



## REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

**DATE ISSUED:** April 26, 2018

**REPORT NO:** HAR18-013

**ATTENTION:** Chair and Members of the Housing Authority of the City of San Diego  
For the Agenda of June 11, 2018

**SUBJECT:** Proposed Fiscal Year 2019 Budget

**COUNCIL DISTRICT:** Citywide

### **REQUESTED ACTION**

That the Housing Authority of the City of San Diego (Housing Authority) approve the San Diego Housing Commission's (Housing Commission) proposed Fiscal Year 2019 Budget and delegate authority from the Housing Authority to the Housing Commission to amend the Fiscal Year 2019 Budget for amounts consistent with prior year delegation.

### **STAFF RECOMMENDATION**

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

- 1) Approve the Housing Commission's proposed \$388 million Fiscal Year (FY) 2019 Budget (Attachment 1);
- 2) Delegate authority to the Housing Commission to approve amendments to the FY 2019 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 2019 Budget;
  - b. Additional funding for the FY 2019 Budget resulting from applications submitted with the approval of the Housing Authority (per Housing Authority Resolution 1569); and
  - c. Additions from other sources, not to exceed \$500,000 on an individual basis, to the FY 2019 Budget.
- 3) Delegate authority to the President & Chief Executive Officer of the Housing Commission to amend the FY 2019 Budget for amounts not to exceed \$250,000 consistent with policies, programs and activities approved by the Housing Commission and Housing Authority.

### **SUMMARY**

The FY 2019 proposed Budget anticipates available funding sources of \$388 million, which represents a decrease of \$45 million, or 10 percent, from the approved FY 2018 budget. The decrease is primarily due to the spend-down of fund balance as planned in FY 2018 to fulfill commitments to purchase affordable housing properties, extend loans to developers, rehabilitate Housing Commission-owned properties and launch the City's Temporary Bridge Shelters. The FY 2019 proposed Budget anticipates total uses of \$325 million (not including ending fund balance), which represents a decrease of \$24

million, or 7 percent, from the FY 2018 budget. The decrease is primarily due to decrease in capital expenditures, loans to developers and grant expenses related to transit-oriented projects, offset by significant increases in homelessness activities due to the administration of the City's Temporary Bridge Shelters, Transitional Storage Center and the proposed Housing Navigation Center.

### **FUNDING SOURCES**

The proposed FY 2019 Budget anticipates funding sources of \$388 million:

<u>Revenues</u>	<u>FY 2019 Budget</u>	<u>FY 2018 Budget</u>	<u>Increase/(Decrease)</u>
Federal Revenues	\$ 228,240,000	\$ 236,756,000	\$ (8,516,000)
San Diego Local Revenues	51,020,000	55,807,000	(4,787,000)
State Revenues	480,000	480,000	-
Beginning Fund Balance	108,035,000	139,962,000	(31,927,000)
<b>Total Funding Sources</b>	<b>\$ 387,775,000</b>	<b>\$ 433,005,000</b>	<b>\$ (45,230,000)</b>

The majority of the Housing Commission's funding is restricted by funding source with respect to its use. The FY 2019 budget decrease of \$45 million is primarily due to the utilization of committed fund balance to acquire affordable housing properties, extend loans to developers, rehabilitate Housing Commission-owned properties and administer the City's Temporary Bridge Shelters, Transitional Storage Center and proposed Housing Navigation Center throughout FY 2019. Additionally, the decrease is also due to less U.S. Department of Housing and Urban Development-Held Moving to Work (MTW) reserves available and reductions in expected program income and utilization of equity in Housing Commission properties.

### **FUNDING USES**

The following table summarizes the funding uses by expenditure type:

<u>Uses</u>	<u>FY 2019 Budget</u>	<u>FY 2018 Budget</u>	<u>Increase/(Decrease)</u>
Housing Program Expense	\$ 223,526,000	\$ 233,053,000	\$ (9,527,000)
Personnel Costs	36,463,000	34,387,000	2,076,000
Capital Expenditures	34,196,000	52,787,000	(18,591,000)
Property Expense, Professional Services, Supplies & Other	30,316,000	28,466,000	1,850,000
<b>Total Costs</b>	<b>324,501,000</b>	<b>348,693,000</b>	<b>(24,192,000)</b>
Ending Fund Balance	63,274,000	84,312,000	(21,038,000)
<b>Total Funding Uses</b>	<b>\$ 387,775,000</b>	<b>\$ 433,005,000</b>	<b>\$ 45,230,000</b>

The decrease in Housing Program Expenses of close to \$10 million is primarily due to a reduction in grant expense related to transit-oriented projects and loans for the development of affordable housing, which is offset by an increase in Housing Assistance Payments and homeless activities related to the Temporary Bridge Shelters, New Transitional Storage Center and proposed Housing Navigation Center.

The increase in Personnel Costs of \$2 million is the 3 percent cost of living adjustment, which is required per the current Memorandum of Understanding between the Housing Commission and Service Employees International Union Local 221. The decrease in Capital expenditures of \$19 million is due to less acquisitions planned in FY 2019. The increase in Property Expense, Professional Services, Supplies & Other is primarily due to increased Information Technology software support contracts in FY 2019. And, lastly, the decrease of ending fund balance of \$21 million is due to utilization of property and program reserves to fund comprehensive renovation and rehabilitation at Housing Commission-owned properties; extend loans to developers and expenditures related to the City's Temporary Bridge Shelters and New Transitional Storage Center in FY 2019.

**PREVIOUS COUNCIL and/or COMMITTEE ACTION**

The FY 2018 budget was approved by the Housing Commission on May 5, 2017, and was approved by the Housing Authority on June 6, 2017.

**ENVIRONMENTAL REVIEW**

Approval of the FY 2019 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,

*Tracey McDermott*

Tracey McDermott  
Vice President & Chief Financial Officer  
San Diego Housing Commission

Approved by,

*Jeff Davis*

Jeff Davis  
Executive Vice President & Chief of Staff  
San Diego Housing Commission

Attachments: 1) Fiscal Year 2019 Proposed Budget

Hard copies are available for review during business hours at the security information desk in the main lobby and the fifth floor reception desk 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 in the "Public Meetings" section of the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org)



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# San Diego Housing Commission (SDHC) Fiscal Year (FY) 2019 Proposed Budget (July 1, 2018 - June 30, 2019)

June 11, 2018

Jeff Davis  
Executive Vice President and Chief of Staff

Tracey McDermott  
Vice President and Chief Financial Officer



# SDHC FY 2019 Proposed Budget Agenda

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# SDHC FY 2019 Proposed Budget Presentation

## Section 1 – Overview

# SDHC FY 2019 Proposed Budget Overview

## **\$388 Million in Total Funding Sources**



SDHC Headquarters  
1122 Broadway  
Downtown San Diego



# SDHC FY 2019 Proposed Budget

## Significant Factors Impacting Budget Development

### **Funding:**

- The U.S. Department of Housing and Urban Development (HUD) will notify public housing agencies of their annual budget by late May 2018.
- Federal funding remains secure through September 2018 as Congress passed the Omnibus Spending bill on March 23, 2018.

