



SAN DIEGO  
HOUSING  
COMMISSION

# San Diego Housing Commission

A Component Unit of the City of San Diego

## Popular Annual Financial Report

Fiscal Year Ended June 30, 2020

San Diego Housing Commission  
1122 Broadway, Suite 300  
San Diego, CA 92101  
[www.sdhc.org](http://www.sdhc.org)





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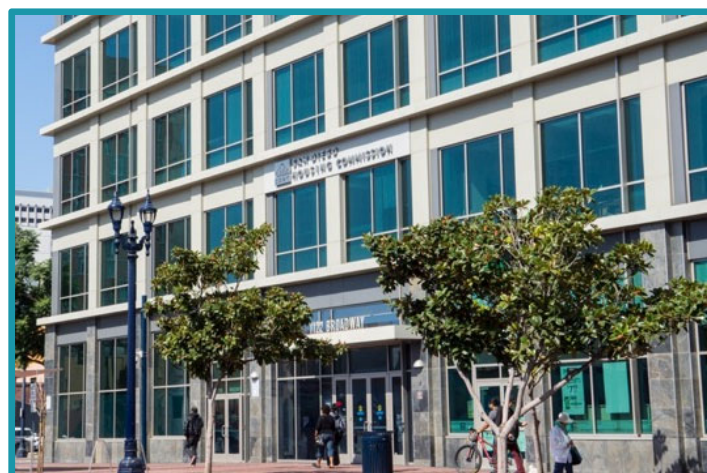
Richard C. Gentry

Visit SDHC's website: [www.SDHC.org](http://www.SDHC.org)

\* As of June 30, 2020

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**SDHC Headquarters**

The San Diego Housing Commission's (SDHC) Popular Annual Financial Report (PAFR) for the Fiscal Year that ended on June 30, 2020, was prepared by the SDHC Financial Services Department to provide readers an easy-to-understand summary of SDHC's financial activities.

This report provides a condensed presentation of SDHC's significant financial highlights for Fiscal Year 2020 (July 1, 2019 – June 30, 2020). 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 SDHC's website at:

[www.sdhc.org/about-us/budget-finance](http://www.sdhc.org/about-us/budget-finance)

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

## Who We Are



SDHC is a public agency formed by local ordinance pursuant to the provisions of applicable Housing Authority law of the State of California. The organizational meeting of the SDHC Board of Commissioners occurred on January 5, 1979, at which Commissioners were sworn in and established a regular meeting schedule and guidelines for conducting business.

SDHC is one of only 39 public housing authorities nationwide, out of 3,400, to receive the Moving to Work (MTW) designation from the U.S. Department of Housing and Urban Development (HUD). In addition, SDHC has earned a national reputation as a model public housing agency, with innovative programs that preserve and create additional affordable housing in the City of San Diego. SDHC's award-winning programs and services stimulate the local economy, revitalize neighborhoods, and positively impact the lives of San Diegans with low income and/or experiencing homelessness.



**SDHC Board of Commissioners**

SDHC administers a variety of federally funded affordable housing programs and services, including the federal Section 8 Housing Choice Voucher program, which provides rental assistance to more than 15,800 low-income families in the City of San Diego.

SDHC's Rental Assistance Division manages the program and is dedicated to assisting families with supportive services and individualized case management to encourage economic independence.

SDHC also creates and preserves affordable housing through its roles as a lender, Multifamily Housing Revenue Bond issuer, administrator of City of San Diego (City) affordable housing programs, and owner or manager of affordable rental housing units. In addition, SDHC is a leading partner in collaborative efforts to address homelessness in the City, including SDHC's homelessness action plan, HOUSING FIRST – SAN DIEGO, and by administering the City's Homeless Shelters and Services programs.

SDHC is governed by the San Diego City Council, sitting as the Housing Authority of the City of San Diego (Housing Authority).

SDHC President & 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 Board of Commissioners oversees SDHC's operations and makes recommendations to the Housing Authority. The Mayor appoints Commissioners, who are confirmed by the San Diego City Council.

The SDHC 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.



### SDHC Mission Statement

To 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.

### SDHC Strategic Plan 2016-2020

SDHC developed the agency-wide 2016-2020 Strategic Plan, which the Board approved on September 9, 2016.

SDHC's Strategic Plan provides a framework to identify how SDHC can have the greatest possible impact on affordable rental housing opportunities. The Plan includes three major goals, which include metrics to monitor progress.

### SDHC Strategic Plan – Goals & Accomplishments

#### 1. Maximize resources through operational efficiencies and technological innovations

SDHC Resident Services Portal – In April 2020, SDHC launched its new Resident Services Portal through Rent Cafe, an online rent payment and residential services management system. The portal enables SDHC tenants to pay rent online 24 hours a day, seven days a week from anywhere there is an internet connection, all at no cost to the resident. Within the first two months of launching the portal, 346 SDHC residents have used the portal.

