



SAN DIEGO
HOUSING
COMMISSION

San Diego Housing Commission Fiscal Year 2018 Annual Financial Audit Report Presentation to the San Diego Housing Commission Board November 30, 2018

Tracey McDermott
Senior Vice President &
Chief Financial Officer
Financial Services Department



SDHC Fiscal Year (FY) 2018 Annual Financial Audit Report Agenda

- Summary of Audit Results
- Financial Results
- Operational Highlights



*North Park Seniors
75 units for homeless and low-income seniors
Total SDHC Investment: \$7 million
Developer: Community Housing Works
Grand Opening: April 27, 2018*





SDHC Fiscal Year (FY) 2018

Annual Financial Audit Report

Audit Results

- Audit Period: July 1, 2017 - June 30, 2018
- Independent Auditors: CohnReznick LLP
- Audit Opinion: Unmodified
- No Management Letter Comments
- No Applicable Pronouncements





SDHC Fiscal Year (FY) 2018

Annual Financial Audit Report

Financial Results Summary

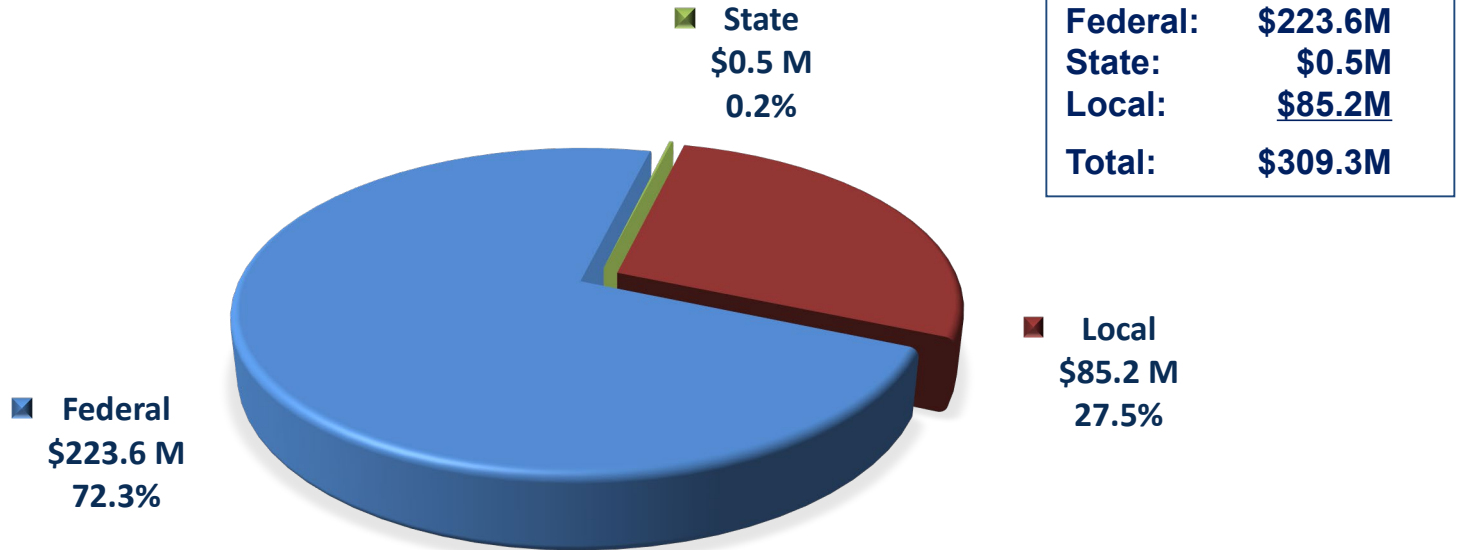
- Total revenues: \$309.3M
- Federal grants: 72% of revenues
- City of San Diego awarded General Funds: \$3.4M
- Total expenses: \$245.5M
 - Housing Assistance Expenses: \$149.7M
 - Other Expenses: \$95.8M
- Expenses related to programs serving the homeless: \$73.6M
- Multifamily and homeownership loans funded: \$42.9M
- Total capital expenditures, including all GPNA efforts: \$35.1M*

