



SAN DIEGO
HOUSING
COMMISSION

REPORT

DATE ISSUED: April 24, 2020

REPORT NO: HCR20-032

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of May 1, 2020

SUBJECT: Proposed Fiscal Year 2021 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 2021 Budget and delegate authority from the Housing Authority to the Housing Commission to amend the Fiscal Year 2021 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 \$515 million Fiscal Year (FY) 2021 Budget (Attachment 1);
- 2) Delegate authority to the Housing Commission to approve amendments to the FY 2021 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 2021 Budget;
 - b. Additional funding for the FY 2021 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 2021 Budget.
- 3) Delegate authority to the President & Chief Executive Officer of the Housing Commission to amend the FY 2021 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 2021 Proposed Budget anticipates available funding sources of \$515 million, which represents an increase of \$63 million, or 14 percent, from the approved FY 2020 budget. The increase is primarily due to the timing of when loans close financing to fund developments and state funding to address homelessness, including four bridge shelters, storage connect centers and safe parking. The FY 2021 Proposed Budget anticipates total uses of \$419 million (excluding ending fund balance), which represents an increase of \$67 million, or 19 percent, from the FY 2020 budget. The increase is primarily

due to the increase in loans made for projects that are under current Notices of Funding Availability (NOFAs), the development of affordable rental housing, the rehabilitation of Housing Commission-owned properties, and the creation of an Affordable Housing Preservation program, offset by a decrease in capital acquisitions.

FUNDING SOURCES

The proposed FY 2021 Budget anticipates funding sources of \$515 million:

<u>Revenues</u>	<u>FY 2021 Budget</u>	<u>FY 2020 Budget</u>	<u>Increase/(Decrease)</u>
Federal Revenues	\$ 299,847,000	\$ 273,439,000	\$ 26,408,000
San Diego Local Revenues	49,982,000	49,353,000	629,000
State Revenues	22,563,000	7,944,000	14,619,000
Fund Balance from Prior Years	142,782,000	121,693,000	21,089,000
Total Funding Sources	\$ 515,174,000	\$ 452,429,000	\$ 62,745,000

The majority of the Housing Commission's funding is restricted by funding source with respect to its use. The increase in Federal Revenues consists of additional Section 8/Moving to Work (MTW) funding due to a higher federal per-unit cost to fund Section 8 Housing Choice Voucher (HCV) housing assistance payments and additional draws of MTW reserves to fund rapid rehousing expenses and preservation efforts, offset by a reduction in Community Development Block Grant (CDBG) funding. The increase in State Revenues is due to state-awarded Homeless Emergency Aid Program (HEAP)/Homeless Housing Assistance and Prevention Program (HHAPP) funding for temporary bridge shelters, storage centers, and safe parking. The increase in Fund Balance is due to the timing of when loans close financing to fund developments that are under current NOFAs and funds set aside for COVID-19-related expenses.

FUNDING USES

The following table summarizes the funding uses by expenditure type:

<u>Uses</u>	<u>FY 2021 Budget</u>	<u>FY 2020 Budget</u>	<u>Increase/(Decrease)</u>
Housing Program Expense	\$ 317,039,000	\$ 239,473,000	\$ 77,566,000
Personnel Costs	41,761,000	38,100,000	3,661,000
Capital Expenditures	30,373,000	41,600,000	(11,227,000)
Property Expense, Professional Services, Supplies & Other	29,404,000	32,193,000	(2,789,000)
Total Costs	418, 577,000	351,366,000	67,211,000
Ending Fund Balance	96,597,000	101,063,000	(4,466,000)
Total Funding Uses	\$ 515,174,000	\$ 452,429,000	\$ 62,745,000

The increase is primarily due to increases in housing program expenses related to COVID-19 housing subsidy hardship funding, funds dedicated for preservation efforts, rapid rehousing programs and loans expected to be funded in FY 2021, offset by a decrease of budgeted capital acquisitions.

PREVIOUS COUNCIL and/or COMMITTEE ACTION

The FY 2020 budget was approved by the Housing Commission on May 3, 2019, and was approved by the Housing Authority on June 11, 2019.

