



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, 2021

San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101
www.sdhc.org





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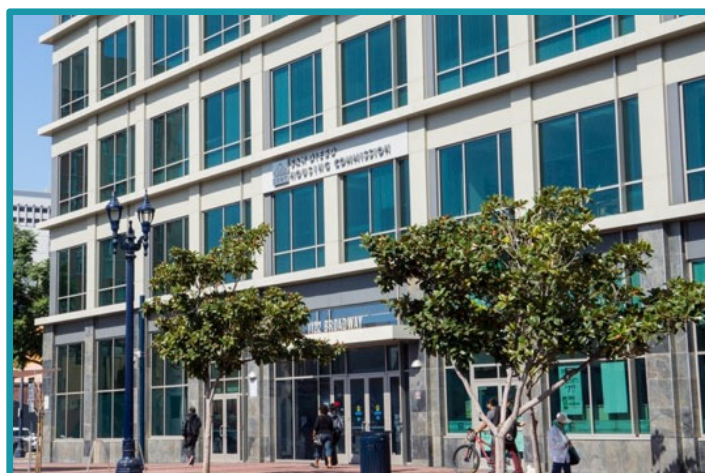
Richard C. Gentry

Visit SDHC’s website: www.SDHC.org

* As of June 30, 2021

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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, 2021, 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 2021 (July 1, 2020 – June 30, 2021). The Comprehensive Annual Financial Report (Annual Report) is the source of the data for this summary report. The Annual Report is a more detailed financial report audited by CohnReznick, LLP and fully conforms to Generally Accepted Accounting Principles (GAAP). The Annual Report is available on SDHC’s website at:

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.

Governing Body and Strategic Guidance

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.



SDHC Board of Commissioners

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 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 Vision Everyone in the City of San Diego has a home they can afford.

SDHC Mission Statement The San Diego Housing Commission (SDHC) fosters social and economic stability for vulnerable populations in the City of San Diego through quality affordable housing, opportunities for financial self-reliance and homelessness solutions.

Purpose Help individuals, families and the San Diego community thrive.

SDHC Strategic Plan Fiscal Years 2022- 2024

SDHC's Strategic Plan for Fiscal Years (FY) 2022 - 2024 serves as a roadmap for SDHC, guiding the agency's decisions, initiatives and day-to-day efforts for the next three years. At the same time, SDHC has the flexibility to adapt this Strategic Plan as needed to address changing circumstances around the agency.

The SDHC Board of Commissioners approved this three-year Strategic Plan on July 9, 2021.

The Plan includes five strategic priorities, which include metrics to monitor progress:

- Increasing and preserving housing solutions
- Helping families increase opportunities for self-sufficiency and quality of life
- Investing in our team
- Advancing homelessness solutions – supporting the City of San Diego Community Action Plan on Homelessness
- Advocacy, Communication, Public Engagement



SDHC obtained input from City Councilmembers, SDHC Board members, a variety of other critical community partners and SDHC staff. The Strategic Plan provides the vision, mission, purpose, core values and strategic priorities for the agency for the years to come. The COVID-19 pandemic affected the timing for the creation and completion of the Strategic Plan, but it also reinforced the importance of the bold, broader new vision for SDHC: Everyone in the City of San Diego has a home they can afford.

The Strategic Plan also reflects SDHC's commitment to equity and inclusivity. The following statement is an important part of this guiding document for the agency:

At SDHC, we are about people. SDHC embraces diverse approaches and points of view to improve our programs, projects and policies.

- *We believe in delivering programs and services in innovative and inclusive ways*
- *We are committed to advancing equity and inclusion both internally and externally.*

SDHC Fiscal Year 2021 Accomplishments

The principles of SDHC's previous Strategic Plan for 2016 – 2020 continued to guide SDHC during Fiscal Year 2021, as the agency developed the new Strategic Plan.

1. Maximize resources through operational efficiencies and technological innovations

SDHC developed a system performance data dashboard in support of the foundational strategy "Implement a Systems-Level Approach to Homelessness Planning" that is part of the City of San Diego Community Action Plan on Homelessness. SDHC staff worked on the development of this dashboard throughout Fiscal Year 2021. The dashboard became available to the public on SDHC's website, www.sdhc.org, in September 2021. Providing information about the performance of homelessness programs as a system, compared with industry-standard, best-practice metrics, is the goal of the dashboard.