*Does not include the sale of Town and Country in the amount of \$10.5M



SDHC Fiscal Year (FY) 2018 Annual Financial Audit Report

SDHC Financial Results – Revenues by Funding Type



Section 8/MTW	\$196.7M
HOME	\$13.0M
ESG/CoC	\$5.2M
CDBG & Other Federal (ROSS Grant)	\$8.7M
Total Federal	\$223.6M

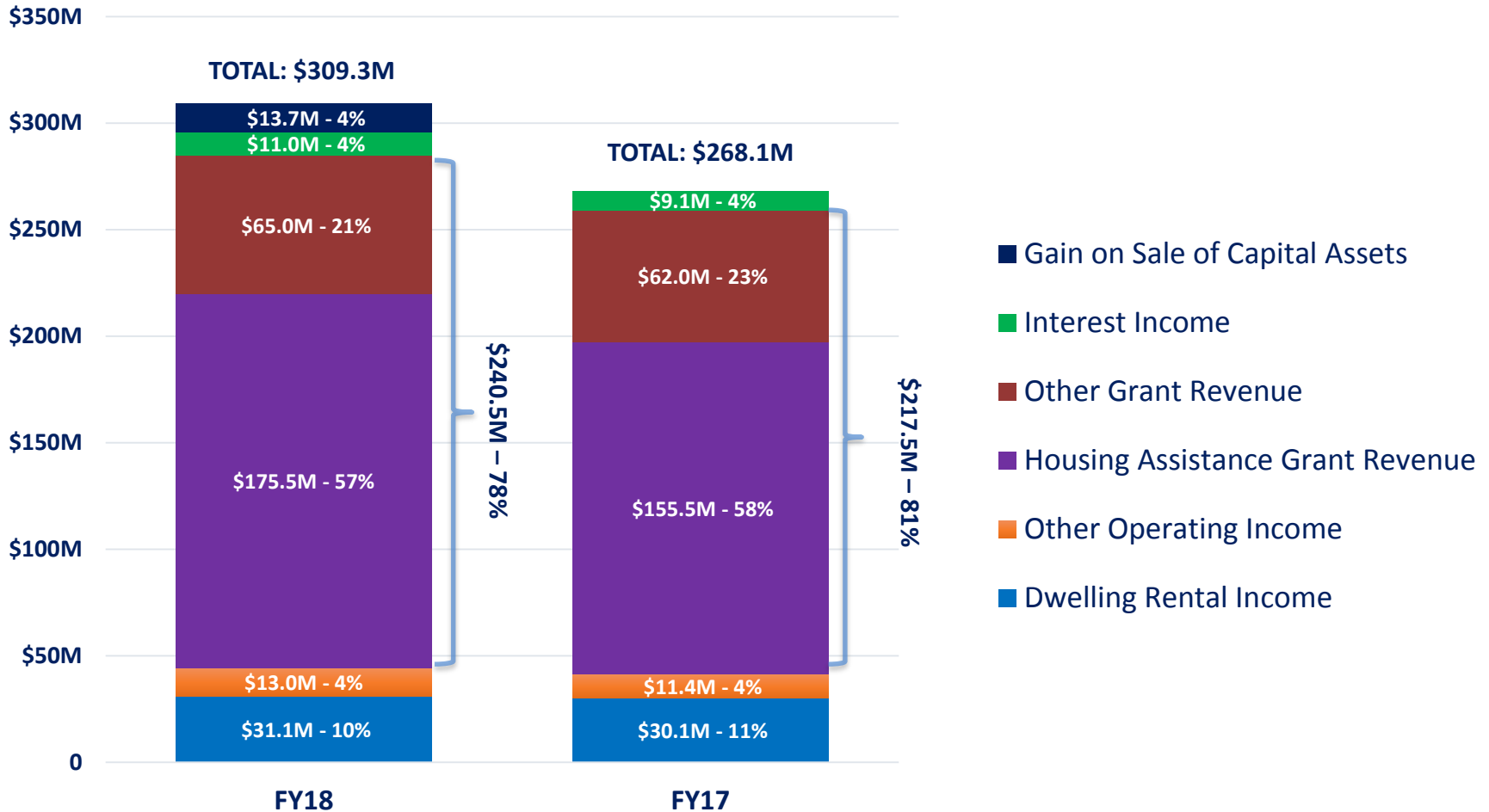
SDHC Real Estate, Gain on Sale of Property	\$49.2M
Unrestricted (Includes Bond, Compliance Monitoring Fees)	\$5.1M
Inclusionary/Housing Impact Fee	\$25.0M
Other Local (Includes City General Funds, Kellogg Grant, RDA)	\$5.9M
Total Local	\$85.2M