ENVIRONMENTAL REVIEW

Approval of the FY 2021 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
Senior 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 2021 Proposed Budget

You may review complete docket materials on the San Diego Housing Commission's website at www.sdhc.org.



SAN DIEGO
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Revised Attachment 1

April 28, 2020

We're About People

San Diego Housing Commission (SDHC) Fiscal Year (FY) 2021 Proposed Budget (July 1, 2020 - June 30, 2021) May 1, 2020

Jeff Davis
Executive Vice President and Chief of Staff

Tracey McDermott
Senior Vice President and Chief Financial Officer



SDHC FY 2021 Proposed Budget Agenda

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SDHC FY 2021 Proposed Budget

Section 1 – Overview

San Diego Housing Commission FY 2021 Proposed Budget
Slide #3



SDHC FY 2021 Proposed Budget Overview

\$515 Million in Total Funding Sources



SDHC Headquarters
1122 Broadway
Downtown San Diego



SDHC FY 2021 Proposed Budget

Significant Factors Impacting Budget Development

COVID-19:

- Unknown financial impacts – budget revisions anticipated
- Potential utilization of hotel capacity for rapid rehousing efforts
- Assistance for tenants experiencing financial hardship

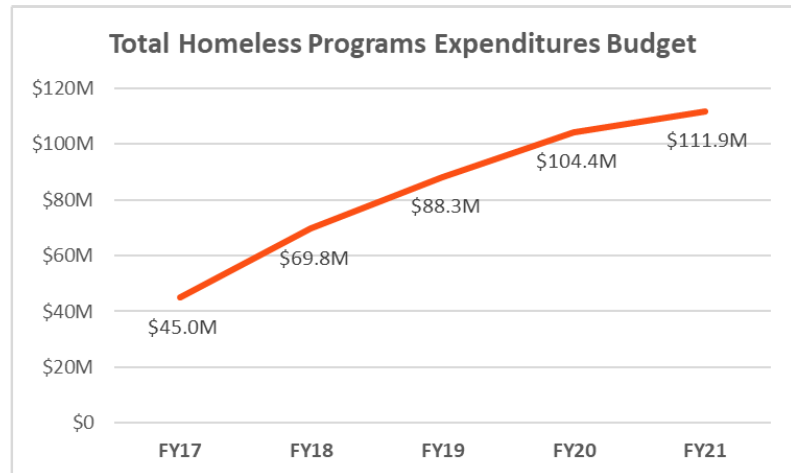
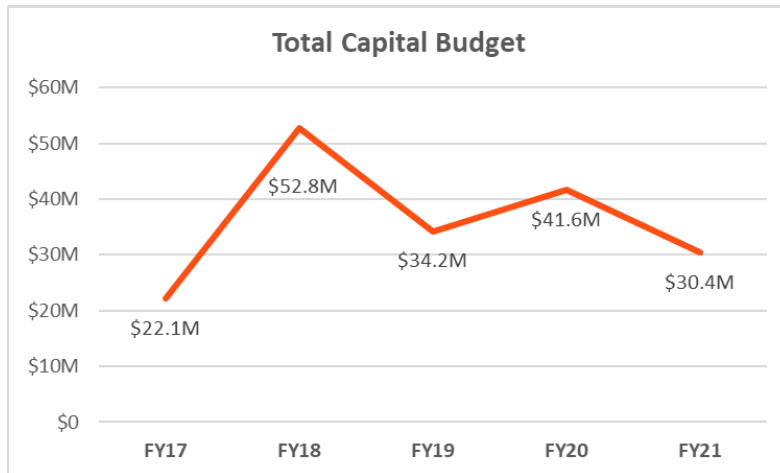
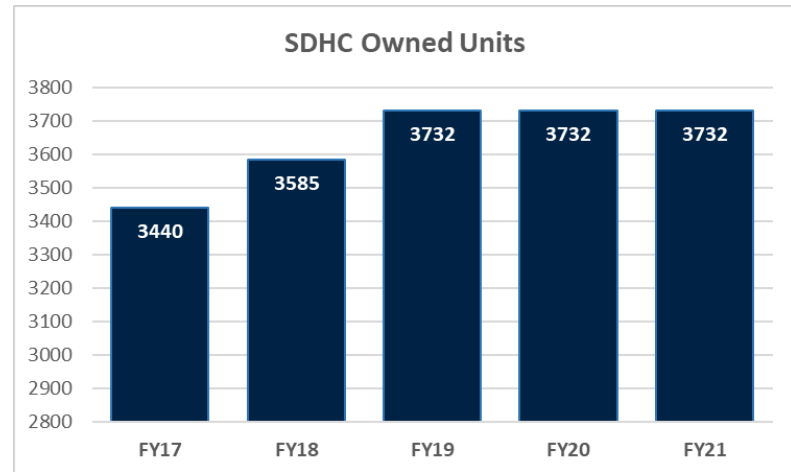
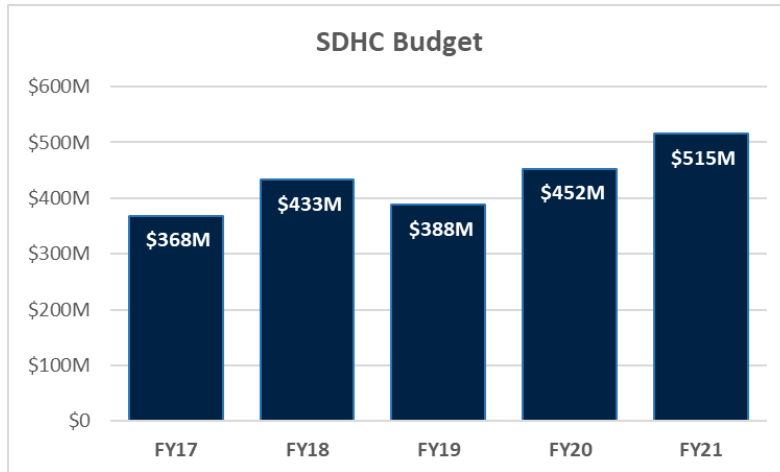
Focus on Homelessness:

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



SDHC FY 2021 Proposed Budget

Where we've been and where we're going in 2021



SDHC FY 2021 Proposed Budget Executive Summary

\$515 million balanced budget with 346 full-time equivalents to:

- Partner to address COVID-19-related homelessness and tenant financial hardship.
- Provide federal rental housing assistance to low-income households.
- Create and preserve affordable housing through partnership developments and acquisitions.
- Partner to address homelessness.





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SDHC FY 2021 Proposed Budget

Section 2 – Objectives and Deliverables

SDHC FY 2021 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 2021 Proposed Budget Objectives and Deliverables (Continued)

- **Provide Rental Assistance to Low-Income Households:**
 - Assist more than 15,000 households
 - Continue specialized programs: Assist populations, such as individuals experiencing chronic homelessness, individuals with serious mental illness experiencing homelessness, and transitional-age youth
 - Continue Landlord Partnership Program
 - Enroll 1,000 in Mobility Counseling Program



SDHC FY 2021 Proposed Budget Objectives and Deliverables (Continued)

■ **Create and Preserve Affordable Housing:**

- Acquire \$19 million of Hotel/SRO properties combined with \$10 million of rapid rehousing programs for San Diegans experiencing homelessness.
- Set aside \$22 million to preserve affordable housing in San Diego.
- Invest \$11 million to rehabilitate SDHC-owned units.
- Award up to \$9.2 million to developers to create permanent affordable housing units.
- Dedicate \$2.8 million to assist households to become first-time homebuyers.