In addition, during Fiscal Year 2021, SDHC created an online tool to provide property-specific information for households looking for affordable housing, as well as overview data about affordable housing for the public and policymakers. This Affordable Housing Dashboard launched September 13, 2021, on SDHC's website, www.sdhc.org.

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 – In Fiscal Year 2021, 529 affordable units closed financing (Affordable Housing Fund- and Bond- funded), for a total of 3,118 affordable units over the five years since the inception of the 2016 Strategic Plan.

Property Renovation - In Fiscal Year 2021, SDHC completed approximately \$7.8 million in capital improvements at 38 of the 150 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 plumbing upgrades, elevator modernization, foundation repairs, roofs, windows, cabinets and countertops, appliances, flooring, exterior repairs and painting across the portfolio.



HOUSING FIRST - SAN DIEGO

As of June 30, 2021, SDHC's homelessness action plan, HOUSING FIRST - SAN DIEGO, which launched on November 12, 2014, had created more than 9,100 housing solutions in less than seven years for individuals and families at risk of or experiencing homelessness in the City of San Diego, with an additional 608 housing units approved and pending completion. 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.

COVID-19 Response: Operation Shelter to Home

In April 2020, a collaborative effort among the City of San Diego, SDHC, the Regional Task Force on Homelessness (RTFH), County of San Diego, City shelter providers and other agencies launched Operation Shelter to Home (OSTH) to mitigate the impact of COVID-19 on people experiencing homelessness in San Diego. It included a temporary emergency shelter at the San Diego Convention Center. Over the course of less than 12 months, 1,422 individuals and 43 families secured permanent or longer-term housing through Operation Shelter to Home.

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. For example, the Consolidated Appropriations Bill of 2021, passed by Congress and signed into law in late December 2020, included important changes to the Veterans Affairs Supportive Housing (VASH) voucher program that SDHC advocated throughout the year. This legislation will help public housing authorities nationwide, including SDHC, to maximize use of VASH vouchers to help veterans experiencing homelessness.

Oversight and Administration of Emergency Rental Assistance Programs

Throughout the COVID-19 pandemic, SDHC has seamlessly continued to provide essential housing assistance to thousands of families, seniors, veterans and San Diegans experiencing homelessness in the City of San Diego.

COVID-19 Emergency Rental Assistance Program

In the first half of Fiscal Year 2021, SDHC administered the City of San Diego COVID-19 Emergency Rental Assistance Program (ERAP), which helped families with low income in the City of San Diego who experienced financial hardship due to the COVID-19 pandemic. ERAP provided one-time payments of up to \$4,000 per qualifying household to help pay past-due and/or upcoming rent to assist with preventing housing displacement. At the conclusion of ERAP, SDHC had disbursed more than \$13.7 million in federal funds, helping more than 3,700 low-income households pay their rent. Every qualifying household that applied for ERAP received assistance.

COVID-19 Housing Stability Assistance Program

In the latter part of Fiscal Year 2021, SDHC began administering the City of San Diego COVID-19 Housing Stability Assistance Program (HSAP), which helps pay rent and utilities for households with low income that experience financial hardship due to or during the COVID-19 pandemic. HSAP was initially funded \$42,333,563 (the City of San Diego's direct allocation from the U.S. Department of the Treasury under the federal Coronavirus Relief Fund.) SDHC began making payments for qualifying applicants in late April 2021. HSAP has continued to receive additional federal and state funding, and, through September 2021, SDHC has disbursed more than \$99.6 million in assistance payments to help more than 11,300 qualifying households.



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, 2020. 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 11 consecutive years (fiscal years ended 2010-2020). 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



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

2020

Christopher P. Morrell

Executive Director/CEO

Comprehensive Annual Financial Report Awards

SDHC's Comprehensive Annual Financial Report (Annual Report) for the fiscal years ended 2008-2020, 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 Annual Report, whose contents conform to program standards. Such Annual Report 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 Annual Report continues to conform to the Certificate of Achievement program requirements, and SDHC will be submitting its Annual Report for the Fiscal Year 2021 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 2021, SDHC received 83 percent of its revenue from HUD and the US Treasury, most of which was awarded to SDHC for Moving to Work (MTW) initiatives and for COVID-19 related assistance programs, respectively. 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 2021 and will have a balanced budget in fiscal year 2022.