SDHC Fiscal Year (FY) 2018

Annual Financial Audit Report

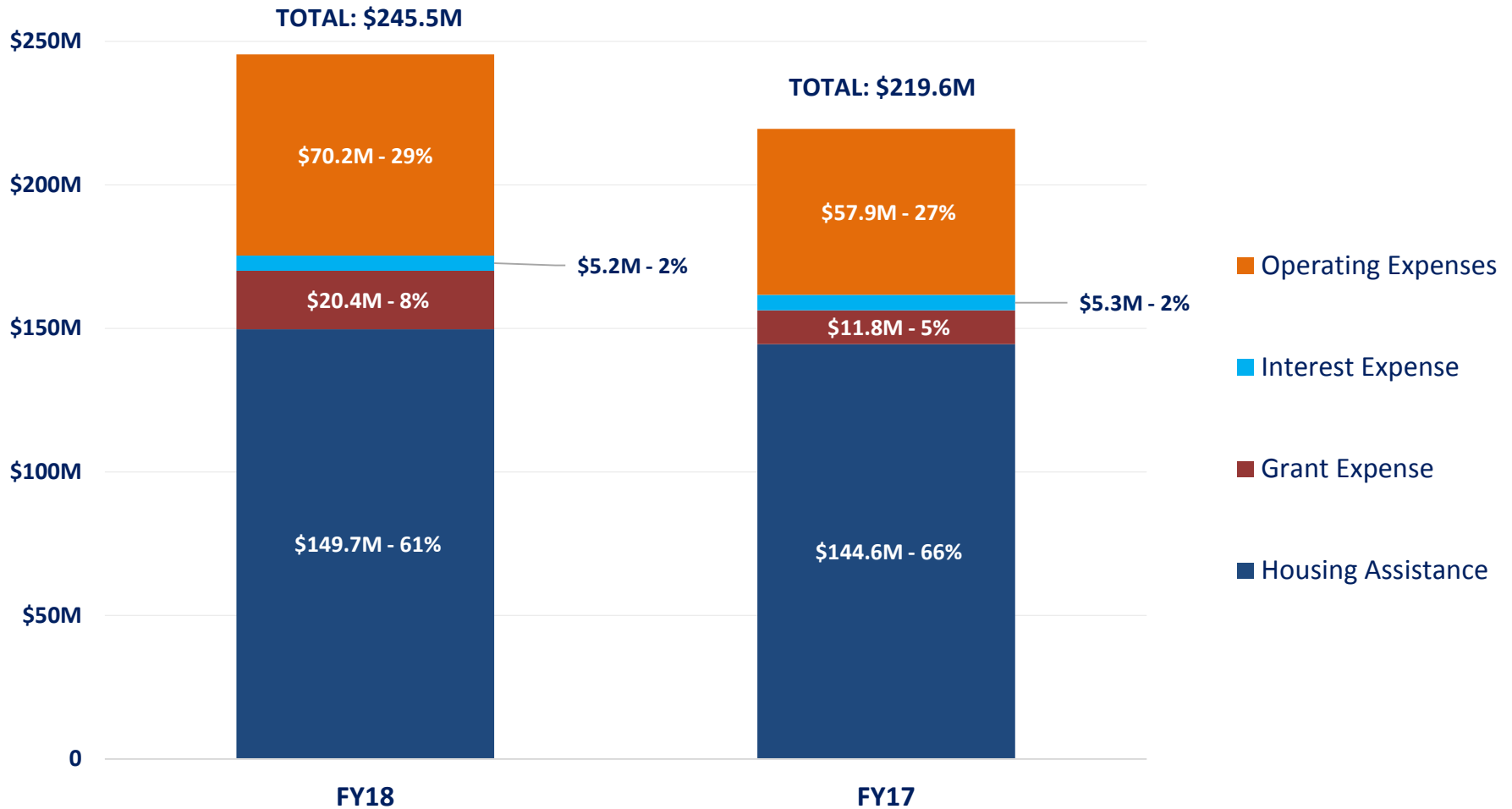
SDHC Financial Results – Revenues (in millions)