SDHC FY 2021 Proposed Budget Objectives and Deliverables (Continued)

■ **Address Homelessness:**

HOUSING FIRST – SAN DIEGO 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:

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



SDHC FY 2021 Proposed Budget Objectives and Deliverables (Continued)

■ **Address Homelessness (Continued):**

Administer the City of San Diego's Homeless Shelters and Services, and SDHC- and Continuum of Care-funded programs, including:

- Bridge Shelters
- Interim Housing Programs
- Transitional Housing Programs
- Storage Centers
- Day Center
- Housing Navigation Center
- Rapid Rehousing Programs
- Permanent Supportive Housing Programs
- Project Homeless Connect





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SDHC FY 2021 Proposed Budget

Section 3 – Sources of Funds

SDHC FY 2021 Proposed Budget

Funding Sources Available

	FY21 Budget	FY20 Budget	\$ Change	% Change
FEDERAL				
Section 8/MTW	\$277,354,000	\$241,970,000	\$35,384,000	15%
HOME	13,904,000	13,278,000	626,000	5%
Housing Innovation Funds	6,170,000	5,734,000	436,000	8%
CDBG	2,339,000	12,377,000	(10,038,000)	(81%)
Other Federal Funds	80,000	80,000	-	0%
Total Federal	299,847,000	273,439,000	26,408,000	10%
LOCAL				
SDHC Real Estate	32,766,000	34,671,000	(1,905,000)	(5%)
Affordable Housing Fund	6,144,000	7,049,000	(905,000)	(13%)
City General Funds and Other Local Funds	9,016,000	5,032,000	3,984,000	79%
Bond and Other Discretionary Local Funds	2,056,000	2,601,000	(545,000)	(21%)
Total Local	49,982,000	49,353,000	629,000	1%
STATE				
HEAP/HHAP	22,047,000	7,515,000	14,532,000	193%
Other State Funds	516,000	429,000	87,000	20%
Total State	22,563,000	7,944,000	14,619,000	184%
Total New Revenue	372,392,000	330,736,000	41,656,000	13%
Program and Property Reserves	129,748,000	110,117,000	19,631,000	18%
Contingency Reserves *	13,034,000	11,576,000	1,458,000	13%
Total Beginning Fund Balance	142,782,000	121,693,000	21,089,000	17%
Total Sources of Funds	\$515,174,000	\$452,429,000	\$62,745,000	14%

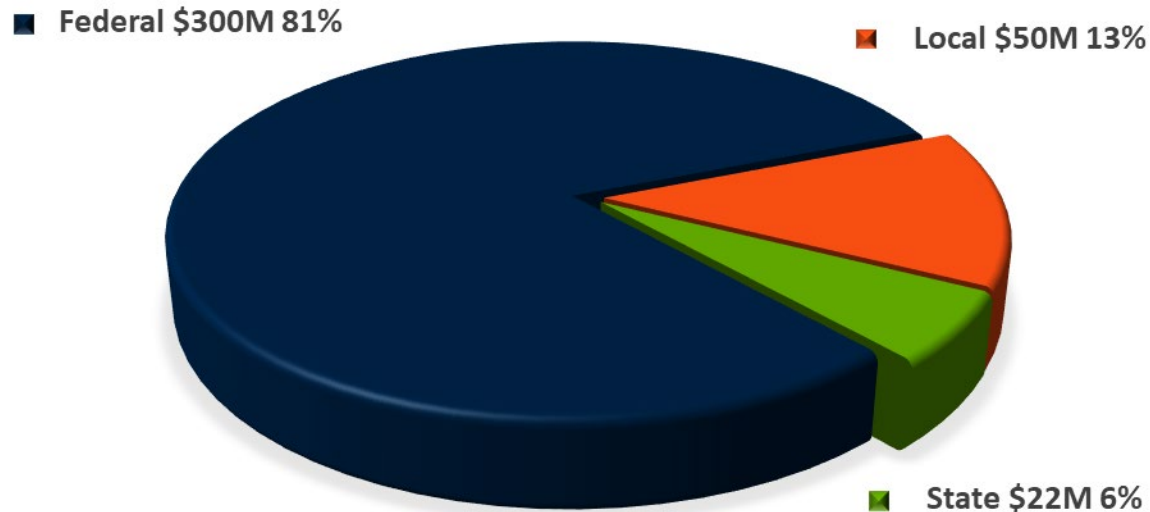
* 3.5% Contingency Reserve



SDHC FY 2021 Proposed Budget

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

FY 2021 New Revenue Total: \$372M



Section 8/MTW	\$277M
HOME	14M
ESG/CoC	6M
CDBG & Other Federal (ROSS Grant)	3M
Total Federal	\$300M