### **Focus on Homelessness:**

- Increased concentration of efforts and funding to address the homelessness crisis in San Diego

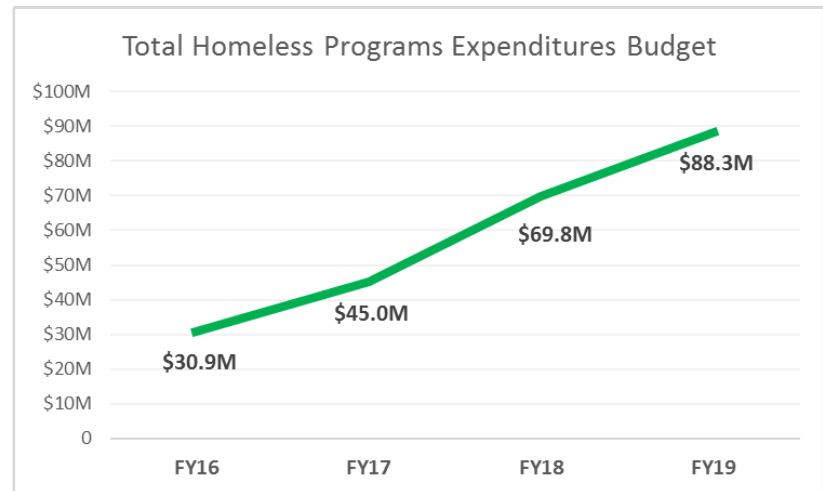
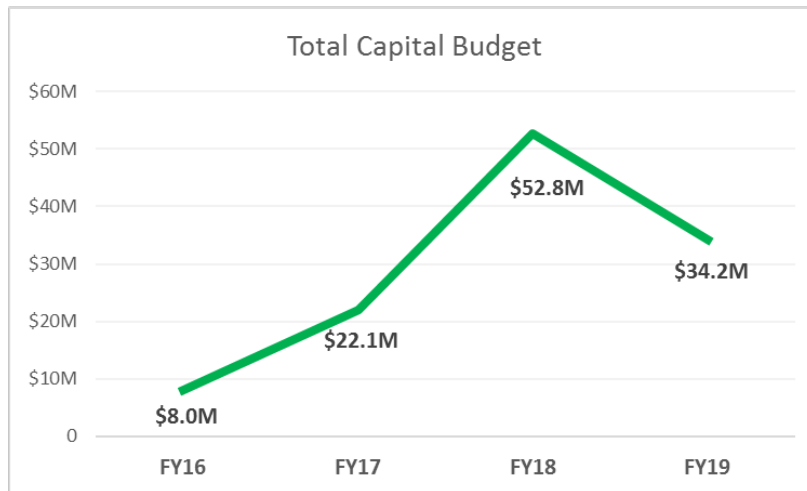
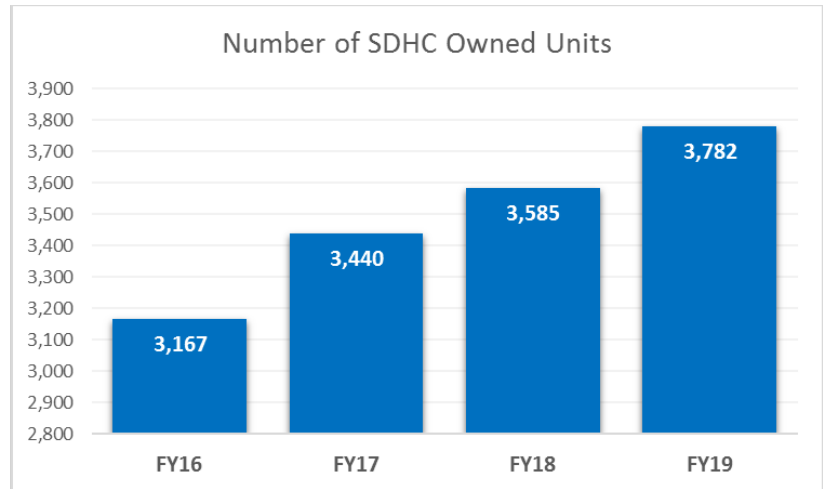
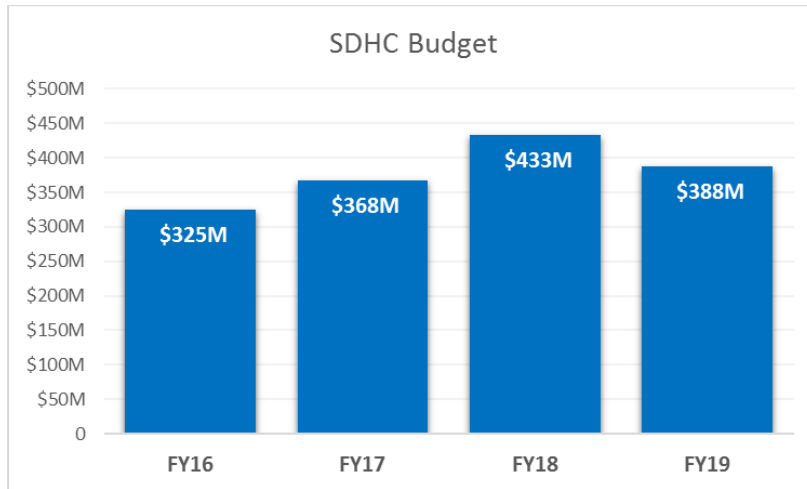






# SDHC FY 2019 Proposed Budget

*Where we've been and where we're going in 2019*



# SDHC FY 2019 Proposed Budget Executive Summary

## **\$388 million balanced budget with 330 full-time equivalents to:**

- Provide Rental Assistance to Low-Income Households
- Create and Preserve Affordable Housing
- Address Homelessness





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# SDHC FY 2019 Proposed Budget Presentation

## Section 2 – Objectives and Deliverables

# SDHC FY 2019 Proposed Budget Objectives and Deliverables

## Mission

Provide affordable, safe and quality homes for low- and moderate-income families and individuals in the City of San Diego and provide opportunities to improve the quality of life for the families that SDHC serves

## Major Programs

- Provide Rental Assistance to Low-Income Households
- Create and Preserve Affordable Housing
- Address Homelessness