SDHC Fiscal Year (FY) 2018

Annual Financial Audit Report

SDHC Financial Results – Expenses (in millions)



SDHC Fiscal Year (FY) 2018

Annual Financial Audit Report

SDHC Financial Results – Revenues and Expenses

	FY18 Actual	FY17 Actual	\$\$ Change	% Change
Total Revenue and Gain on Sale of Capital Asset	\$309.3M	\$268.1M	\$41.2M	15.4%

- Increase in total revenue by \$41.2M is primarily due to:
 - Increase in Grant Revenue by \$23.0M and
 - Gain on sale of capital asset of \$13.7M

	FY18 Actual	FY17 Actual	\$\$ Change	% Change
Total Expenses	\$245.5M	\$219.6M	\$25.9M	11.8%

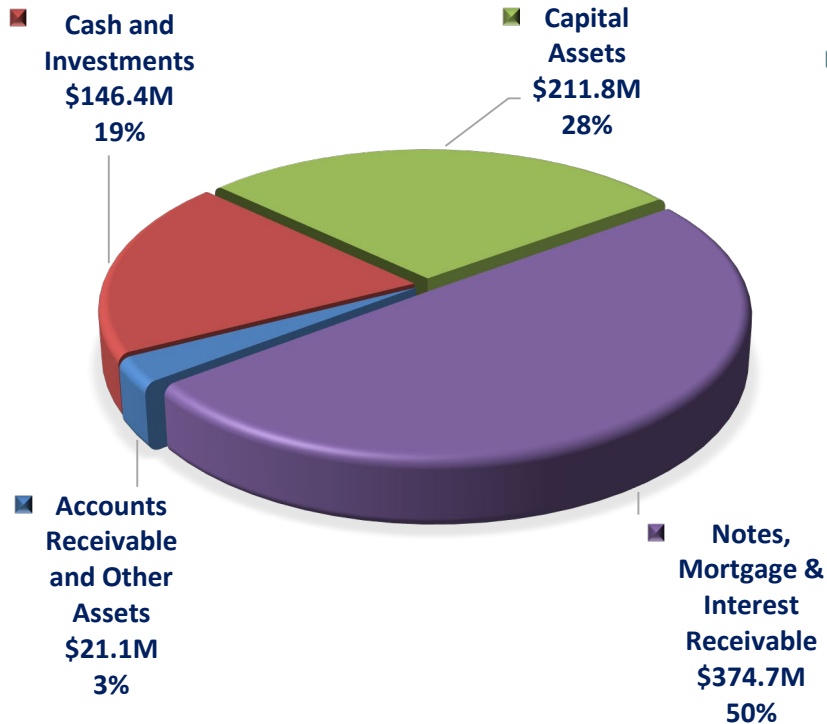
- Total expenses higher by \$25.9M primarily due to increases in:
 - Operating expense of \$12.3M
 - Grant expense of \$8.6M and
 - Housing assistance expense of \$5.1M