SDHC Real Estate	\$33M
Inclusionary/Housing Impact Fee	6M
Bond, Compliance Monitoring Fee	2M
Other Local (includes City General Funds)	9M
Total Local	\$50M

HEAP/HHAP	\$22M
Total State	\$22M





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SDHC FY 2021 Proposed Budget

Section 4 – Uses of Funds

SDHC FY 2021 Proposed Budget

Funding Uses by Fiscal Year

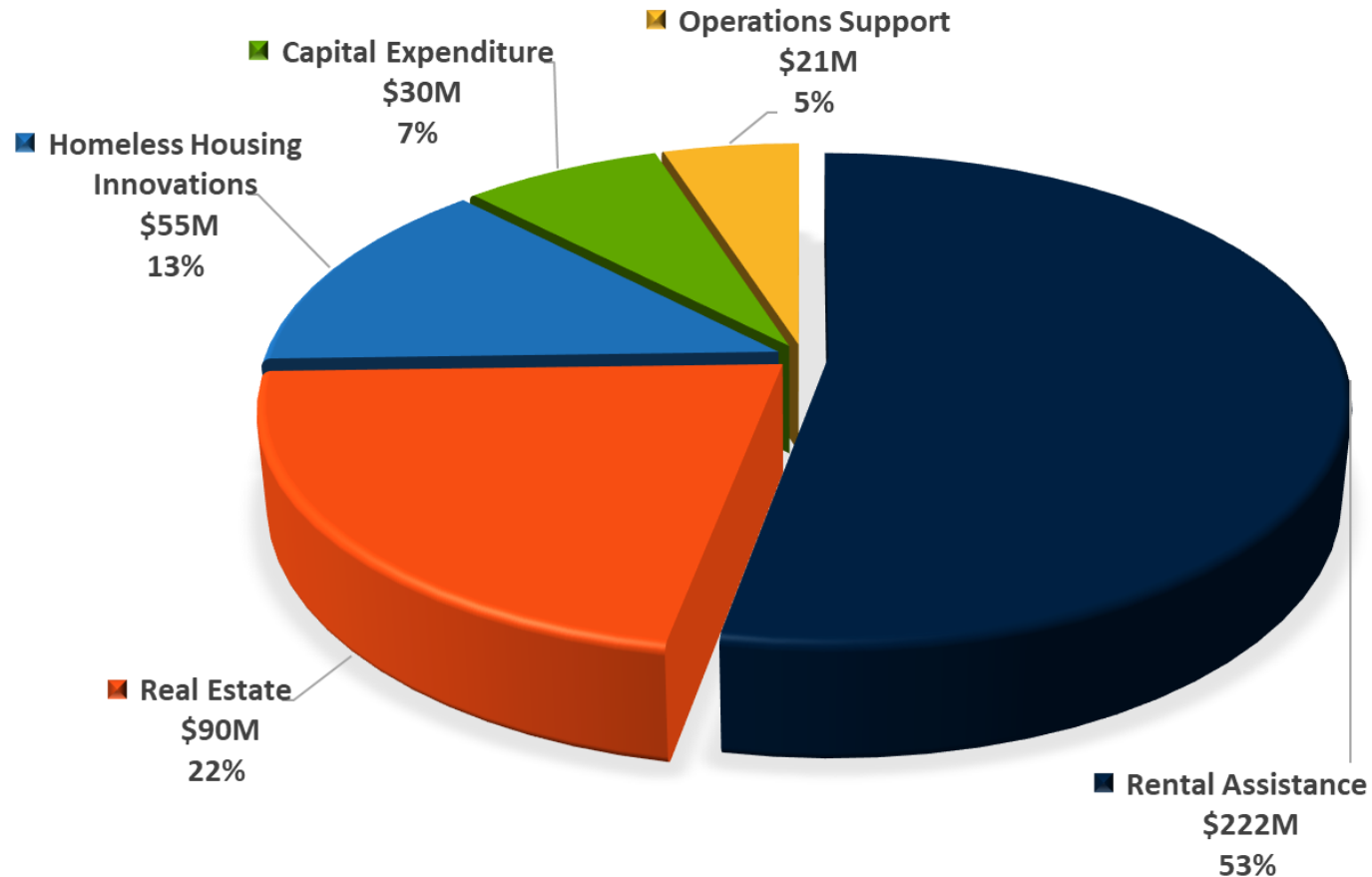
	FY21 Budget	FY20 Budget	\$ Change	% Change
Personnel Costs	\$41,761,000	\$38,100,000	\$3,661,000	10%
Non-Personnel Costs				
Housing Program Expense	285,439,000	239,473,000	45,966,000	19%
Rapid Rehousing Hotel/SRO	10,000,000	-	10,000,000	
Preservation	21,600,000	-	21,600,000	
Property Expense, Professional Services, Supplies and Other	29,404,000	32,193,000	(2,789,000)	(9%)
Capital Expenditures	30,373,000	41,600,000	(11,227,000)	(27%)
Non-Personnel Costs Total	376,816,000	313,266,000	63,550,000	20%
Total Uses (excluding Ending Fund Balance)	\$418,577,000	\$351,366,000	\$67,211,000	19%



