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To the Editors:

The Union-Tribune's Watchdog team missed the mark on its most recent story when it claimed the Housing Commission "has more money than it knows how to spend." ("*Growing fund balance at housing agency frustrates those who want homeless helped*", October 29.)

What got obscured in reviewing the San Diego Housing Commission's complicated financials is actually quite simple. The SDHC is partly a public bank for loans for affordable housing and nearly half of the $279 million in the "fund balance" are assets that can't be spent because they are part of being a bank. So naturally it holds loan assets that are awaiting repayment – no one criticizes a bank for that. And naturally it holds money to meet commitments to borrowers made today for future projects. Affordable housing developers have to compete for state matching resources, particularly for homeless projects, and that typically takes several years until the project gets the other money and can start construction.

The story focused on many categories of funds and loans that are lumped together in what standard accounting principles refer to as "Unrestricted Net Position." The individual words of this phrase, although familiar in the English language, have a very specific meaning when assembled by an accountant, and they do not add up to "cash on hand."

The largest single piece, just over $130 million, is made up of loans made to affordable housing developers, first-time homebuyers or low-income homeowners for the rehabilitation of their properties. They are counted as assets to the agency because they will be repaid in full with interest, but they are not cash in the bank.

Another $75 million is used as operating cash. These funds allow the agency to meet their monthly expenses, which include all Commission staff and operating costs for 3,000-pluse housing units, as well as the transactional dollars needed when major project expenses come due. The examples here are countless and include payments for land, construction and other basic housing creation activities. This money is hardly idle. It flows in and out quickly and keeps the wheels of housing production turning. As a good practice, 1-1/2 to 2 months of operating capital are kept as cash at all times.

Finally, there is over $60 million in "long-term investments" – money that is put aside when funding commitments are made by the Housing Commission Board, along with the reserves required by the City Auditor to assure that the Commission is able to handle fluctuations in revenues without busting their budget.

The San Diego Housing Commission is a very effective housing authority, recognized throughout California and the nation as one of the most innovative and fiscally sound public housing authorities around. Its finances exceed in complexity those of other multi-million dollar corporations. This is because of the extraordinary range of revenue streams and regulatory requirements that its business lines require.

Housing our most vulnerable citizens is the most important work of our time. The largest agency in our region committed to this goal should be scrutinized, along with all other public agencies. These reviews should be thorough and thoughtful, not fast and loose. People look to the Union-Tribune as San Diego's paper of record, so it's important for its reporters to correctly inform readers.

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