Notice of Funding Availability (NOFA) Online Application Portal –Created in Fiscal Year 2020, this portal enables developers and qualified vendors to submit an application for current NOFA opportunities. The same portal can be used to apply for funds available for new constructions or rehabilitation, as well as rental housing vouchers. The NOFA application portal launched on August 31, 2020, with SDHC's issuance of its Fiscal Year 2021 NOFAs.

Property Renovation – In Fiscal Year 2020, SDHC completed \$1.7 million in capital improvements at 24 of the 153 affordable rental housing properties that it owns. These renovations were in continuation of SDHC's plan to address the capital replacement needs of its diverse Real Estate portfolio.

The improvements included new large-capacity water heaters, roofs, windows, cabinets and countertops, appliances, flooring, exterior repairs and painting across the portfolio.

#### 2. Increase the number of housing opportunities that serve low-income and homeless individuals and families in the City of San Diego

Creating and Preserving Affordable Housing – As part of its 2016-2020 Strategic Plan, SDHC set an objective to create 2,000 units of mixed- income and affordable housing - approximately 500 units per year.

In the preceding Fiscal Years 2017 – 2019, 627, 618 and 297 affordable units, respectively, closed financing and are currently under construction, rehabilitation or preserved affordability. In Fiscal Year 2020, 1,047 affordable units closed financing, for a total of 2,589 affordable units over the four-year strategic plan period. In addition, SDHC collaborated with San Diego City Councilmember Scott Sherman and then-Councilmember David Alvarez to develop the report, "Addressing the Housing Affordability Crisis: San Diego Housing Production Objectives 2018-2028." Presented to the Smart Growth and Land Use Committee on September 21, 2017, this report provides important data that will help the City of San Diego establish realistic and achievable housing goals. The City of San Diego can



create enough additional housing to meet its need for 150,000 - 220,000 housing units over the next 10 years if the majority of the proposals in the report are implemented.

### HOUSING FIRST - SAN DIEGO

SDHC's homelessness action plan, HOUSING FIRST - SAN DIEGO, which launched on November 12, 2014, has created more than 9,200 housing opportunities in less than six years for individuals and families at risk of or experiencing homelessness in the City of San Diego.

HOUSING FIRST – SAN DIEGO consists of programs that provide a variety of housing interventions to address the diverse housing and supportive services needs of San Diegans who are at risk of or experiencing homelessness. Current programs are:

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

In the first three years of HOUSING FIRST - SAN DIEGO (2014 - 2017), the programs of SDHC's homelessness action plan created 2,773 housing opportunities for individuals and families at risk of or experiencing homelessness—nearly doubling the initial goal of 1,500. In the last three years of HOUSING FIRST – SAN DIEGO (2017 – 2020), the programs created 6,459 housing opportunities – more than doubling the initial goal of 3,000.

### **3. Advocate for more effective affordable housing policies and resources**

SDHC continues to maintain a careful watch on emerging issues or trends that could impact the families and individuals the agency assists and express positions based on SDHC's expertise.

On October 14, 2019, the San Diego City Council unanimously approved the City of San Diego Community Action Plan on Homelessness, a comprehensive, 10-year plan that builds on recent progress, lays out short-term achievable goals and will serve as a guide for long-term success in addressing homelessness.

SDHC also published a new report, "Preserving Affordable Housing in the City of San Diego." This report analyzes rental housing in the City of San Diego and recommends 10 strategies to help keep thousands of rental housing units affordable for low-income families. On June 2, 2020, the San Diego City Council unanimously accepted the report and referred it to the City Council's Land Use and Housing Committee for further action.

HUD Secretary Ben Carson visited San Diego on February 12, 2020, as part of his "Driving Affordable Housing Across America" bus tour. Secretary Carson joined SDHC President & CEO Richard C. Gentry, San Diego Mayor Kevin L. Faulconer and local housing industry leaders for a roundtable discussion regarding ways to reduce regulatory barriers to affordable housing and to address homelessness



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

### Popular Annual Financial Reporting Awards

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to SDHC for its Popular Annual Financial Report (PAFR) for the fiscal year that ended on June 30, 2019. 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.

To receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform 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 a Popular Award for the last 10 consecutive years (fiscal years ended 2010-2019). SDHC believes this current report continues to conform to the Popular Annual Financial Reporting requirements, and SDHC is submitting it to GFOA.

The PAFR is available on SDHC's website:

[www.sdhc.org/about-us/budget-finance](http://www.sdhc.org/about-us/budget-finance)



Government Finance Officers Association

### Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to  
**San Diego Housing Commission  
California**

For its Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2019**

*Christopher P. Morill*  
Executive Director/CEO

### Comprehensive Annual Financial Report Awards

SDHC's Comprehensive Annual Financial Report (CAFR) for the fiscal years ended 2008-2019, from which information on pages 9-10 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.

To be awarded a Certificate of Achievement, a government agency must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. SDHC believes its CAFR continues to conform to the Certificate of Achievement program requirements, and SDHC will be submitting its CAFR for the Fiscal Year 2020 to the GFOA.



## Chief Financial Officer's Message



The majority of SDHC's programs depend on federal financial assistance from HUD to continue operations. In fiscal year 2020, SDHC received 72 percent of its revenue from HUD, most of which was awarded to SDHC for Moving to Work (MTW) initiatives. SDHC's budget and financial condition are greatly affected by the financial condition of the federal government and Congress' annual appropriation to HUD.