# SDHC FY 2019 Proposed Budget Objectives and Deliverables (Continued)

- **Provide Rental Assistance to Low-Income Households:**
  - Assist more than 15,400 households
  - Continue specialized programs: Assist populations, such as transitional age youth, homeless individuals, and chronically homeless Veterans
  - Continue expanded Choice Communities: Increase housing choice for low-income families in the City of San Diego
  - Raise payment standards
  - SDHC Moving Home: Rapid rehousing program that increases housing choice for low-income, homeless families



# SDHC FY 2019 Proposed Budget Objectives and Deliverables (Continued)

## ■ **Create and Preserve Affordable Housing**

- Renovate and rehabilitate 391 SDHC-owned units
- Acquire and develop 50 affordable housing units
- Assist 39 households to become first-time homebuyers
- Award Development funds to create 195 permanent affordable housing units, including units for the homeless
- Own and/or manage 3,732 affordable housing units in the City of San Diego, including SDHC's nonprofit affiliate, Housing Development Partners



# SDHC FY 2019 Proposed Budget Objectives and Deliverables (Continued)

## ▪ **Address Homelessness**

HOUSING FIRST – SAN DIEGO (2018-2020), SDHC's Homelessness Action Plan, built upon prior accomplishments by providing additional, multifaceted solutions to provide housing opportunities for up to 3,000 homeless individuals in the City of San Diego, such as:

- Homelessness Prevention & Diversion Services
- Coordinated Street Outreach
- Landlord Engagement and Assistance Program (LEAP)
- SDHC Moving Home Rapid Rehousing Assistance
- New Permanent Supportive Housing
- SDHC Moving On Rental Assistance Program



# SDHC FY 2019 Proposed Budget Objectives and Deliverables (Continued)

## ▪ **Address Homelessness (Continued)**

Administer the City of San Diego's Homeless Shelters and Services Programs including:

- Three Temporary Bridge Shelters
- New Transitional Storage Center
- New Housing Navigation Center
- Interim Shelters
- Rapid Rehousing
- Day Center







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# SDHC FY 2019 Budget Proposed Presentation

## Section 3 – Sources of Funds

# SDHC FY 2019 Proposed Budget Funding

	FY19 Budget	FY18 Budget	\$\$ Change	% Change
Total Funding	\$388M	\$433M	\$(45M)	(10%)

Decrease in total sources of \$45 million, primarily due to:

- \$32 million of fund balance utilized as planned in 2018 to fulfill commitments to purchase affordable housing properties, extend loans to developers, rehabilitate SDHC-owned properties and launch the City's Temporary Bridge Shelters
- Less available HUD-held reserves and expected program income from loan repayments of over \$8 million
- No plans to utilize equity in SDHC properties, which accounted for about \$5 million in FY 2018



# SDHC FY 2019 Proposed Budget

## Funding Sources Available

	FY19 Budget	FY18 Budget	FY19 vs FY18 Budget \$\$ Variance	% Variance
<b>FEDERAL</b>				
Section 8/MTW	\$203,206,000	\$208,827,000	(\$5,621,000)	(3%)
HOME	11,689,000	14,781,000	(3,092,000)	(21%)
Housing Innovation Funds	5,888,000	5,688,000	200,000	4%
CDBG	7,375,000	7,375,000	-	0%
Other Federal Funds	82,000	85,000	(3,000)	(4%)
<b>TOTAL FEDERAL</b>	<b>228,240,000</b>	<b>236,756,000</b>	<b>(8,516,000)</b>	<b>(4%)</b>
<b>LOCAL</b>				
SDHC Real Estate	32,689,000	37,194,000	(4,505,000)	(12%)
Bond and Other Discretionary Local Funds	2,624,000	3,102,000	(478,000)	(15%)
Affordable Housing Fund	10,981,000	11,359,000	(378,000)	(3%)
City General Funds and Other Local Funds	4,726,000	4,152,000	574,000	14%
<b>TOTAL LOCAL</b>	<b>51,020,000</b>	<b>55,807,000</b>	<b>(4,787,000)</b>	<b>(9%)</b>
<b>TOTAL STATE</b>	<b>480,000</b>	<b>480,000</b>	<b>-</b>	<b>0%</b>
<b>TOTAL NEW REVENUE</b>	<b>279,740,000</b>	<b>293,043,000</b>	<b>(13,303,000)</b>	<b>(5%)</b>
<b>5% CONTINGENCY RESERVES *</b>	<b>13,987,000</b>	<b>14,652,000</b>	<b>(665,000)</b>	<b>(5%)</b>
<b>PROGRAM AND PROPERTY RESERVES *</b>	<b>94,048,000</b>	<b>125,310,000</b>	<b>(31,262,000)</b>	<b>(25%)</b>
<b>TOTAL BEGINNING FUND BALANCE</b>	<b>108,035,000</b>	<b>139,962,000</b>	<b>(31,927,000)</b>	<b>(23%)</b>
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$387,775,000</b>	<b>\$433,005,000</b>	<b>(\$45,230,000)</b>	<b>(10%)</b>

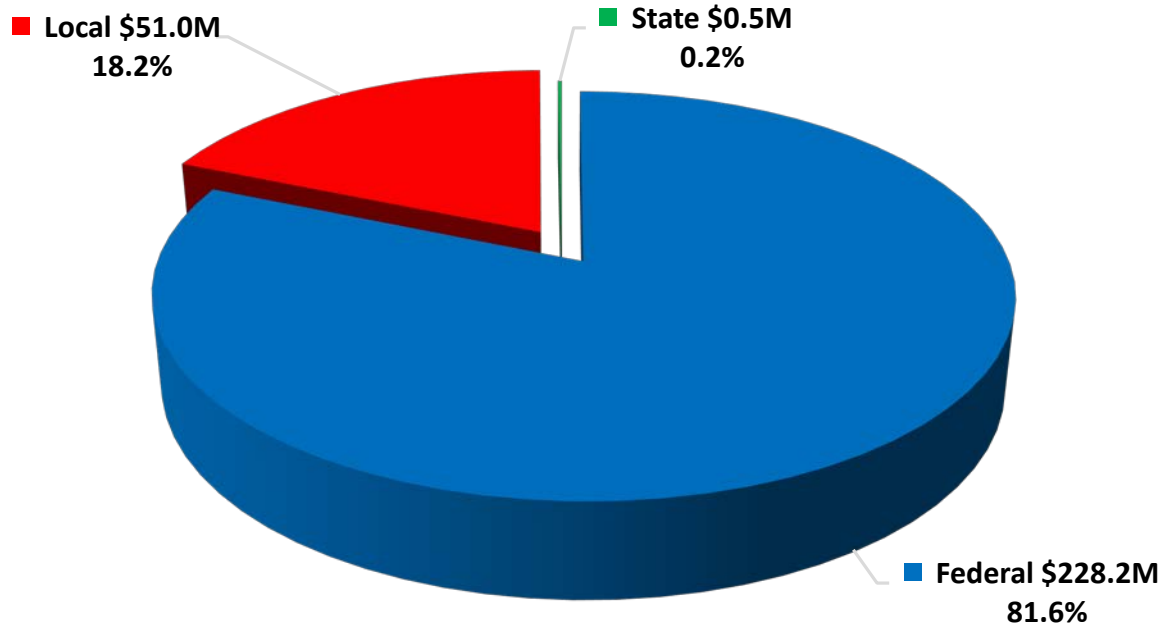
\* Beginning fund balance



# SDHC FY 2019 Proposed Budget

## New Revenue by Major Category

\$280M (\$ in Millions)