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 2021 MTW Plan on September 28, 2020. HUD's fiscal year runs from October to September. SDHC's fiscal year 2022 MTW Plan was submitted to HUD on April 7, 2021 and was approved on August 2, 2021. 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 2021, the financial impact of the COVID-19 pandemic has continued to be felt both worldwide and in the United States. While vaccines have become available to help reduce the adverse health effects of COVID-19, throughout the United States, businesses in all financial sectors continue to feel its negative impact as variants emerge and threaten the resumption of business.

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 experiencing homelessness in the City of San Diego.

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, 2021 the unemployment rate in San Diego County was 6.9 percent in July 2021, down from a revised 7 percent in June 2021, and below the year-ago estimate

Chief Financial Officer's Message



of 12.3 percent. This compares with an unadjusted unemployment rate of 7.9 percent for California and 5.7 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 2021 this year for sheltered San Diegans only. Due to health and safety concerns related to the pandemic, the count of unsheltered individuals was not completed. This year's count of sheltered homeless persons identified 4,143 sheltered in San Diego. This number is slightly up from last year's count of 3,667. U.S. Department of Housing and Urban Development (HUD) requires that 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 report can be found here: https://www.rtfhsd.org/wp-content/uploads/2021-PIT-Report_final.pdf

SDHC continues to focus on its mission to foster social and economic stability for vulnerable populations in the City of San Diego through quality affordable housing, opportunities for financial self-reliance and homelessness solutions.

Through the execution of SDHC's 2022 budget of \$604 million, SDHC will continue to demonstrate the prudent and responsible management of its financial resources all with a high quality of service, while helping vulnerable San Diegans acquire or maintain affordable housing, obtain or maintain financial self-reliance, and provide access to homelessness solutions.

Tracey McDermott
Senior Vice President and Chief Financial Officer



Blanca
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 2021, SDHC's assets exceeded liabilities by \$803.8 million, an increase of 20 percent from Fiscal Year 2020.

Total assets increased by \$163.5 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 increased \$110.5 million primarily due to the acquisition of three properties – Valley Vista, Kearny Vista and Hillcrest Inn Apartments.

Total liabilities increased by \$30.0 million, or 18 percent. This is primarily due to an increase in notes payable related to the loans obtained to acquire the Valley Vista and Kearny Vista hotel properties mentioned above. This was offset by a decrease in unearned revenue primarily related to the recognition of the deferred gain from the sale of Mariner's Village of \$32.1 million in fiscal year 2020.

SDHC's total net position increased 20 percent, or \$133.5 million, in Fiscal Year 2021.

Net investment in capital assets increased \$68.5 million to \$167.4 million primarily related to the purchase of the hotel properties previously mentioned.

Unrestricted net position increased \$59.1 million to \$411.6 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.

Restricted net position increased \$5.8 million to \$224.8 million primarily due to an increase in overall notes receivable programmatic reserves.

	June 30, 2021	June 30, 2020	Change %
ASSETS			
Current and other assets	\$ 696,449	\$ 643,413	8%
Capital assets net of depreciation	307,534	197,048	56%
Total assets	\$1,003,983	\$ 840,461	19%
LIABILITIES			
Current liabilities	\$ 58,736	\$ 74,433	-21%
Notes payable and non-current liabilities	141,438	95,682	48%
Total liabilities	\$ 200,174	\$ 170,115	18%
NET POSITION			
Net investment in capital assets	\$ 167,437	\$ 98,905	69%
Restricted	224,768	218,949	3%
Unrestricted	411,604	352,492	17%
Total net position	803,809	670,346	20%
Total liabilities and net position	\$1,003,983	\$ 840,461	19%

Key Terms

Here are some definitions of accounting terms that will assist you throughout the financial section of the PAFR and Annual 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.



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 \$133.5 million represents an increase of \$114.6 million (607 percent), from the change in net position in the Fiscal Year 2020 and is mainly due to an increase non-operating revenue (net) of \$147.5 million, offset by an increase in operating expenses of \$70.8 million. Additionally, the change in net position includes \$33.2 million related to SDHC's recognition of the gain on transfer of properties to its discrete component unit, Housing Development Partners (HDP).

Operating revenues increased by \$6.0 million in Fiscal Year 2021 primarily related to increase bond administrative fees. Operating expenses increased by \$70.8 million in Fiscal Year 2021. This increase is primarily due to an increase in housing assistance payments of \$61.8 million, including \$34.9 million related to the City of San Diego's COVID-19 Emergency Rental Assistance Program and COVID-19 Housing Stability Assistance Program as well as \$26.9 million related to Section 8 Housing Choice Voucher and Mainstream voucher programs.