HUD grants for housing programs and program administration funding may decrease due to the national economic and political climate. As good stewards of the taxpayer's money, it is SDHC's responsibility to strive to do more with less. Through a combination of expense reduction and the prudent utilization of available programmatic reserves, SDHC was able to maintain a balanced budget in fiscal year 2020 and will have a balanced budget in fiscal year 2021.

Annually, SDHC submits an MTW Plan to HUD that describes initiatives to be implemented over the next fiscal year. Following each year, SDHC issues an MTW Report that gives an accounting of activities put into action during the fiscal year. HUD approved SDHC's 2020 MTW Plan on June 28, 2019. In addition, HUD approved a Technical Amendment to the fiscal year 2020 plan on April 9, 2020. HUD's fiscal year runs from October to September. SDHC's fiscal year 2021 MTW Plan was approved by HUD on September 28, 2020. The plans can be viewed at <http://www.sdhc.org/about-us/plans-policies/mtw-annual-plans/>



**Point-in-Time Count**  
January 23, 2020

In 2020, the financial impact of the novel coronavirus, which causes the disease known as COVID-19, has been felt both worldwide and in the United States. Throughout the United States, businesses in all financial sectors have felt the negative impacts of the COVID-19 pandemic as jobs have been lost due to sheltering in place to mitigate the spread of the virus.

While SDHC cannot readily estimate the financial impact that the pandemic will have on its business operations, SDHC does not believe that the Agency's mission will be adversely impacted as it has received federal stimulus funding to continue providing essential housing assistance to the thousands of families, seniors, veterans and San Diegans with low income and/or experiencing homelessness in the City of San Diego. In May 2020, SDHC directly received approximately \$3.1 million of federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds, principally from the Housing Choice Vouchers program. As of June 30, 2020, SDHC has expended \$0.2 million. The deadline to expend the CARES Act funds has been extended to December 31, 2021. SDHC anticipates expending all funds it directly receives by this deadline.

Some of the local impacts of COVID-19 are reflected in the local loss of jobs. According to a report issued by the State of California Employment Development Department on August 21, 2020 the unemployment rate in San Diego County was 12.3 percent in July 2020, down from a revised 13.8 percent in June 2020, and above the year-ago estimate of 3.6 percent. This compares with an unadjusted unemployment rate of 13.7 percent for California and 10.5 percent for the nation during the same period. [https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sand\\$pds.pdf](https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sand$pds.pdf)

The high cost of living and affordability of homes continues to be a challenge in San Diego and contributes to the homelessness crisis. The San Diego Point-in-Time Count, known as We All Count was conducted on January 23, 2020. This year's count identified 7,658 individuals experiencing homelessness (3,687 sheltered and 3,971 unsheltered) in San Diego. This number is down slightly from last year's observed total of 8,102. HUD requires that

## Chief Financial Officer's Message



cities receiving federal funding to combat homelessness complete the Point-In-Time Count each year and this is coordinated by the Regional Task Force on Homelessness. Their 2020 report can be found here: <https://www.rtfhsd.org/wp-content/uploads/2020-WeAllCount-Report-5.pdf>

SDHC continues to focus on its mission to *“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.”*

Through the execution of SDHC’s 2021 budget of \$525 million, SDHC will continue to demonstrate the prudent and responsible management of its financial resources toward helping SDHC’s customers by providing a high level of service.

Tracey McDermott  
Senior Vice President and Chief Financial Officer



**Giorgio**  
Affordable rental housing resident





## Statement of Net Position

The abbreviated Statement of Net Position presented in this report (in thousands) is a useful indicator of SDHC's financial position. In Fiscal Year 2020, SDHC's assets exceeded liabilities by \$670.3 million, an increase of 3 percent from Fiscal Year 2019.

Total assets increased by \$57.0 million. The increase in current and other assets is primarily attributed to an increase in loans made (notes and mortgages receivable) and associated accrued interest. In addition, capital assets net of depreciation decreased \$18.6 million primarily due to the sale of Mariner's Village to SDHC's nonprofit affiliate, Housing Development Partners (HDP).

Total liabilities increased by \$38.2 million, or 29 percent. This is primarily due to an increase in unearned revenue of \$35.4 million. This was primarily related to the deferred gain from the sale of Mariner's Village of \$32.1 million in addition to \$2.9 million of unexpended CARES Act funds received from HUD.

SDHC's total net position increased 3 percent, or \$18.9 million, in Fiscal Year 2020.

Net investment in capital assets decreased \$15.6 million primarily as a result of the sale of Mariner's Village referenced above.

Unrestricted net position increased \$16.1 million to \$352.5 million. Although these funds are defined as unrestricted under the applicable accounting standards, these funds are not necessarily indicative of funds available for discretionary use.