SDHC FY 2021 Proposed Budget

Funding Uses by Division (Excluding Ending Reserves)

\$419M (\$ in Millions)



SDHC FY 2021 Proposed Budget Summary – Staffing by Division

SDHC Major Division	FY21 Budget	FY20 Budget	Change
Homeless Housing Innovations	33	30	3 (A)
Operations Support	92	89	3 (B)
Real Estate	101	101	-
Rental Assistance	120	121	(1) (C)
Total Full-Time Equivalents	346	341	5

(A) 3 Direct Hire positions for Rapid Rehousing Hotel/SRO

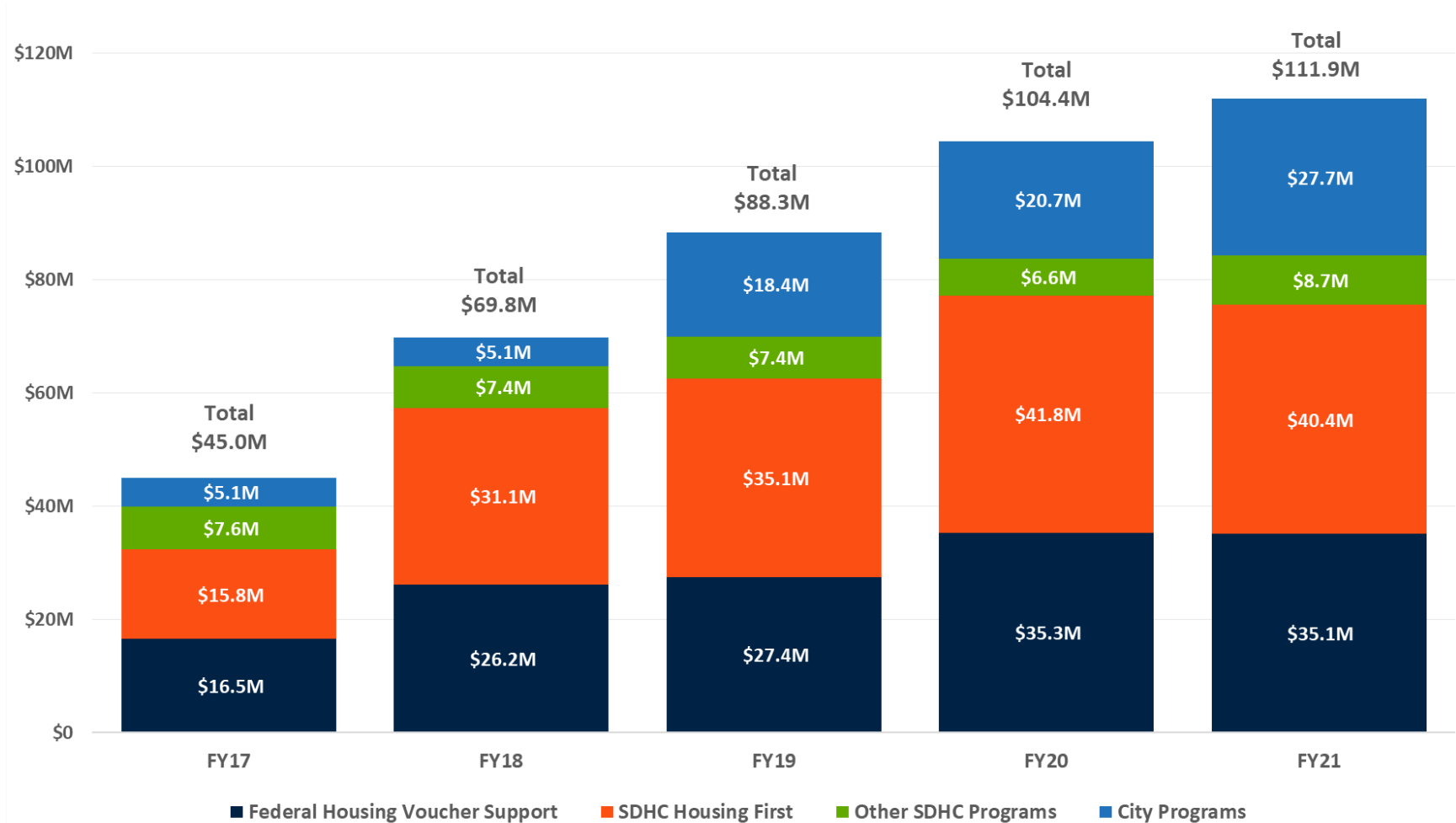
(B) Vice President of Finance, Senior Administrative Assistance (Board & Executive),
and Project Manager (Board & Executive)