SDHC Real Estate	\$32.7M
Inclusionary/Housing Impact Fee	11.0M
Bond, Compliance Monitoring Fees	2.6M
Other Local (Includes City General Funds, Kellogg Grant, RDA)	4.7M
<b>Total Local</b>	<b>\$51.0M</b>

Section 8/MTW	\$203.2M
HOME	11.7M
ESG/CoC	5.9M
CDBG & Other Federal (ROSS Grant)	7.4M
<b>Total Federal</b>	<b>\$228.2M</b>

**FY 2019 New Revenue Total: \$280M**





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# SDHC FY 2019 Budget Proposed Presentation

## Section 4 – Uses of Funds

# SDHC FY 2019 Proposed Budget

## Total Uses

	FY19 Budget	FY18 Budget	\$\$ Change	% Change
<b>Total Uses (not including ending fund balance)</b>	<b>\$325M</b>	<b>\$349M</b>	<b>\$(24M)</b>	<b>(7%)</b>

Overall decrease in total uses of approximately \$24 million, primarily due to:

Decreases in:

- \$19 million of capital expenditures and \$14 million in development loans
- \$13 million in grant expense primarily related to transit oriented projects

Offset by increases in:

- \$14 million of homelessness activities related to the City's Temporary Bridge Shelters, Transitional Storage Center and Housing Navigation Center
- \$6 million in Housing Assistance Payments to continue the expanded Choice Communities Initiative and increase payment standards
- \$2 million in payroll costs, primarily for Cost of Living Adjustments, per the current Memorandum of Understanding



# SDHC FY 2019 Proposed Budget

## Funding Uses by Fiscal Year

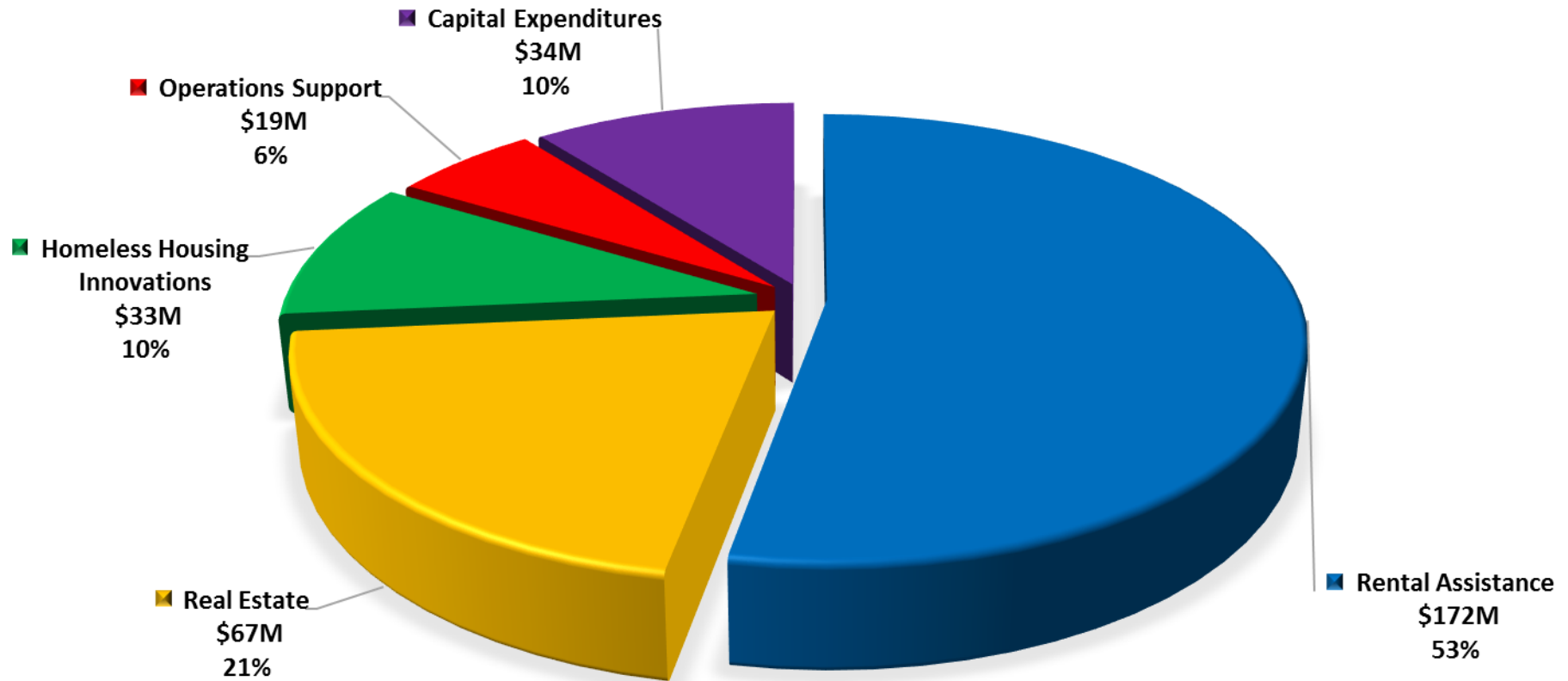
	FY19 Budget	FY18 Budget	\$\$ Change	% Change
<b>Personnel Costs</b>	<b>\$36,463,000</b>	<b>\$34,387,000</b>	<b>\$2,076,000</b>	<b>6%</b>
<b>Non-Personnel Costs</b>				
Housing Program Expense	223,526,000	233,054,000	(9,528,000)	(4%)
Property Expense, Professional Services, Supplies and Other	30,316,000	28,465,000	1,851,000	7%
Capital Expenditures	34,196,000	52,787,000	(18,591,000)	(35%)
<b>Non-Personnel Costs Total</b>	<b>288,038,000</b>	<b>314,306,000</b>	<b>(26,268,000)</b>	<b>(8%)</b>
<b>Grand Total (Excluding Ending Fund Balance)</b>	<b>\$324,501,000</b>	<b>\$348,693,000</b>	<b>(\$24,192,000)</b>	<b>(7%)</b>