	June 30, 2020	June 30, 2019	Change %
<b>ASSETS</b>			
Current and other assets	\$ 643,413	\$ 567,786	13%
Capital assets net of depreciation	197,048	215,634	-9%
<b>Total assets</b>	<b>\$ 840,461</b>	<b>\$ 783,420</b>	<b>7%</b>
<b>LIABILITIES</b>			
Current liabilities	\$ 74,433	\$ 33,099	125%
Notes payable and non-current liabilities	95,682	98,844	-3%
<b>Total liabilities</b>	<b>\$ 170,115</b>	<b>\$ 131,943</b>	<b>29%</b>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 98,905	\$ 114,532	-14%
Restricted	218,949	200,545	9%
Unrestricted	352,492	336,400	5%
<b>Total net position</b>	<b>670,346</b>	<b>651,477</b>	<b>3%</b>
<b>Total liabilities and net position</b>	<b>\$ 840,461</b>	<b>\$ 783,420</b>	<b>7%</b>

## 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 position:** 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.

**Net investment in capital assets:** Capital assets less accumulated depreciation and any outstanding debt related to acquiring these assets.

**Restricted:** Funds subject to various external restrictions.

**Unrestricted:** Balance of net position not included in net investment in capital assets or restricted.

## Financial Summary



### Statement of Revenue, Expenses and Change in Net Position

The abbreviated **Statement of Revenue, Expenses and Change in Net Position** (in thousands) accounts for all of SDHC's revenue and expenses and reports the difference between the two as the change in net position. The statement reflects the results of SDHC's operations over the year and can be used to determine SDHC's creditworthiness and its ability to successfully recover its costs through grants, tenant charges, and other income.

This year's overall increase in net position of \$18.9 million represents a decrease of \$1.6 million (or 8 percent), from the change in net position in Fiscal Year 2019 and is mainly due to the increase in operating expenses exceeding the increase in revenues (non-operating income and expense [net] and operating revenue.)

Operating revenues increased slightly by \$1.3 million in Fiscal Year 2020 primarily related to increase bond administrative fees. Operating expenses increased by \$38.9 million in Fiscal Year 2020. This increase is primarily due to an increase in housing assistance payments of \$20.8 million, grant expenses for homelessness activities of \$15.4 million and \$2.7 million in personnel costs.

Non-operating income and expense (net) increased by \$36.0 million in Fiscal Year 2020 due to an increase in grant revenue of \$35.4 million and an increase of \$0.6 million in interest income.

	June 30, 2020	June 30, 2019	Change %
Operating revenues			
Dwelling rental income	\$ 30,693	\$ 31,520	-3%
Land lease and other rental income	3,351	2,969	13%
Fee revenue	4,479	3,164	42%
Other revenue	6,960	6,571	6%
Total Operating revenues	45,483	44,224	3%
Operating expenses	279,796	240,883	16%
Deficit before depreciation and other non-operating income and expenses	(234,313)	(196,659)	19%
Depreciation	8,132	8,118	0%
Deficit before other non- operating income and expense	(242,445)	(204,777)	18%
Other non-operating income and expenses, net	261,314	225,272	16%
Change in net position before capital transactions	18,869	20,495	-8%
Change in net position	\$ 18,869	\$ 20,495	-8%
Net position:			
Beginning of year	651,477	630,982	
End of year	\$ 670,346	\$ 651,477	

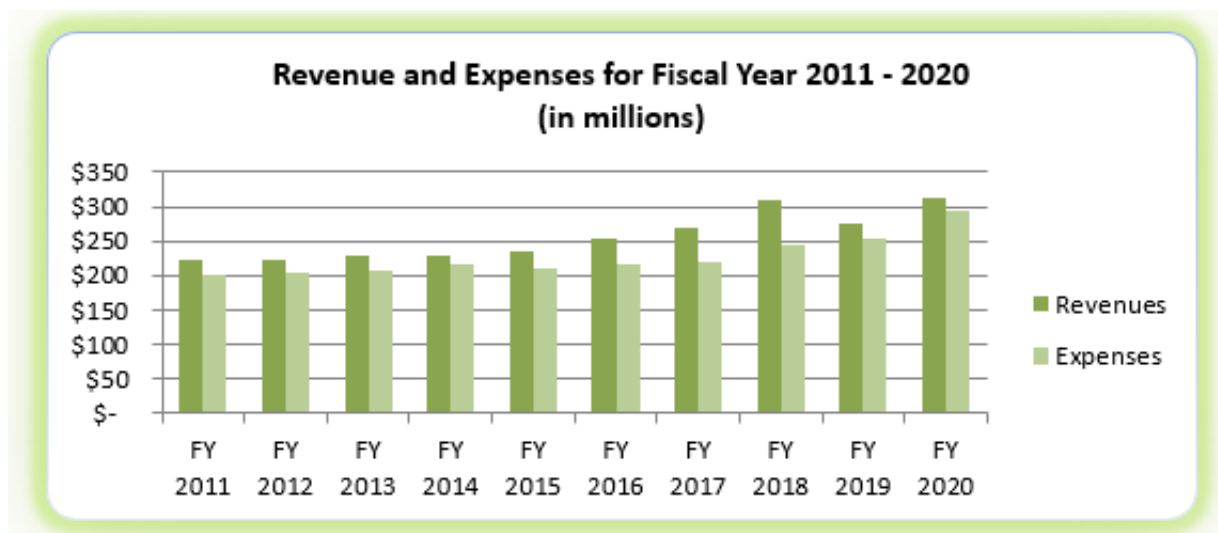
### Additional Key Terms

**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, grant expense and supportive services to assist SDHC in performing its functions.