SDHC Fiscal Year (FY) 2018 Annual Financial Audit Report

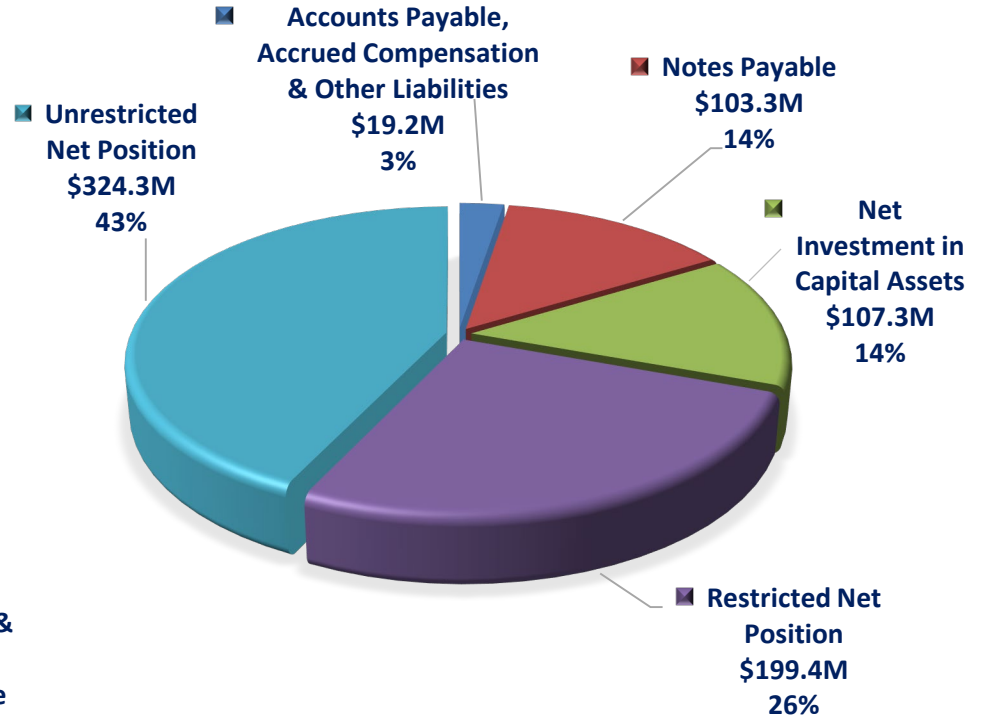
SDHC Financial Results – Assets, Liabilities and Net Position (in millions)

Assets



Total Assets = \$754.0M

Liabilities and Net Position



Liabilities \$123.0M + Net Position \$631.0M = \$754.0M



SDHC Fiscal Year (FY) 2018 Annual Financial Audit Report

Statement of Net Position – Changes from Prior FY (in millions)

	FY18 Actual	FY17 Actual	\$\$ Change	% Change
Total Assets	\$754.0M	\$691.9M	\$62.1M	9%
<i>Total Liabilities</i>	<i>\$123.0M</i>	<i>\$124.8M</i>	<i>\$(1.8)M</i>	<i>(1)%</i>
<i>Total Net Position</i>	<i>\$631.0M</i>	<i>\$567.1M</i>	<i>\$63.9M</i>	<i>11%</i>
Total Liabilities + Net Position	\$754.0M	\$691.9M	\$62.1M	9%

- The increase in total assets of \$62.1M is primarily due an increase in:
 - Notes and mortgage receivable related to funding multifamily and homeownership loans
 - Capital assets additions related to the rehabilitation of properties and acquisition of affordable housing.
- The increase in Net Position of \$63.9M is primarily due to the increase in total assets related to loans funded and capital asset additions in FY2019.