# SDHC FY 2019 Proposed Budget

## Funding Uses by Division (Excluding Ending Reserves)

\$325M (\$ in Millions)





# SDHC FY 2019 Proposed Budget

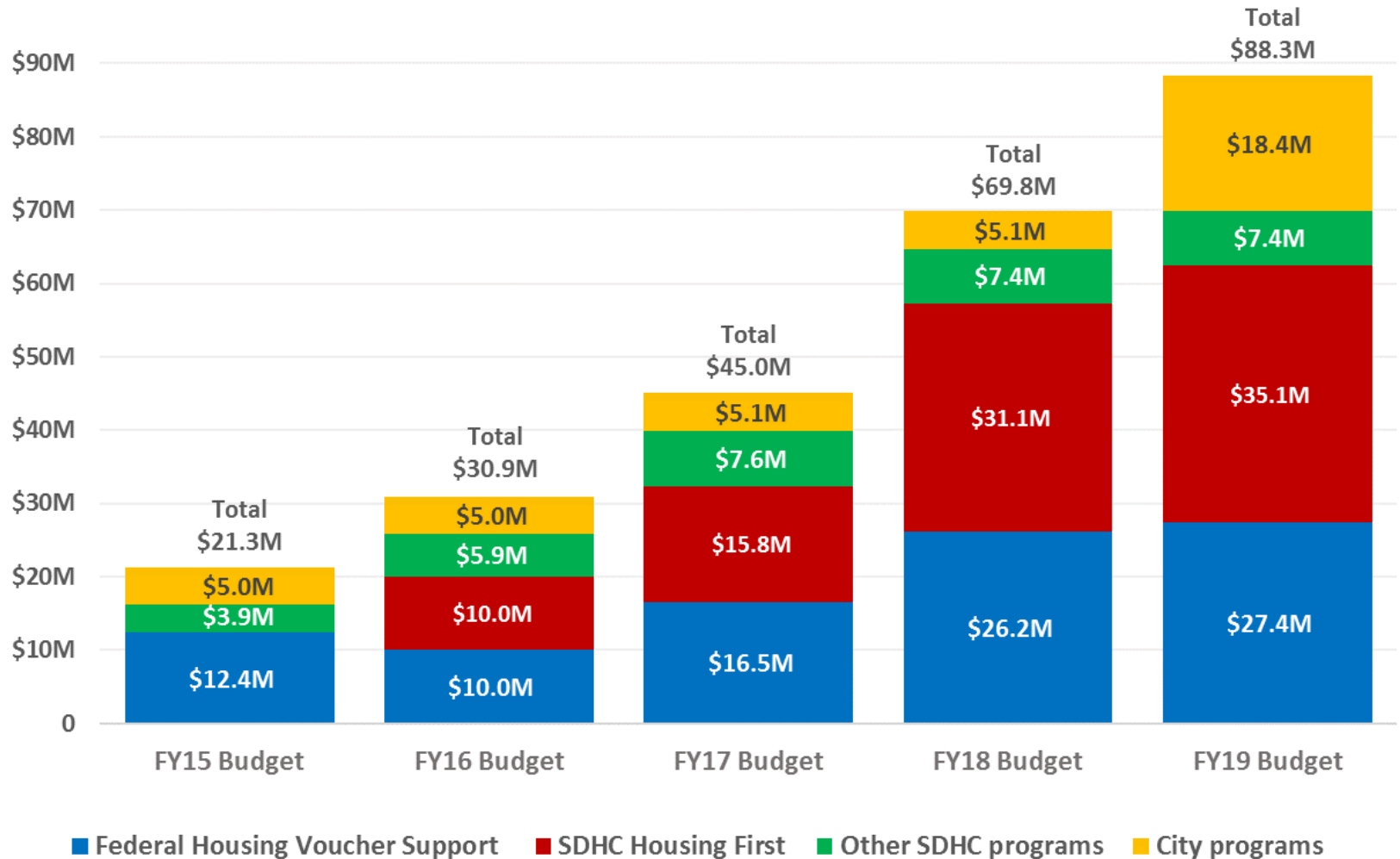
## Summary – Staffing by Division

SDHC Major Division	FY19 Budget	FY18 Budget	Change from FY18 to FY19
Homeless Housing Innovations	27	25	2
Operations Support	87	89	(2)
Real Estate	101	101	-
Rental Assistance	115	115	-
<b>Total of Full-Time Equivalents</b>	<b>330</b>	<b>330</b>	<b>-</b>



# SDHC FY 2019 Proposed Budget

## FY15 - FY19 Total Homeless Programs Expenditures



# SDHC FY 2019 Proposed Budget

## Homeless Programs Expenditures

	Component	Funding Source	FY19 Budget	
Housing First 3.0	Housing First Permanent Supportive Housing	Move To Work/Inclusionary	\$24,310,000	\$35.1M
	SDHC Moving Home and Moving On Rapid Rehousing	Move To Work/Inclusionary/Linkage	5,099,000	
	Landlord Engagement	Local Funds/Inclusionary	4,053,000	
	Prevention & Diversion	Local Funds/Inclusionary	1,145,000	
	Family Reunification	Local Funds	500,000	
City Programs	Temporary Bridge Shelters	SDHC Real Estate/Local Funds	10,119,000	\$18.4M
	Interim Shelters, Rapid Rehousing, Day Center, Transitional Storage Center and Serial Inebriate Program	CDBG, ESG, City General Fund	5,067,000	
	Housing Navigation Center	CDBG, City General Fund, Low/Mod. Housing	1,550,000	
	Transitional Storage Center	SDHC Real Estate/Local Funds	1,689,000	
SDHC Programs	Federal Housing Voucher Support	Move To Work	27,409,000	\$34.8M
	Permanent Supportive Housing	Continuum of Care	3,773,000	
	Rapid Rehousing	Continuum of Care	1,363,000	
	Transitional Housing	Inclusionary/Linkage	1,418,000	
	Program Administration and Coordinated Outreach	Local Funds/Inclusionary	546,000	
	Various Supportive Services	Local Funds	250,000	
TOTAL HOMELESS PROGRAMS EXPENDITURES			\$88,291,000	



# SDHC FY 2019 Proposed Budget

## Three Temporary Bridge Shelters

### Overview:

- Approved by the San Diego City Council on November 14, 2017
- Provides up to 674 beds for homeless individuals and families (November 2017 - December 2020), if approved by the Housing Authority for additional periods beyond June 2018
- Addresses immediate public health and safety concerns