Non-operating income and expense (net) increased by \$147.5 million in Fiscal Year 2021 primarily due to an increase in grant revenue of \$151.2 million related to MTW and other federal programs such as Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), CARES Act and the Coronavirus Appropriations Act of December 2020.

	June 30, 2021	June 30, 2020	Change %
Operating revenues			
Dwelling rental income	\$ 32,472	\$ 30,693	6%
Land lease and other rental income	3,884	3,351	16%
Fee revenue	6,755	4,479	51%
Other revenue	8,398	6,960	21%
Total Operating revenues	51,509	45,483	13%
Operating expenses	350,597	279,796	25%
Deficit before depreciation and other non-operating income and expenses	(299,088)	(234,313)	28%
Depreciation	9,470	8,132	16%
Deficit before other non-operating income and expense	(308,558)	(242,445)	27%
Other non-operating income and expenses, net	408,857	261,314	56%
Income (loss) before capital transactions	100,299	18,869	432%
Transfer of properties to component unit	33,164	-	100%
Change in net position	\$ 133,463	\$ 18,869	607%
Net position:			
Beginning of year	670,346	651,477	3%
End of year	\$ 803,809	\$ 670,346	20%

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. Additionally includes transfer of property to component unit (if applicable).

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, 2021, was \$200.8 million, an increase of 17.6 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, bonds, government agency securities and demand deposit accounts are kept with commercial banking institutions.

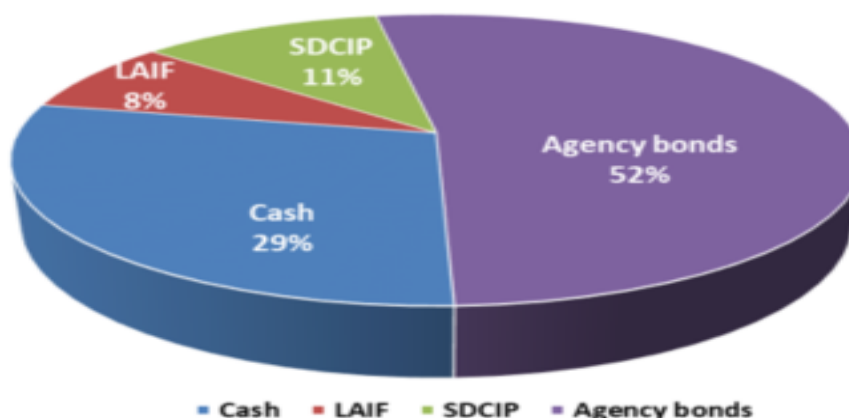
Investment Risk Factors

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			
	6/30/2021	6/30/2020	Variance
Cash	\$57.94	\$37.28	\$20.66
LAIF	15.92	15.78	0.14
SDCIP	22.18	21.91	0.27
Agency Bonds	104.77	93.35	11.42
Certificates of Deposit	-	2.48	(2.48)
Total	\$200.81	\$170.80	\$30.01

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/>

SDHC's Portfolio Distribution



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 2021, SDHC had approximately \$307.5 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.

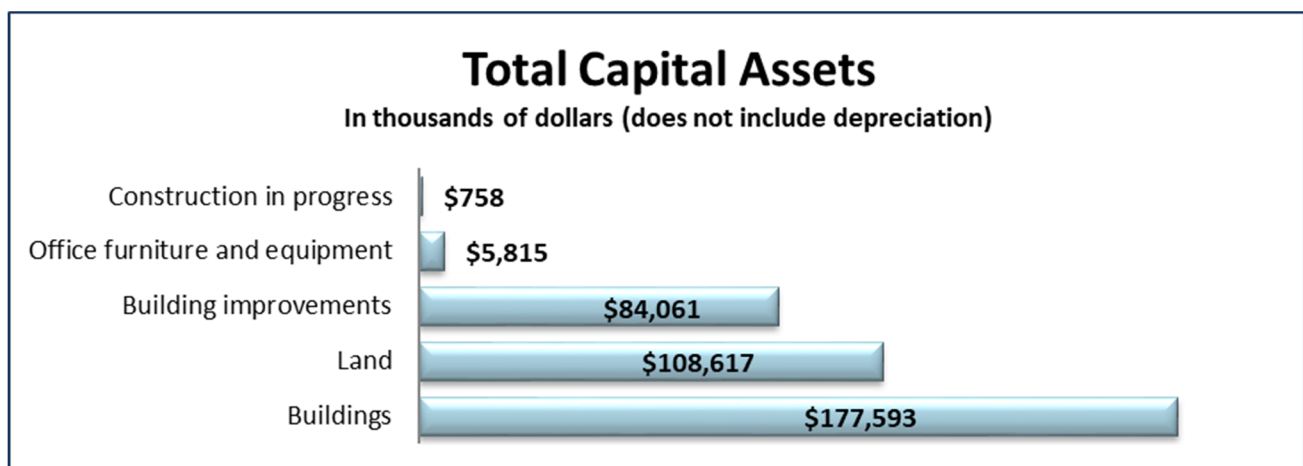
In Fiscal Year 2021, SDHC acquired Hillcrest Inn Apartments, Valley Vista and Kearny Vista resulting in additions to land and building of \$32.0 million and \$83.5 million respectively. In addition, five of the single-family homes in SDHC's portfolio were transferred to its discrete component unit, HDP.