**Change in Net Position:** The total revenue earned less total expenses.



## Investments



SDHC utilizes the services of an experienced financial advisor to aid in making investment decisions. The advisor provides guidance on creating a diversified portfolio and a secure investment mix. The advisor's ongoing role is to provide staff with sound investment opportunities that will maximize liquidity and yield without sacrificing principal value and safety of the investment securities. The fair value of cash and investments on June 30, 2020, was \$170.8 million, an increase of 5.2 percent from the previous year.

In accordance with California state statute and HUD regulations, SDHC has authorized the Chief Financial Officer, or designee, to invest in obligations of the U.S. Treasury, U.S. Government agencies or other investments as outlined in SDHC's Investment Policy.

Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In accordance with California Government Code, amounts over \$250,000 are collateralized with government securities pledged by the financial institution holding the securities in SDHC's name.

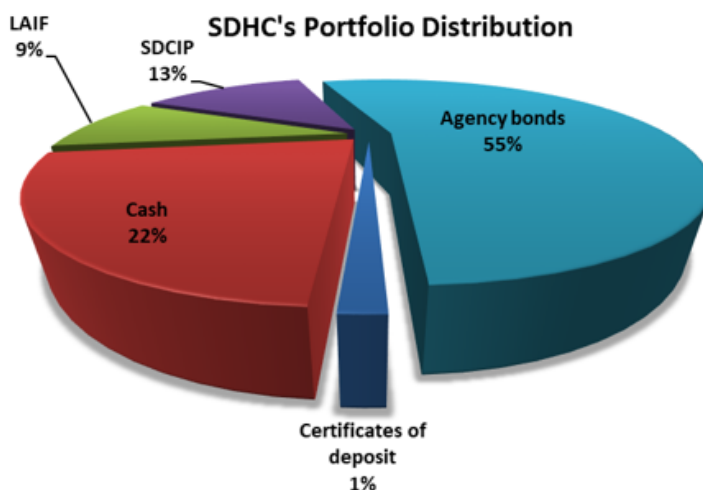
Investments in California's Local Agency Investment Fund (LAIF) and the San Diego County Investment Pool (SDCIP) represent SDHC's equity in pooled investments. Other investments such as Certificates of Deposits (CDs), bonds, government agency securities and demand deposit accounts are kept with commercial banking institutions.

### Investment Risk Factors

The foremost objective of SDHC's Investment Policy is the safety of principal, which is achieved by mitigating credit risk and interest rate risk. These risks, along with custodial risk, concentration of credit risk and market risk, all affect the value of investments to a varying degree. Equity and debt securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risk and changes in interest rates.

Fair Value in Millions			
	6/30/2020	6/30/2019	Variance
Cash	\$37.28	\$22.03	\$15.25
LAIF	15.78	15.42	0.36
SDCIP	21.91	21.44	0.47
Agency Bonds	93.35	100.06	(6.71)
Certificates of Deposit	2.48	3.43	(0.95)
<b>Total</b>	<b>\$170.80</b>	<b>\$162.38</b>	<b>\$8.42</b>

SDHC's Quarterly Investment Report details are provided on a quarterly basis as an informational report to the SDHC Board. The reports are posted on SDHC's website, <https://www.sdhc.org/governance-legislative-affairs/sdhc-board-of-commissioners/meetings/>



The Board-appointed Investment Committee meets twice each year to review the investment results for the portfolio.

## Capital Assets



At the end of Fiscal Year 2020, SDHC had approximately \$197.0 million (net of depreciation) invested in capital assets. The majority of SDHC's investment in capital assets is composed of ownership of land, affordable housing stock and the Smart Corner office building.

In Fiscal Year 2020, "construction in progress" increased by \$2.6 million primarily related to the multiyear renovation of Hotel Sandford and exterior stair replacement projects at multiple SDHC-owned properties.

In addition, SDHC sold its Mariner's Village property to its discrete component unit, HDP. This resulted in a decrease in buildings of \$17.8 million, decrease in building improvements of \$1.7 million and associated accumulated depreciation of \$4.8 million. SDHC maintained possession of the land.