LOCATION	CAPACITY/SERVICES	OPERATOR
16 Street & Newton Avenue	324 beds for single adults	Alpha Project for the Homeless
280 1/2 Sports Arena Boulevard	200 beds for veterans	Veterans Village of San Diego
14 Street & Commercial Street	150 beds for single women and family units + supportive services	Father Joe's Villages
<b>Total Cost *: \$10,119,000</b>		

\* Funding Source: SDHC Real Estate/Local Funds



# SDHC FY 2019 Proposed Budget Transitional Storage Center

## Overview:

- Part of the City of San Diego's Homeless Strategy
- Provides 500 lockable storage containers for up to 500 homeless individuals over three years (June 2018 – March 2021), if approved each year through the yearly budget approval process by the Housing Authority
- Operator Agreement extensions subject to approval by the Housing Authority

	FY 2019	FY 2020
Building Lease	\$178,000	\$184,000
Operating Agreement	1,511,000	1,544,000
<b>Total Cost</b>	<b>\$1,689,000 *</b>	<b>\$1,728,000</b>

\* Funding Source: SDHC Real Estate/Local Funds (Cost savings from FY 2018 Bridge Shelters)



## Approval Request

**FY 2019 Budget - \$388 Million**



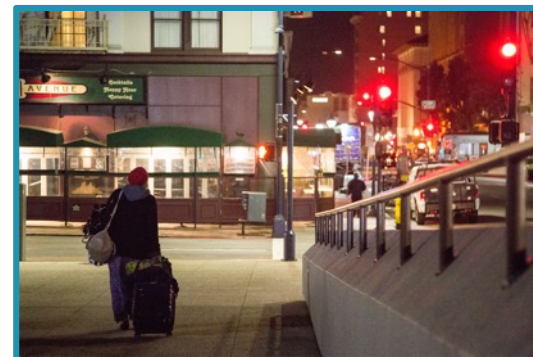
# SDHC FY 2019 Proposed Budget



Rental  
Assistance



Creating Affordable  
Housing



Solutions To  
Homelessness

## Thank You





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# SDHC FY 2019 Proposed Budget Presentation

## Appendix A

Section 5 – Budget Process

Section 6 – Budget in City Format





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# SDHC FY 2019 Proposed Budget Presentation

## Section 5 – Budget Process

# SDHC FY 2019 Proposed Budget

## Governing Body and Strategic Guidance

- Established in 1979, SDHC is governed by the San Diego City Council, sitting as the Housing Authority of the City of San Diego (Housing Authority).
- SDHC President & Chief Executive Officer (CEO) Richard C. Gentry is the Executive Director of the Housing Authority.
- The Housing Authority has final authority over SDHC's budget and major policy decisions. Housing Authority approval is required for amending the annual budget for amounts in excess of \$500,000.
- A seven-member SDHC Board of Commissioners (Board) is appointed by the Mayor. The San Diego City Council confirms them.
- The Board reviews proposed changes to housing policy, property acquisitions and other financial commitments. The Board offers policy guidance to SDHC staff through its communications with the agency's President & CEO. The Board's actions are advisory to the Housing Authority.



# SDHC FY 2019 Proposed Budget Budget Guidelines

- Determine Available Funding Sources
- Balance the Budget
  - Sources (Beginning Fund Balance + Revenues)
  - =
  - Uses (Expenditures + Ending Fund Balance)
- Establish Reserve Levels
  - 5 percent of annual revenue for Contingency Reserve
  - Property reserve goal set according to needs as defined by best practices
  - Plan for future fluctuations in funding – maintain adequate reserves



# SDHC FY 2019 Proposed Budget Procedures for Amending Budget

<b><math>\leq</math> \$250,000</b>	SDHC CEO authorized to amend the annual budget in the amount of \$250,000 or less
<b><math>&gt;</math> \$250,000</b>	All budget amendments in excess of \$250,000 must be approved by the SDHC Board
<b><math>&lt;</math> \$500,000</b>	The Housing Authority of the City of San Diego (Housing Authority) has delegated authority to the SDHC Board to amend the annual budget for amounts less than \$500,000
<b><math>&gt;</math> \$500,000</b>	Budget amendments in excess of \$500,000 must be approved by the Housing Authority

- Budget Amendments are reported as “Approved Variances.”





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# SDHC FY 2019 Proposed Budget Presentation

## Section 6 – Budget in City Format

# SDHC FY 2019 Proposed Budget Mission Statement

## **Mission Statement**

To provide affordable, safe and quality homes for low- and moderate-income families and individuals in the City of San Diego and to provide opportunities to improve the quality of life for the families that the San Diego Housing Commission serves.

## **Fiscal Year 2019 Budget Summary**

The San Diego Housing Commission (SDHC) is a public agency that provides affordable housing programs and services for low- and moderate-income individuals and families in the City of San Diego. SDHC assists approximately 15,400 low-income households by providing them with Federal Section 8 Housing Choice Voucher (HCV) rental assistance. HCV participants typically pay a predetermined portion of their income toward rent, with the remainder paid by Federal funds administered by SDHC. More than half of these households are seniors or individuals with disabilities. SDHC also administers City of San Diego and Federal funds for transitional and permanent housing with supportive services to address homelessness among families, seniors, Veterans and individuals. In addition, SDHC develops affordable multifamily rental housing and provides loans, Closing Cost Assistance Grants and Mortgage Credit Certificates to help first-time homebuyers.

In Fiscal Year 2019 (July 1, 2018 – June 30, 2019), SDHC programs will include but are not limited to:

- HOUSING FIRST – SAN DIEGO: 2018-2020, SDHC's Homelessness Action Plan, which builds upon the prior accomplishments by providing expanded and additional, multifaceted solutions to address homelessness in the City of San Diego, such as:
  - Providing new Permanent Supportive Housing for chronically homeless individuals through continued investment of Federal and Local dollars into new construction development, acquisition, and rehabilitation of properties;
  - Expanding SDHC's "Moving On" rental assistance program where Federal rental housing vouchers are provided to formerly homeless individuals and families who are ready to move from permanent supportive housing into a more appropriate housing solution due to achieving housing stability; and
  - Continuing specialized programs to assist transitional age youth, homeless individuals and chronically homeless Veterans;
  - Continuing homelessness prevention and diversion assistance, such as staff to provide mediation or financial assistance to help families who are at risk of becoming homeless; and continuing coordinated street outreach services to expand support for existing street outreach efforts.



# SDHC FY 2019 Proposed Budget Mission Statement (Continued)

- Administering services that align with the City of San Diego's FY19 priorities regarding the provision of services to the City of San Diego's homeless population such as the three temporary bridge shelters for up to 674 individuals and the expanded transitional storage facility with up to 500 lockable storage containers. Also, expected to open in Fall 2018, the Housing Navigation Center will provide onsite intake, assessment, triage and referrals for permanent housing opportunities.
- Expanding Choice Communities to increase housing choices for low-income families in the City of San Diego to move toward areas with more options for transportation, school and employment opportunities.