(C) Work Readiness Specialist



SDHC FY 2021 Proposed Budget

FY17 – FY21 Total Homelessness Programs Expenditure



SDHC FY 2021 Proposed Budget Homelessness Programs Expenditures

	Component	Funding Source	FY21 Budget	
Housing First 3.0	SDHC Moving Home Rapid Rehousing	Moving To Work/Inclusionary/Linkage/HEAP/Local Funds	3,163,000	\$40.4M
	Rapid Rehousing - Hotel Acquisition	Moving To Work/CDBG AHRLF	19,000,000	
	Rapid Rehousing of Hotel Capacity	Moving To Work	10,000,000	
	Landlord Engagement & Assistance Program	Local Funds/Inclusionary/HEAP	2,669,000	
	Prevention & Diversion	Local Funds/Inclusionary/HEAP	1,940,000	
	Family Reunification	Inclusionary/HEAP	394,000	
	Housing First Rental Assistance Program	HEAP	705,000	
	Housing First Supportive Services Programs	Local Funds/Inclusionary/HEAP	1,502,000	
	Program Administration Costs	HEAP/AHF	1,035,000	
City Programs	Bridge Shelters	HEAP/HHAP/City GF	17,873,000	\$27.7M
	Interim Shelters, Rapid Rehousing, Day Center, Transitional Storage Center and Serial Inebriate Program	CDBG/ESG/City General Fund/Local Funds/Inclusionary/Linkage/HEAP	4,928,000	
	Housing Navigation Center	CDBG/City General Fund/Low&Mod. Housing/Local Funds	1,550,000	
	Storage Connect Center, Think Dignity, Storage Connect 2	HEAP/HHAP	2,134,000	
	Safe Parking	HEAP/HHAP	1,200,000	
SDHC Programs	Federal Housing Voucher Support	Moving To Work	35,106,000	\$43.8M
	Permanent Supportive Housing	Continuum of Care/Local Funds	3,784,000	
	Rapid Rehousing	Continuum of Care/Local Funds	1,395,000	
	Transitional Housing	Inclusionary/Linkage	434,000	
	SDHC Supportive Services Programs	Local Funds	3,041,000	
TOTAL HOMELESS PROGRAMS EXPENDITURES			\$111,853,000	



Approval Request

FY 2021 Budget - \$515 Million



SDHC FY 2021 Proposed Budget



Rental
Assistance



Creating Affordable
Housing



Solutions To
Homelessness

Thank You