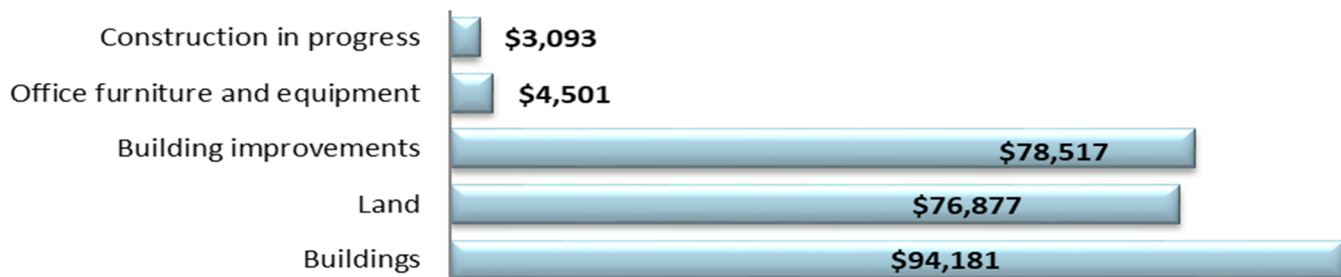
Depreciation expense for the Fiscal Year that ended on June 30, 2020 was \$8.1 million.



**Via Las Cumbres**  
SDHC-owned Affordable Rental Housing

### Total Capital Assets

In thousands of dollars (does not include depreciation)







As of June 30, 2020, SDHC owns 154 properties with 2,023 affordable housing rental apartments, of which 189 are federal public housing apartments SDHC operates in the City of San Diego.

SDHC also is a developer of new affordable housing. The agency's hallmark has been its ability to foster affordable housing projects by forging partnerships with nonprofit and for-profit developers, and the City of San Diego.

In Fiscal Year 2020, SDHC completed the following affordable housing partnership developments throughout the City of San Diego:

- **Stella and Bluewater**, combined 158 affordable rental homes for San Diegans with low income, including 87 permanent supportive housing units for individuals and veterans
- **Encanto Village**, 65 affordable housing units for low-income families, including 8 units for Veterans experiencing homelessness
- **Paseo La Paz**, 137 affordable rental units for low income families and individuals
- **West Park**, 46 affordable rental units with supportive services for individuals who experienced homelessness
- **The Beacon**, 43 affordable rental studios with supportive services for San Diegans who experienced homelessness
- **San Ysidro Senior Village**, 50 affordable housing units for seniors who experienced homelessness
- **J Street Inn**, extended affordability for 221 affordable housing units for low-income families
- **Pacifica at Playa del Sol**, 42 affordable housing units for families with low income, including 12 units set aside for households with family members who have developmental disabilities.
- **Harbor View Villa Apartments**, 59 affordable housing units for families with low income.



**The Beacon**

43 Affordable rental studios with supportive services for San Diegans who have experienced homelessness



**Paseo La Paz**

137 Affordable Apartments

As of June 30, 2020, SHDC has committed \$37.0 million towards loans and grants for additional affordable housing projects that had not yet been fully funded or completed.





Beginning with Fiscal Year 2012, SDHC included the consolidated financial statements of its nonprofit affiliate, Housing Development Partners (HDP), as a discretely presented component unit. They are reported in a separate column in the financial statements to emphasize that HDP is legally separate from SDHC.

HDP develops and preserves affordable housing for low-income San Diegans through the rehabilitation of existing buildings and new construction.

Rental housing for seniors, families, veterans, workers, and tenants with special needs are among the developments in HDP's real estate portfolio.

Since its inception, HDP has developed 1,709 affordable rental housing units in the City at properties it has acquired and created through partnership developments, which includes 769 units on SDHC-owned land that is ground leased to HDP: Parker-Kier Apartments (33 affordable units and one manager's unit), Hotel Churchill (72 affordable units and one manager's unit), Village North Senior Garden Apartments (119 affordable units and one manager's unit), Quality Inn (91 affordable units and one manager's unit), West Park Inn (46 affordable units and one manager's unit), San Diego Square (154 affordable units and one manager's unit), and in January 2020 HDP purchased Mariner's Village (170 affordable units and two manager units).

The abbreviated financial statements are for the period ending December 31, 2019, and are presented in thousands of dollars.

## HDP – Discretely Presented Component Units

December 31, 2019

<b>ASSETS</b>	
Current and other assets	\$ 32,022
Capital assets net of depreciation	99,811
Total assets	<u>131,833</u>
<b>LIABILITIES</b>	
Current liabilities	3,102
Notes Payable and non-current liabilities	119,503
Total liabilities	<u>122,605</u>
<b>NET POSITION</b>	
Restricted	31,149
Unrestricted	(21,921)
Total liabilities and net position	<u>\$131,833</u>
<b>OPERATING REVENUES</b>	
Dwelling rental income	\$ 11,356
Other revenue	2,028
Total Operating revenues	13,384
<b>OPERATING EXPENSES</b>	
Income before depreciation and other non-operating income and expenses	9,362
Depreciation	4,022
Deficit before other non-operating income and expense	4,118
Other non-operating income and expenses, net	(96)
Change in net position before capital transactions	<u>(3,717)</u>
Capital contributions, net	(3,813)
Change in net position	18,658
	<u>\$ 14,845</u>
<b>Net position:</b>	
Beginning of year	(5,617)
End of year	<u>\$ 9,228</u>



**Mariners Village**

170 Affordable Apartments with two manager units.

## Addressing Homelessness



The City Homeless Shelters and Services Programs provide temporary shelter and supportive services to some of the City's most vulnerable residents. SDHC administers these programs through a Memorandum of Understanding (MOU) with the City that first took effect on July 1, 2010.