The \$387.8 million proposed Fiscal Year 2019 Budget would enable SDHC to:

- Assist approximately 15,400 low-income households by providing rental assistance through the Federal HCV program;
- Assist 39 households to become first-time homebuyers;
- Acquire and develop 195 affordable housing units; including units for homeless;
- Renovate and rehabilitate 391 SDHC-owned units;
- Own and/or manage 3,732 affordable housing units in the City of San Diego, including SDHC's nonprofit affiliate, Housing Development Partners (HDP) and Federal public housing units;
- Administer City of San Diego homeless programs, inclusive of housing navigation center, that will provide onsite intake, three temporary bridge shelters, that provide shelter for more than 3,900 homeless individuals, an expandable transitional storage facility with up to 500 lockable storage containers, and day services for 3,600 homeless individuals;
- Help 1,500 families that receive Federal rental assistance or public housing residents to work toward financial self-reliance through the SDHC Achievement Academy.

The proposed SDHC Fiscal Year 2019 Budget will be presented to the City Council Budget and Government Efficiency Committee on May 7, 2018, for its review, and will then be forwarded to the Housing Authority of the City of San Diego for its review and approval in June 2018.



# SDHC FY 2019 Proposed Budget Mission Statement (Continued)

SDHC's Fiscal Year 2019 Budget is composed of four divisions: Rental Assistance, Real Estate, Homeless Housing Innovations and Operations Support:

- Rental Assistance Division (RAD) funding is budgeted at \$171.8 million. RAD provides Federal rental assistance to low-income households in the City of San Diego. RAD program activities provide eligible families with monthly Federal rental assistance and opportunities for them to become more financially self-reliant through the SDHC Achievement Academy, a learning and resource center and computer lab with programs that emphasize career planning, job skills and personal financial education—at no cost to HCV participants and public housing residents. In addition, RAD monitors affordable housing developments and homeowners for compliance with Federal, State and Local occupancy and affordability restrictions.
- Real Estate Division (RED) funding is budgeted at \$101.1 million. RED creates and preserves affordable housing as a developer, owner, lender, partner, bond issuer, and administrator of the City of San Diego's affordable housing programs. RED also helps low- and moderate-income families become first-time homebuyers.
- Homeless Housing Innovations Department (HHI) funding is budgeted at \$32.7 million. HHI administers City of San Diego and Federal funds to address homelessness and the housing needs of San Diegans with extremely low incomes. This department administers programs for transitional housing, interim housing, and permanent supportive housing and services.
- Operations Support funding is budgeted at \$18.9 million. Operations Support provides support services to carry out the SDHC mission. Included are: 1) Board & Executive Functions, which provides strategic planning, leadership and management to implement housing programs; 2) Communications & Government Relations, which fosters transparency in government through government relations activities, responds to public records requests, and ensures consistency and accuracy in SDHC communications; 3) Human Resources; 4) Project Management Office; 5) Financial Services; 6) Information Technology; 7) Procurement; 8) Section 3 & Outreach; 9) Compliance and Special Programs; and 10) Agency Policy.

Funds allocated for Reserves are budgeted at \$63.3 million. These funds contain three types of reserves: 1) Program Restricted Reserves to provide for housing programs; 2) Property Reserves to provide for replacement requirements; and 3) Contingency Reserves, 5% of annual budgeted new revenue.





# SDHC FY 2019 Proposed Budget Budget Summary

	FY 2017 Budget	FY 2017 Actual	FY 2018 Budget	FY 2018 Projected	FY 2019 Proposed	FY 2018-2019 Change
Positions (FTE)	304.00	306.00	330.00	330.00	330.00	-
Personnel Expense	\$30,181,000	\$29,313,000	\$34,387,000	\$34,387,000	\$36,463,000	\$2,076,000
Non-Personnel Expense	337,823,000	388,687,000	398,618,000	398,618,000	351,312,000	(47,306,000)
<b>TOTAL</b>	<b>\$368,004,000</b>	<b>\$418,000,000</b>	<b>\$433,005,000</b>	<b>\$433,005,000</b>	<b>\$387,775,000</b>	<b>(\$45,230,000)</b>



# SDHC FY 2019 Proposed Budget Expenditures

	FY 2017 Budget	FY 2017 Actual	FY 2018 Budget	FY 2018 Projected	FY 2019 Proposed	FY 2018-2019 Change
<b>PERSONNEL</b>						
Salaries & Wages	\$21,761,000	\$22,079,000	\$25,328,000	\$25,328,000	\$26,544,000	\$1,216,000
Fringe Benefits (health)	3,027,000	3,226,000	3,992,000	3,992,000	4,500,000	508,000
Fringe Benefits (pension)	2,918,000	2,677,000	3,345,000	3,345,000	3,671,000	326,000
Fringe Benefits (other--Life, LTD, Medicare, Workers Comp, SUI and 457)	1,519,000	1,331,000	1,722,000	1,722,000	1,748,000	26,000
Class and Comp Study	956,000	-	-	-	-	-
<b>SUBTOTAL PERSONNEL</b>	<b>\$30,181,000</b>	<b>\$29,313,000</b>	<b>\$34,387,000</b>	<b>\$34,387,000</b>	<b>\$36,463,000</b>	<b>\$2,076,000</b>
<b>NON-PERSONNEL</b>						
Housing Program Expense	\$207,999,000	\$182,777,000	\$233,053,000	\$233,053,000	\$223,526,000	(\$9,527,000)
Property Expenses	15,315,000	19,161,000	15,656,000	15,656,000	16,748,000	1,092,000
Professional Services, Supplies & Other	10,417,000	9,254,000	9,657,000	9,657,000	10,396,000	739,000
Debt Principal Payments	3,067,000	3,071,000	3,153,000	3,153,000	3,172,000	19,000
Capital Expenditures	22,066,000	26,999,000	52,787,000	52,787,000	34,196,000	(18,591,000)
Reserves	78,959,000	147,425,000	84,312,000	84,312,000	63,274,000	(21,038,000)
<b>SUBTOTAL NON-PERSONNEL</b>	<b>\$337,823,000</b>	<b>\$388,687,000</b>	<b>\$398,618,000</b>	<b>\$398,618,000</b>	<b>\$351,312,000</b>	<b>(\$47,306,000)</b>
<b>TOTAL</b>	<b>\$368,004,000</b>	<b>\$418,000,000</b>	<b>\$433,005,000</b>	<b>\$433,005,000</b>	<b>\$387,775,000</b>	<b>(\$45,230,000)</b>