SDHC Fiscal Year (FY) 2018

Annual Financial Audit Report

Net Position Categories

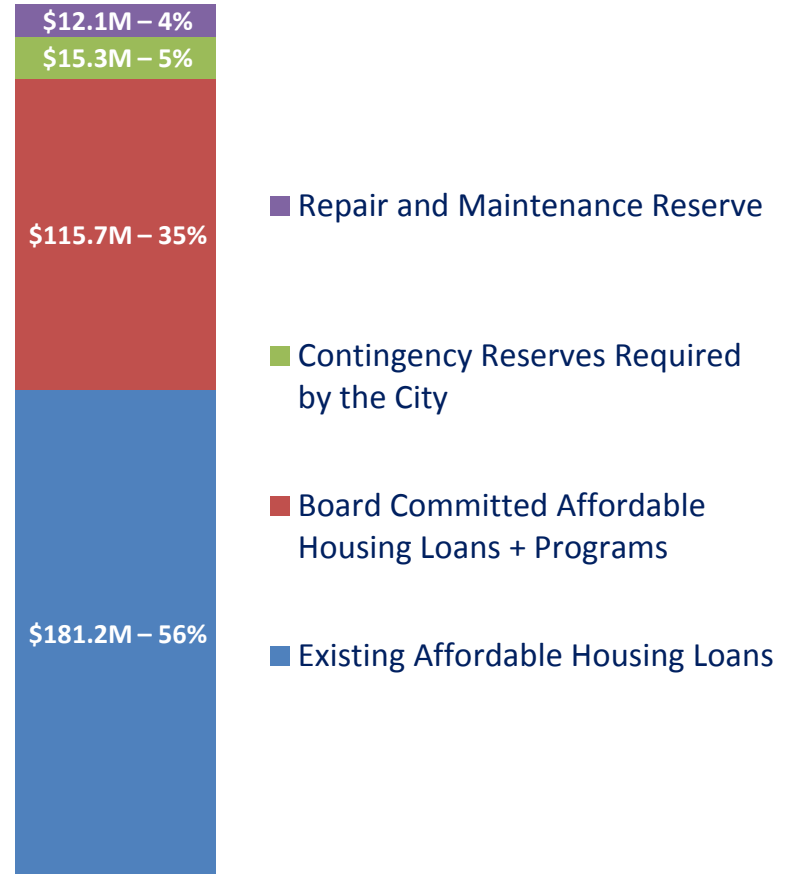
- Net Investment in Capital Assets: \$107.3M
 - The amount spent on capital assets and is used for operations
- Restricted Net Position: \$199.4M
 - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments
- Unrestricted Net Position: \$324.3M
 - This balance of \$324.3M is not indicative of funds available for discretionary use. GASB (accounting) definitions require this amount to be classified as “unrestricted net position” for financial reporting on the Comprehensive Annual Financial Report (CAFR). See Slide #12 for detailed explanation of commitments.



SDHC Fiscal Year (FY) 2018 Annual Financial Audit Report Unrestricted Net Position (in millions)

Total Unrestricted Net Position	\$324.3M
Less:	
Repair and Maintenance Reserve	(\$12.1M)
Contingency Reserves required by the City	(\$15.3M)
Board Committed Affordable Housing Loans + Programs	(\$115.7M)
Existing Affordable Housing Loans	<u>(\$181.2M)</u>
Remaining Available for Use	<u>\$0</u>

TOTAL: \$324.3M



SDHC Fiscal Year (FY) 2018

Annual Financial Audit Report

SDHC Operational Highlights

Rental Assistance Division

Federal Section 8 Housing Choice Vouchers (HCV):

- 1,127 rental assistance vouchers to new families
- 100.87% – the average lease-up rate for HCV for FY2018
- Received an additional 75 new Veterans Affairs Supportive Housing (VASH) vouchers
- Paid more than \$130K in security deposit loans
- 848 households received mobility counseling and assistance

SDHC Achievement Academy:

- 1,343 participants received core services
- 326 participants placed in jobs, and 377 increased earnings
- 1,900 participants attended 263 workshops on various topics
- Award of Merit received from National Association of Housing and Redevelopment Officials (NAHRO)
- Partnership selected as one of only 18 HUD EnVision Centers across the country





SDHC Fiscal Year (FY) 2018

Annual Financial Audit Report

SDHC Operational Highlights (Continued)

Real Estate Division

- Completed several affordable housing partnership developments:
 - Mesa Verde – 89 units for low-income families
 - North Park Seniors – 75 units for low-income seniors, including 8 permanent supportive housing units
 - Cypress Apartments – 62 units of permanent supportive housing for San Diegans experiencing chronic homelessness
- Green Physical Needs Assessment (GPNA) – Completed \$13.9M of capital expenditures for 90 SDHC-owned properties
- Completed \$8.4 million in Comprehensive Rehabilitation
- Acquired Quality Inn and West Park Inn properties – 137 units for homeless