On June 25, 2019, the City of San Diego extended the Homeless Services and Shelter MOU for an initial one-year term from July 1, 2019, through June 30, 2020, with four one-year options to renew. The City's homelessness programs also include:

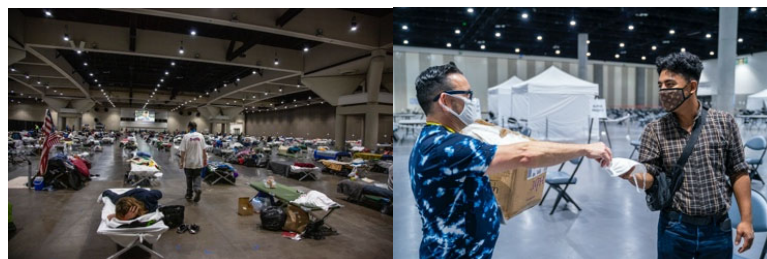
- Day Center Facility for Homeless Adults;
- Homeless Transitional Storage Center;
- Three interim housing programs (Connections Housing Downtown, the City-sponsored one-stop housing and services center for San Diegans experiencing homelessness; Cortez Hill Family Center, which provides short-term housing and services to help families experiencing homelessness stabilize their lives; and the City's Year-Round Permanent Interim Housing Program); and
- A rapid rehousing program



**City of San Diego Bridge Shelter**

In Fiscal Year 2020, SDHC also supported more than 282 transitional housing beds with City of San Diego Inclusionary Housing Funds and Housing Trust Funds. With Federal Emergency Solutions Grant and Continuum of Care funds, SDHC partnered with several local nonprofit agencies to provide Rapid Rehousing services.

In response to the COVID-19 pandemic, the City of San Diego, County of San Diego, SDHC, Regional Task Force on the Homeless (RTFH), the San Diego Convention Center and service providers collaborated to launch Operation Shelter to Home on April 1, 2020. This initiative's objectives are to protect the health of San Diegans experiencing homelessness during the pandemic and help them obtain housing as quickly as possible. Operation Shelter to Home temporarily repurposed parts of the San Diego Convention Center as a shelter for single adults experiencing homelessness in the City to allow for proper physical distancing to prevent the spread of COVID-19. SDHC established a Housing Navigation Team (HNT) within 10 days of the shelter site opening, with HNT staff focused on identifying the most appropriate exit strategy for shelter clients and working to end their cycle of homelessness. Operation Shelter to Home provided temporary shelter to approximately 1,100 people per day. As of September 9, 2020, it had helped more than 600 people secure permanent or longer-term housing. Operation Shelter to Home is part of a new, system-wide, coordinated plan to assist sheltered and unsheltered individuals experiencing homelessness to remain healthy during the global pandemic, and supports a regional approach to address homelessness during the pandemic.



**San Diego Convention Center**



SDHC is one of only 39 public housing authorities nationwide, out of 3,400, to receive a “Moving to Work” (MTW) designation from HUD. MTW status provides flexibility and allows SDHC to determine the most effective housing assistance programs for residents in the City with low income and/or experiencing homelessness. SDHC’s MTW status has allowed SDHC to leverage its available resources to address homelessness. To date, SDHC has committed more than 4,300 rental housing vouchers that help families experiencing homelessness secure housing.

In Fiscal Year 2020, SDHC committed 75 federal Project-Based Housing Vouchers, 30 HUD Veterans Affairs Supportive Housing (VASH) Project-Based Vouchers and 120 Sponsor-Based Housing Vouchers.

### Additional MTW Programs

SDHC’s MTW operating budget in Fiscal Year 2020 was \$181,709,820. Examples of MTW initiatives that SDHC has implemented are the expansion of the Choice Communities Initiative and updates to rental assistance payment standards; Path to Success; the SDHC Achievement Academy; and the Guardian Scholars and Monarch School Project initiatives of SDHC’s HOUSING FIRST – SAN DIEGO homelessness action plan, which also includes the SDHC Moving Home Rapid Rehousing and SDHC Moving On Rental Assistance programs.

**Choice Communities.** SDHC’s Choice Communities initiative provides families that receive rental assistance with more flexibility to choose to live in neighborhoods that offer more opportunities for transportation, schools, and employment.

To increase housing opportunities through this initiative and to assist as many low-income families as possible, SDHC updated the payment standards that are used to determine the amount of rental assistance each family receives.

SDHC divided City of San Diego ZIP Codes into three groups, each with its own payment standards:

- Choice Communities
- Enterprise Communities
- Signature Communities

The payment standard is the maximum subsidy payment that the federal Section 8 Housing Choice Voucher would pay for an apartment or rental house, minus the applicable tenant rent portion. Families pay a predetermined amount of the rent, and SDHC pays the remainder of the rent, up to the applicable payment standard, directly to the landlord.

In Fiscal Year 2020, 1,115 families moved to Enterprise or Choice communities.