In addition, multi-year renovations at Hotel Sandford were completed as well as comprehensive renovations of the single-family portfolio are included in the increase to building improvements.

Depreciation expense for the Fiscal Year ended June 30, 2021, was \$9.5 million.



Kearny Vista
SDHC-owned Affordable Rental Housing





As of June 30, 2021, SDHC owns 150 properties with 2,401 housing rental units, 189 of those properties are federal public housing units that SDHC operates in the City of San Diego.

In Fiscal Year 2021, SDHC completed the following affordable housing property acquisitions:

- Hillcrest Inn Apartments, 47 housing units for low-income and middle-income families.
- Kearny Vista Apartments, 144 housing units for individuals who experienced homelessness.
- Valley Vista Apartments, 192 housing units for individuals who experienced homelessness.

SDHC also is a lender and authorizes the issuance of Multifamily Housing Revenue Bonds to support new affordable housing. The agency's hallmark has been its ability to foster affordable housing developments by forging partnerships with nonprofit and for-profit developers, and the City of San Diego.

In Fiscal Year 2021, SDHC completed the following affordable housing partnership developments throughout the City of San Diego:

- Stylus, 201 affordable rental units for San Diegans with low income
- Wesley Terrace, 159 affordable rental units for low-income seniors
- Mission Terrace Apartments, 76 affordable rental units for San Diegans with low income
- Hillside Views Apartments, 297 affordable rental units for San Diegans with low income
- Benson Place, 82 affordable rental units for San Diegans experiencing homelessness



Benson Place

82 Affordable rental apartments
for San Diegans who have experienced
homelessness



Stylus Apartments

201 Affordable Apartments
for San Diegans with low income

As of June 30, 2021, SHDC has committed \$34.9 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 1,714 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), Casa Colina (74 affordable units and one manager unit), Quality Inn (91 affordable units and one manager's unit), West Park Inn (46 affordable units and one manager's unit), and San Diego Square (154 affordable units and two manager's units).

Additionally, included in the total, is SDHC's January 2020 transfer of Mariner's Village (170 affordable units and two manager units) and SDHC's December 2020 transfer of five single family properties for a pilot program in building accessory dwelling units, sometimes referred to as "granny flats" or ADUs.

The abbreviated financial statements are for the period ending December 31, 2020, and are presented in thousands of dollars.

HDP – Discretely Presented Component Units December 31, 2020

ASSETS	
Current and other assets	\$ 33,670
Capital assets net of depreciation	126,931
Total assets	<u>160,601</u>
LIABILITIES	
Current liabilities	6,296
Notes Payable and non-current liabilities	182,003
Total liabilities	<u>188,299</u>
NET POSITION	
Restricted	25,063
Unrestricted	(52,761)
Total liabilities and net position	<u>\$160,601</u>
OPERATING REVENUES	
Dwelling rental income	\$ 14,539
Other revenue	2,345
Total Operating revenues	<u>16,884</u>
OPERATING EXPENSES	
Income before depreciation and other non-operating income and expenses	<u>10,863</u>
Depreciation	6,021
Deficit before other non-operating income and expense	<u>4,768</u>
Other non-operating income and expenses, net	1,253
Change in net position before capital transactions	<u>(5,880)</u>
Capital contributions, net	(4,627)
Transfer of property to component unit	865
Change in net position	<u>(33,164)</u>
Net position:	
Beginning of year	<u>9,228</u>
End of year	<u>\$ (27,698)</u>

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.

