-head.

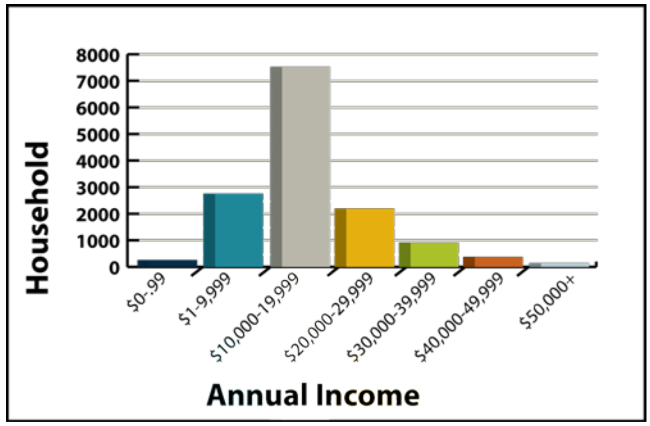
MTW plans and reports are prepared and submitted to HUD on an annual basis. Each annual plan describes initiatives to be implemented over the next fiscal year and the related reports give an accounting of activities put into action over the previous fiscal year. SDHC's fiscal year 2013 MTW plan can be viewed at: **http://www.sdhc.org/Rental-Assistance/Moving-Forward-MTW/**.

Housing Choice Voucher Program

Funded by HUD and managed by SDHC's Rental Assistance Department, the Housing Choice Voucher Program (Section 8) serves more than 14,000 extremely and very low-income San Diego individuals and families. With Fiscal year 2012 funding of $147.2 million, Housing Choice Voucher is SDHC's largest program.

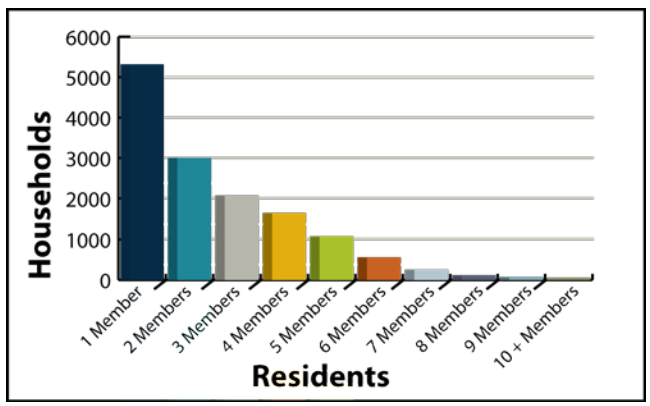
Income per HCV Household

- 53.0% of Housing Choice Voucher program recipients' income is between $10,000 and $19,999.



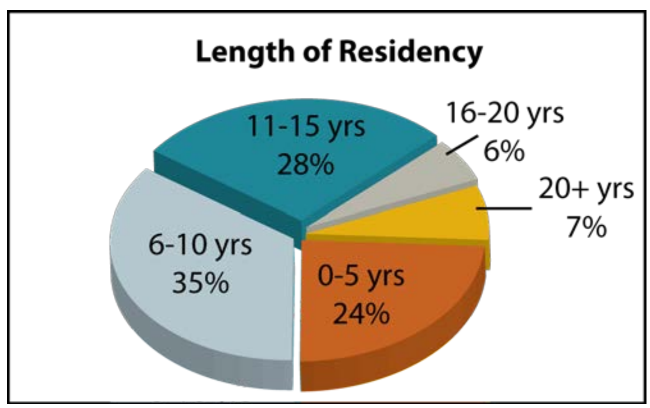
Resident Members per Household

- 37.8% of 14,193 households are single member households.
- Second and third largest groups are two members household at a total of 3,006, and three member households at a total of 2,072.



Years in Housing Choice Voucher Program

- 4,969 HCV residents have been in the program 6-10 years.
- 3,989 have been in the program from 11-15 years.
- 3,330 have been in the program from 0-5 years



SDHC

SAN DIEGO HOUSING COMMISSION

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