**SDHC Achievement Academy.** The SDHC Achievement Academy is a learning and resource center and computer lab located at SDHC’s downtown San Diego headquarters. Its programs emphasize career development, job skills and personal financial education. These services are available at no charge to families receiving federal Section 8 Housing Choice Voucher rental assistance and public housing residents.

In Fiscal Year 2020, more than 2,000 SDHC Achievement Academy participants attended 275 workshops addressing various topics, such as financial education, life skills, workforce readiness, computer literacy and job recruitments.

**EnVision Center.** The SDHC Achievement Academy is one of the key partners in the collaboration among SDHC, the City of San Diego, and the San Diego Workforce Partnership that HUD selected to be an EnVision Center, which promotes financial self-reliance among federal rental assistance participants and public housing residents.

The San Diego EnVision Center had been operational since November 2018. In fiscal year 2020 284 clients received services at the EnVision Center prior to the COVID-19 shutdown in March, including financial counseling, résumé assistance, employment referrals and training, and educational counseling.

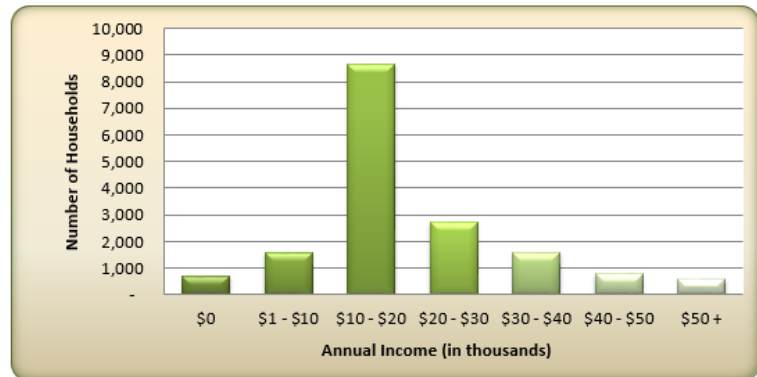
## Demographics of the HCV Program



Funded by HUD and managed by SDHC's Rental Assistance Division, the federal Section 8 Housing Choice Voucher Program provided rental assistance to more than 15,800 low-income families in the City of San Diego. The number of rental assistance households fluctuates throughout the year, as participating families are able to move on and leave the program at different times, enabling SDHC to bring new families into the program from the waiting list.

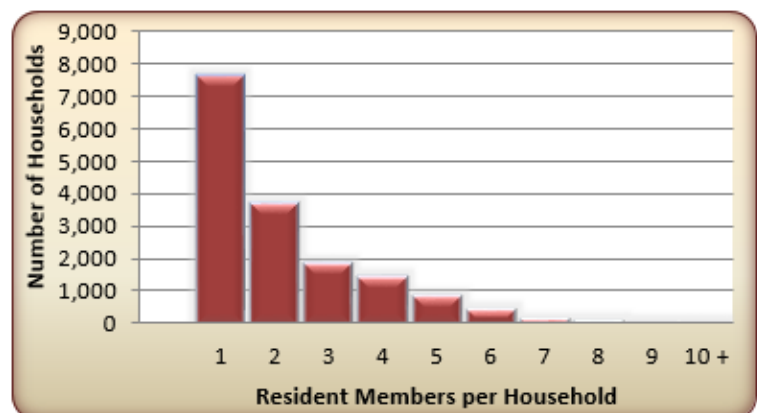
### Income per HCV Household

- 52.0 percent of HCV recipients' income is between \$10,000 and \$19,999.



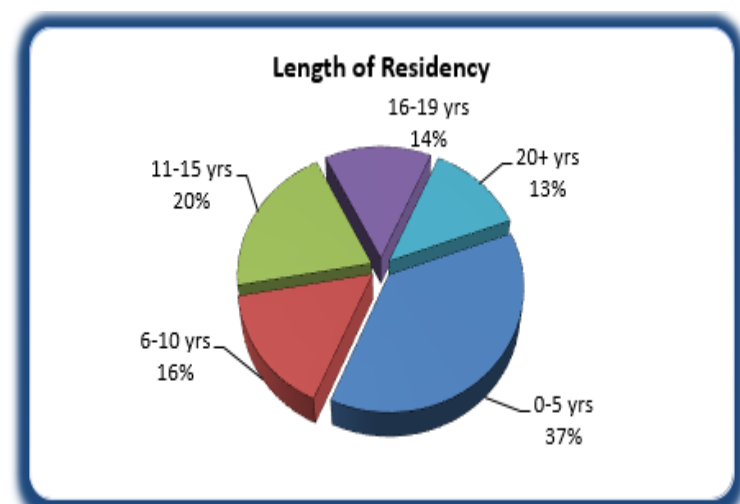
### Resident Members per Household

- 45.9 percent are single-member households.
- 22.6 percent are households with two members.
- 11.5 percent are households with three members



### Years in HCV Program

- 0-5 years: 6,185 households
- 6-10 years: 2,620 households
- 11-15 years: 3,398 households
- 16-19 years: 2,359 households
- 20+ years: 2,130 households





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