The City's homelessness programs also include:

- Day Center Facility for Homeless Adults;
- Homeless Transitional Storage Center;
- Four interim housing programs (Connections Housing Downtown, a one-stop housing and services center for single adults experiencing homelessness; Interim Housing Program for Families, which provides short-term housing and services to help families experiencing homelessness stabilize their lives; the Interim Housing Program for Adults operated out of the Paul Mirable Center on the Father Joe's Villages main campus; and the new Bishop Interim Shelter Program, which also provides shelter beds for single adults);
- A rapid rehousing program; and
- The City's Serial Inebriate Program (SIP) transitional housing program



City of San Diego Bridge Shelter

In Fiscal Year 2021, SDHC also supported more than 138 transitional housing beds, operated by three providers at different locations in the City, with City of San Diego Inclusionary Housing Funds and Housing Trust Funds.

With Federal Emergency Solutions Grant (ESG) and Continuum of Care funds, SDHC partnered with several local nonprofit agencies to provide Rapid Rehousing services. The ESG grant also funds the City's Security Deposit Plus program, which provides financial move-in assistance for persons experiencing homelessness.

On October 16, 2020, the SDHC Board of Commissioners approved a recommendation to the City Council and Housing Authority for SDHC to directly operate a Homelessness Response Center. The City of San Diego's Homelessness Response Center (HRC) provides a broad range of services to help individuals and families experiencing homelessness on their path to permanent or longer-term housing, including housing-focused system navigators. All HRC services are focused on meeting the unique needs of each customer being served. SDHC operates and administers the HRC, in collaboration with the City of San Diego, People Assisting the Homeless (PATH), RTFH, and homelessness service providers.

In Fiscal Year 2021, SDHC also received approval from the City Council to maintain three Rapid Rehousing (RRH) Programs, with funding from Homeless Housing, Assistance and Prevention (HHAP) Program and American Rescue Plan Act (ARPA) Funds. The RRH programs launched in July 2019 and contained funds to serve 120 high-need households experiencing homelessness throughout the program term (both families and individuals).

In November 2020, SDHC purchased two hotel properties using State of California HomeKey funds and created 332 units of permanent housing with supportive services for individuals who previously experienced homelessness. The two properties, Kearny Vista Apartments and Valley Vista Apartments, offer affordable housing units, paired with case management and robust supportive services, to persons experiencing homelessness.



SDHC is one of only 39 original “Moving to Work” (MTW) agencies out of approximately 3,350 public housing authorities nationwide. In 2021, HUD announced the addition of 41 public housing authorities as new MTW agencies.

MTW status provides flexibility and allows SDHC to determine the most effective housing assistance programs for households with low income or experiencing homelessness in the City of San Diego

At the close of Fiscal Year 2021, SDHC had committed a total of more than 4,700 rental assistance subsidies for families and individuals experiencing homelessness dating back to 2002. This includes 1,235 Veterans Affairs Supportive Housing (VASH) vouchers.

SDHC also committed 214 federal Project-Based Housing Vouchers (PBVs) to affordable housing developments in Fiscal Year 2021. These vouchers are known as affordable housing PBVs. They provide rental assistance to households with low income in the City of San Diego.

Additional MTW Programs

SDHC's MTW operating budget in Fiscal Year 2021 was \$191,865,040. Examples of MTW initiatives that SDHC has implemented are the expansion of the Choice Communities Initiative, updates to rental assistance payment standards, Path to Success, the SDHC Achievement Academy, and HOUSING FIRST – SAN DIEGO homelessness initiatives, such as Guardian Scholars, the Monarch School Project, SDHC Moving Home Rapid Rehousing and SDHC Moving On Rental Assistance.

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, on April 1, 2021, SDHC updated the payment

standards that are used to determine the amount of rental assistance each family receives.

In Fiscal Year 2021, 1,421 families moved to Enterprise or Choice communities. In addition, 775 families were contacted by an SDHC Mobility Counselor to assist with pre- and post-moving counseling, housing search assistance and guidance about neighborhood features for families moving to Choice or Enterprise Communities.

Families moving to Choice or Enterprise Communities are eligible for no-interest security deposit loans up to the payment standard for the area for their voucher size. In Fiscal Year 2021, 252 families participated in this Security Deposit Loan Program, and SDHC loaned a total of more than \$411,820 through this program

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 2021, more than 2,300 SDHC Achievement Academy participants attended 217 workshops addressing various topics, such as financial education, life skills, workforce readiness, computer literacy and job recruitments. The average hourly wage participants earned was \$16.80.

