



SAN DIEGO
HOUSING
COMMISSION

REPORT

DATE ISSUED: April 28, 2022

REPORT NO: HCR22-021

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of May 5, 2022

SUBJECT: San Diego Housing Commission Proposed Fiscal Year 2023 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 2023 Budget and delegate authority from the Housing Authority to the Housing Commission to amend the Fiscal Year 2023 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 \$595 million Fiscal Year (FY) 2023 budget (Attachment 1).
- 2) Delegate authority to the Housing Commission to approve amendments to the FY 2023 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 2023 budget;
 - b. Additional funding for the FY 2023 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 2023 budget.
- 3) Delegate authority to the Housing Commission's Interim President & Chief Executive Officer (Interim President & CEO) to amend the FY 2023 budget for amounts not to exceed \$250,000 consistent with policies, programs and activities approved by the Housing Commission and Housing Authority.

SUMMARY

The proposed FY 2023 budget anticipates available funding sources of \$595 million, a decrease of \$9 million, or 2 percent, from the approved FY 2022 budget. The decrease is primarily due to lower COVID-19 Housing Stability Assistance Program (HSAP) expenditures anticipated in FY 2023.

The proposed FY 2023 budget anticipates total uses of \$479 million (excluding ending fund balance), a decrease of \$16 million, or 3 percent, from the FY 2022 budget. The decrease is primarily due to lower HSAP-related costs in FY 2023, offset by an increase in property maintenance costs and the paydown of loans on Housing Commission-owned affordable housing properties.

FUNDING SOURCES

The proposed FY 2023 budget anticipates funding sources of \$595 million:

<u>Revenues</u>	<u>FY 2023 Budget</u>	<u>FY 2022 Budget</u>	<u>Increase/(Decrease)</u>
Federal Revenues	\$ 336,274,000	\$ 296,555,000	\$ 39,719,000
San Diego Local Revenues	63,863,000	64,824,000	(961,000)
State Revenues	31,622,000	31,264,000	358,000
Fund Balance from Prior Years	162,996,000	211,417,000	(48,421,000)
Total Funding Sources	\$ 594,755,000	\$ 604,060,000	\$ (9,305,000)

The majority of the Housing Commission’s funding is restricted by funding source with respect to its use.

The increase in Federal Revenues is primarily due to maintaining increased voucher utilization, paydown of loans on Housing Commission-owned affordable housing properties, as well as the inclusion of additional revenues for Rental Assistance due in part to the award of new vouchers, primarily Emergency Housing Vouchers, and an increase in HOME Investment Partnerships Program revenues due to the timing of loans to be funded.

The decrease in Fund Balance is primarily due to HSAP expenditures anticipated in FY 2023, as well as a decrease in Rental Housing Finance funds due to the expected timing to fund multifamily affordable housing loans.

FUNDING USES

The following table summarizes the funding uses by expenditure type:

<u>Uses</u>	<u>FY 2023 Budget</u>	<u>FY 2022 Budget</u>	<u>Increase/(Decrease)</u>
Housing Program Expense	\$ 341,932,000	\$ 380,138,000	\$ (38,206,000)
Personnel Costs	47,460,000	44,270,000	3,190,000
Capital Expenditures	23,506,000	28,753,000	(5,247,000)
Property Expense, Professional Services, Supplies & Other	66,225,000	41,581,000	24,644,000
Total Costs	479,123,000	494,742,000	(15,619,000)
Ending Fund Balance	115,632,000	109,318,000	6,314,000
Total Funding Uses	\$ 594,755,000	\$ 604,060,000	\$ (9,305,000)

The proposed Housing Program Expense includes a decrease in expenditures primarily related to HSAP, a reduction in funds earmarked for an affordable housing preservation Notice of Funding Availability, and the timing of loans made to developers of affordable housing. These are offset by an

increase in expenses relating to Rental Assistance payments.

The increase in the Property Expenses, Professional Services, Supplies and Other is primarily due to an inflationary increase in property maintenance costs and costs associated with the paydown of loans on Housing Commission-owned affordable housing properties, offset by a reduction in HSAP-related expenses. The increase in ending fund balance is primarily due reserves relating to recently acquired properties and an increase in the agency contingency reserve.

PREVIOUS COUNCIL and/or COMMITTEE ACTION

The FY 2022 budget was approved by the Housing Commission on May 6, 2021, and by the Housing Authority on June 14, 2021.

ENVIRONMENTAL REVIEW

Approval of the FY 2023 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,



Suket Dayal
Executive Vice President &
Interim Chief Financial Officer
San Diego Housing Commission

Approved by,



Jeff Davis
Interim President & Chief Executive Officer
San Diego Housing Commission

Attachments: 1) Proposed Fiscal Year 2023 Budget

Docket materials are available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org