# SDHC FY 2019 Proposed Budget

## Significant Budget Adjustments

Significant Budget Adjustments	Position/Explanation for Change	Position	Revenue	Expenses
<b>Personnel Salaries and Benefits Adjustments</b>				
Salaries & Wages	Primarily due to 3% COLA and average 2.5% performance incentive	-		\$1,216,000
Fringe Benefits (health)	Primarily due to 3% COLA and average 2.5% performance incentive			508,000
Fringe Benefits (pension)	Primarily due to 3% COLA and average 2.5% performance incentive			326,000
Fringe Benefits (Life, LTD, Medicare, Workers Comp, SUI, and 457)				26,000
<b>Personnel Adjustments</b>				<b>\$2,076,000</b>
<b>Non-Personnel Expenditure Adjustments</b>				
Housing Program Expense	Decrease due to less development loans and grant expense related to TOD projects, which is offset by an increase in Housing Assistance Payments and grant expense related to the temporary bridge shelters , transitional storage center and navigation center			(\$9,527,000)
Property Expenses	Increase in repairs, maintenance, landscaping and site cleaning			1,092,000
Professional Services, Supplies, Other	Increase due to IT software support contracts			739,000
Debt Principal Payments				19,000
Capital Expenditures	Decrease due to less acquisitions			(18,591,000)
Reserves	Decrease due primarily to utilization of property reserves to fund comprehensive renovations and rehabilitation at our SDHC-owned properties, and expenditures related to the temporary bridge shelters and transitional storage center			(21,038,000)
<b>Non-Personnel Expenditure Adjustments</b>				<b>(\$47,306,000)</b>
<b>TOTAL EXPENSE ADJUSTMENTS</b>			-	<b>(\$45,230,000)</b>
<b>Revenue Adjustments</b>				
Section 8 / MTW	Less available HUD held reserves than in prior year's budget		(\$5,621,000)	
HOME, CDBG & Other Federal	Decrease due to HOME program income (no loan payoffs)		(3,095,000)	
Housing Innovation Funds	Increase in CoC funding		200,000	
SDHC Real Estate	No expected proceeds from utilizing equity of a SDHC-owned property		(4,505,000)	
Affordable Housing Fund	Slight decrease expected in inclusionary fees and HTF loan repayments		(378,000)	
Other Local Funds	Decrease in bond and RHF service fees		96,000	
State			-	
Fund Balance from Prior Years	The spend-down of fund balance in FY 2018 to fulfill commitments to purchase affordable housing properties, extend loans to developers, rehabilitate SDHC-owned properties and launch the City's Temporary Bridge Shelters		(31,927,000)	
<b>TOTAL REVENUE ADJUSTMENTS</b>			<b>(\$45,230,000)</b>	



# SDHC FY 2019 Proposed Budget Reimbursements to Departments/Entities

Departments/Entities	FY 2017 Budget	FY 2017 Actual	FY 2018 Budget	FY 2018 Projected	FY 2019 Proposed	FY 2018-2019 Change
Homeless Housing Innovations - Interim Shelter for Homeless Adults	\$1,600,000	\$1,588,000	\$1,600,000	\$1,600,000	\$1,600,000	-
Homeless Housing Innovations - Prevention and Diversion	-	-	-	1,066,000	-	-
Homeless Housing Innovations - SMART Pilot Program	98,000	86,000	98,000	32,000	-	(98,000)
Homeless Housing Innovations - Navigational Center	-	-	-	-	550,000	550,000
Homeless Housing Innovations - Transitional Storage Center	125,000	114,000	125,000	125,000	125,000	-
Homeless Housing Innovations - Connections Interim Housing	300,000	251,000	300,000	300,000	272,000	(28,000)
Homeless Housing Innovations - Serial Inebriate Program	192,000	157,000	290,000	290,000	290,000	-
<b>TOTAL</b>	<b>\$2,315,000</b>	<b>\$2,196,000</b>	<b>\$2,413,000</b>	<b>\$3,413,000</b>	<b>\$2,837,000</b>	<b>\$424,000</b>



# SDHC FY 2019 Proposed Budget Revenues

Revenue Source	FY 2017 Budget	FY 2017 Actual	FY 2018 Budget	FY 2018 Projected	FY 2019 Proposed	FY 2018-2019 Change
<b>FEDERAL</b>						
Section 8 / MTW	\$187,540,000	\$177,371,000	\$208,827,000	\$208,827,000	\$203,206,000	(\$5,621,000)
HOME, CDBG & Other Federal	20,900,000	19,878,000	22,241,000	22,241,000	19,146,000	(3,095,000)
Housing Innovation Funds	4,607,000	4,793,000	5,688,000	5,688,000	5,888,000	200,000
<b>FEDERAL TOTAL</b>	<b>\$213,047,000</b>	<b>\$202,042,000</b>	<b>\$236,756,000</b>	<b>\$236,756,000</b>	<b>228,240,000</b>	<b>(\$8,516,000)</b>
<b>LOCAL</b>						
SDHC Real Estate	\$30,406,000	\$33,642,000	\$37,194,000	\$37,194,000	\$32,689,000	(\$4,505,000)
Affordable Housing Fund	10,754,000	31,560,000	11,359,000	11,359,000	10,981,000	(378,000)
Other Local Funds	6,439,000	9,256,000	7,254,000	7,254,000	7,350,000	96,000
<b>LOCAL TOTAL</b>	<b>\$47,599,000</b>	<b>\$74,458,000</b>	<b>\$55,807,000</b>	<b>\$55,807,000</b>	<b>\$51,020,000</b>	<b>(\$4,787,000)</b>
<b>STATE</b>	<b>\$142,000</b>	<b>\$1,091,000</b>	<b>\$480,000</b>	<b>\$480,000</b>	<b>\$480,000</b>	<b>-</b>
<b>FUND BALANCE FROM PRIOR YEARS</b>	<b>\$107,216,000</b>	<b>\$140,409,000</b>	<b>\$139,962,000</b>	<b>\$139,962,000</b>	<b>\$108,035,000</b>	<b>(\$31,927,000)</b>
<b>GRAND TOTAL</b>	<b>\$368,004,000</b>	<b>\$418,000,000</b>	<b>\$433,005,000</b>	<b>\$433,005,000</b>	<b>\$387,775,000</b>	<b>(\$45,230,000)</b>





The City of San Diego  
**Item Approvals**

**Item Subject:** Proposed Fiscal Year 2019 Budget

<b>Contributing Department</b>	<b>Approval Date</b>
DOCKET OFFICE	04/30/2018

<b>Approving Authority</b>	<b>Approver</b>	<b>Approval Date</b>
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	DAVIS, JEFF	04/25/2018
DEPUTY CHIEF OPERATING OFFICER	GRAHAM, DAVID	05/01/2018