SDHC Fiscal Year (FY) 2018

Annual Financial Audit Report

SDHC Operational Highlights (Continued)

Homeless Housing Innovations Department

HOUSING FIRST – SAN DIEGO 2018 Results

2,068

Permanent Housing Opportunities Created First Year

- 1,203 Landlord Engagement and Assistance Program (LEAP) Placements (includes 171 Rapid Rehousing and 253 Prevention and Diversion)
- 629 Family Reunification Program Placements
- 230 Permanent Supportive Housing Units (Acquired or Under Development)
- 6 Moving On Rental Assistance – Households Leased



SDHC Fiscal Year (FY) 2018

Annual Financial Audit Report

SDHC Operational Highlights (Continued)

Homeless Housing Innovations Department

Homeless Shelters and Services Programs



City's Year-Round Interim Housing

- 350 beds
- 1,710 individuals served



Connections Housing Downtown

- 150 interim beds
- 509 individuals served



Cortez Hill Family Center

- 45 units
- 823 individuals served



Neil Good Day Center

- 7,360 unduplicated individuals served



SDHC Fiscal Year (FY) 2018

Annual Financial Audit Report

SDHC Operational Highlights (Continued)

Homeless Housing Innovations Department

Homeless Shelters and Services Programs (Continued)



City's Homeless Transitional Storage Center

- 400 lockers/bins
- 565 unduplicated individuals served



City's Temporary Bridge Shelters

- Up to 674 beds for adults, families and veterans
- 2,309 individuals served



City's Storage Connect Center

- Up to 500 bins
- 110 new clients enrolled



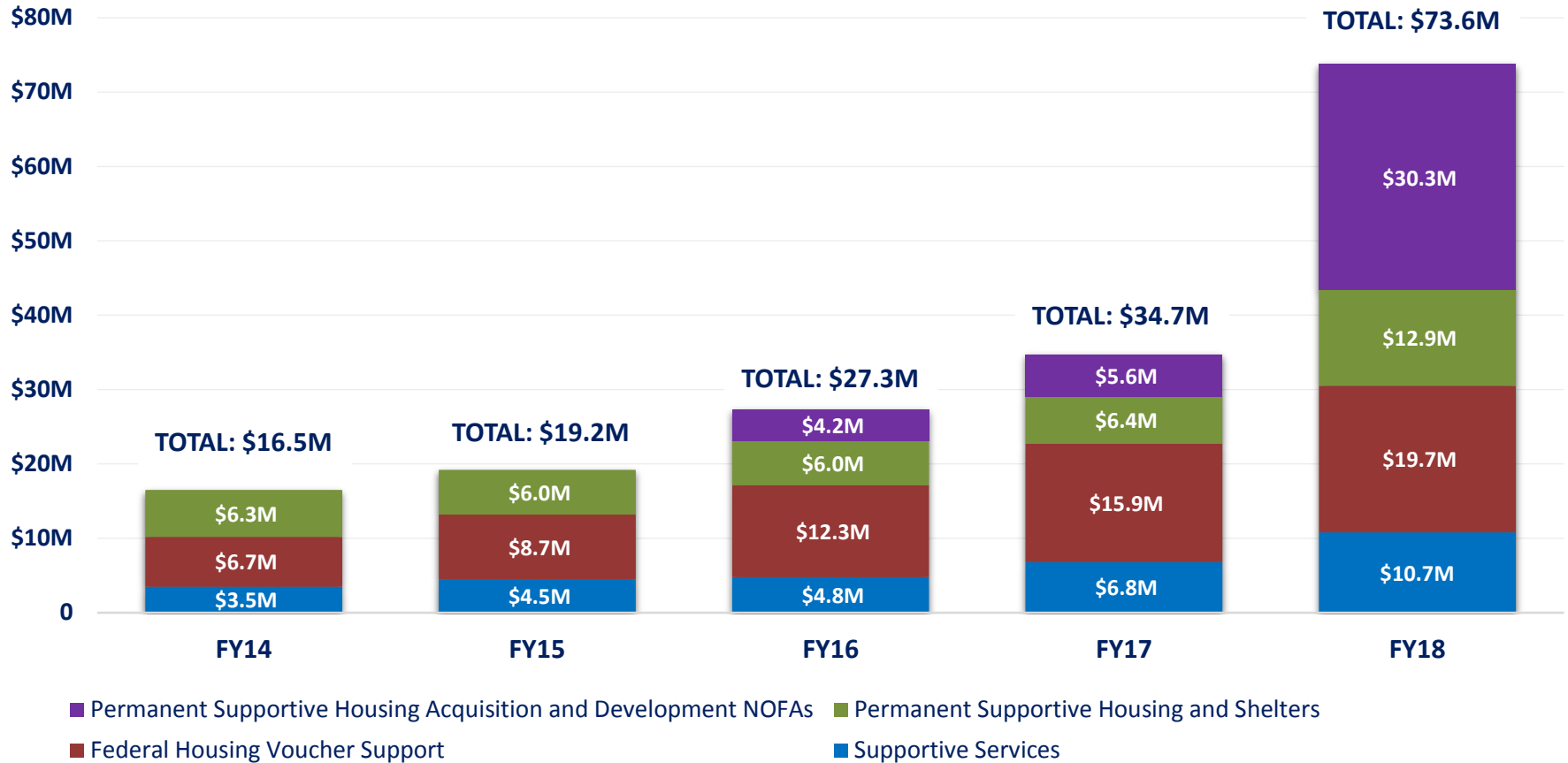
Project Homeless Connect – Downtown San Diego