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.

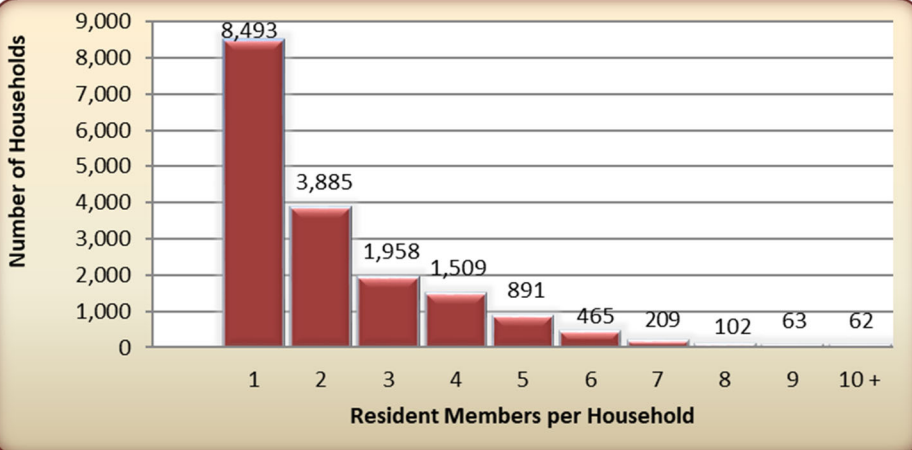
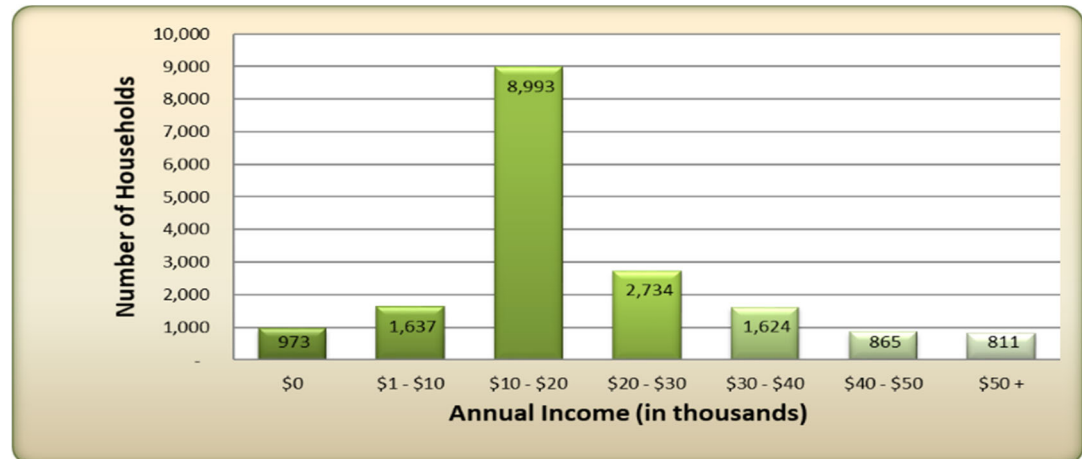
Demographics of the HCV Program



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 16,000 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

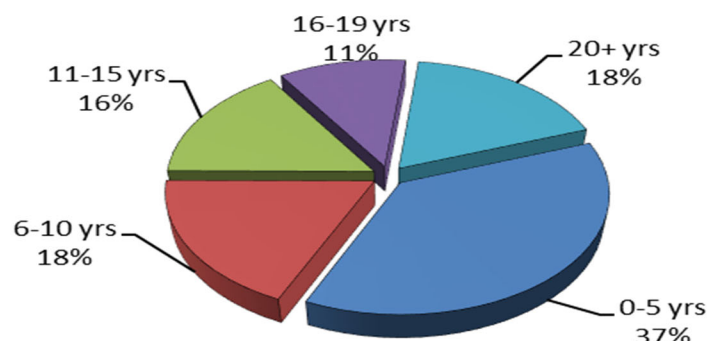
- 66% of HCV recipients' income is less than \$19,999



Resident Members per Household

- Nearly 8,500 households have a single-member
- 22% have two members
- 11% have three members

Years of Residency in HCV Program





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