- 845 San Diegans experiencing homelessness were assisted on January 31, 2018



SDHC Fiscal Year (FY) 2018 Annual Financial Audit Report

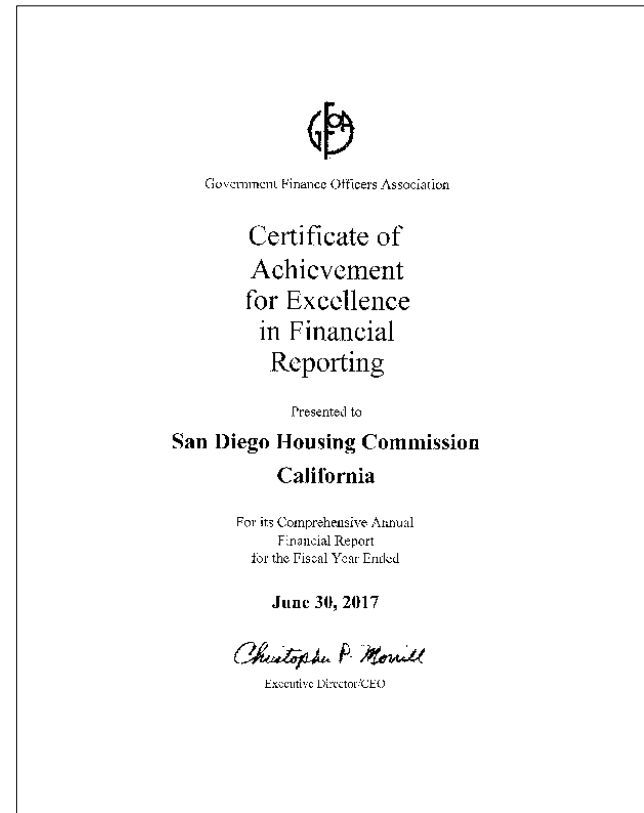
FY 2014 - 2018 Expenditures on Homelessness Activities (in millions)



SDHC Fiscal Year (FY) 2018 Annual Financial Audit Report Recognition

Financial Services

- Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for Comprehensive Annual Financial Report (CAFR) 2008 – 2017
- Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from GFOA for 2010 - 2017



*Certificate of Achievement for
Excellence in
Financial Reporting*



SDHC Fiscal Year (FY) 2018 Annual Financial Audit Report

Questions?

