



SAN DIEGO
HOUSING
COMMISSION

We're About People

San Diego Housing Commission (SDHC) Fiscal Year (FY) 2022 Annual Financial Audit Report Presentation to the SDHC Audit Committee November 2, 2022

Suket Dayal
Executive Vice President of Business Administration
and Chief Financial Officer
San Diego Housing Commission

Christelle Van Der Windt
Vice President of Financial Services
San Diego Housing Commission





SDHC – FY 2022 Annual Financial Audit Report Agenda

- Summary of Annual Audit
- Financial Results
- Operational Highlights



SDHC – FY 2022 Annual Financial Audit Report

Introduction

- Audit Period: July 1, 2021 - June 30, 2022
- Independent Auditors: CohnReznick LLP
- Audit Opinion: Unmodified
- No Management Letter Comments
- Adoption of Government Accounting Standards Board (GASB) Pronouncement Statement No. 87 “Leases” in FY 2022
 - Added Lease Receivable and Deferred Inflows of over \$93 million
 - Additional disclosure requirement in Annual Comprehensive Financial Report Note 10 - Leases



SDHC – FY 2022 Annual Financial Audit Report

Introduction (Continued)

- Additional GASB Pronouncements adopted by SDHC in FY 2022 that had **no impact** on financial statements or disclosures:
 - Statement No. 89 “Accounting for Interest Cost Incurred before the End of a Construction Period”
 - Statement No. 92 “Omnibus 2020”
 - Statement No. 93 “Replacement of Interbank Offered Rates”
 - Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of FGASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32”
 - Statement No. 98 “The Annual Comprehensive Financial Report”



SDHC – FY 2022 Annual Financial Audit Report

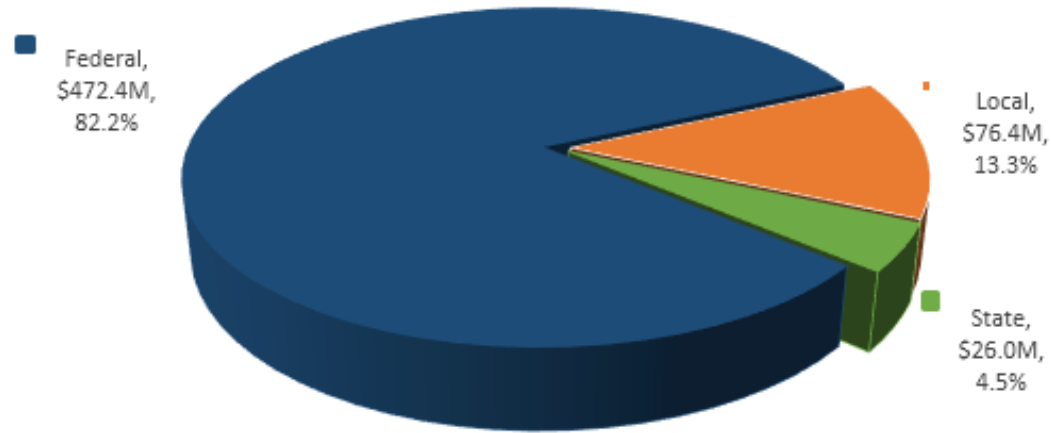
Financial Results Summary

- Total revenues: \$574.8 million
- U.S. Department of Housing and Urban Development (HUD) & U.S. Treasury Department grants: 80% of revenues
- Total expenses: \$555.2 million
 - Housing Assistance Expenses: \$402.0 million
 - Other Expenses: \$153.2 million
- Multifamily and homeownership loans funded: \$20.5 million
- Emergency Rental Assistance (ERA) 1 – Consolidated Appropriations Act funds of \$65.9 million received
- ERA 2 – American Rescue Plan Act funds of \$121.3 million received



SDHC – FY 2022 Annual Financial Audit Report

Financial Results – Revenues by Funding Type



Federal:	\$472.4M
Local:	\$76.4M
State:	\$26.0M
Total:	\$574.8M

Section 8/MTW	\$242.6M
Other Federal - Emergency Rental Assistance Program	\$115.8M
Other Federal - Housing Stability Assistance Program	\$78.3M
ESG/CoC	\$19.3M
HOME	\$11.3M
CDBG & Other Federal (ROSS Grant)	\$5.1M
Total Federal	\$472.4M

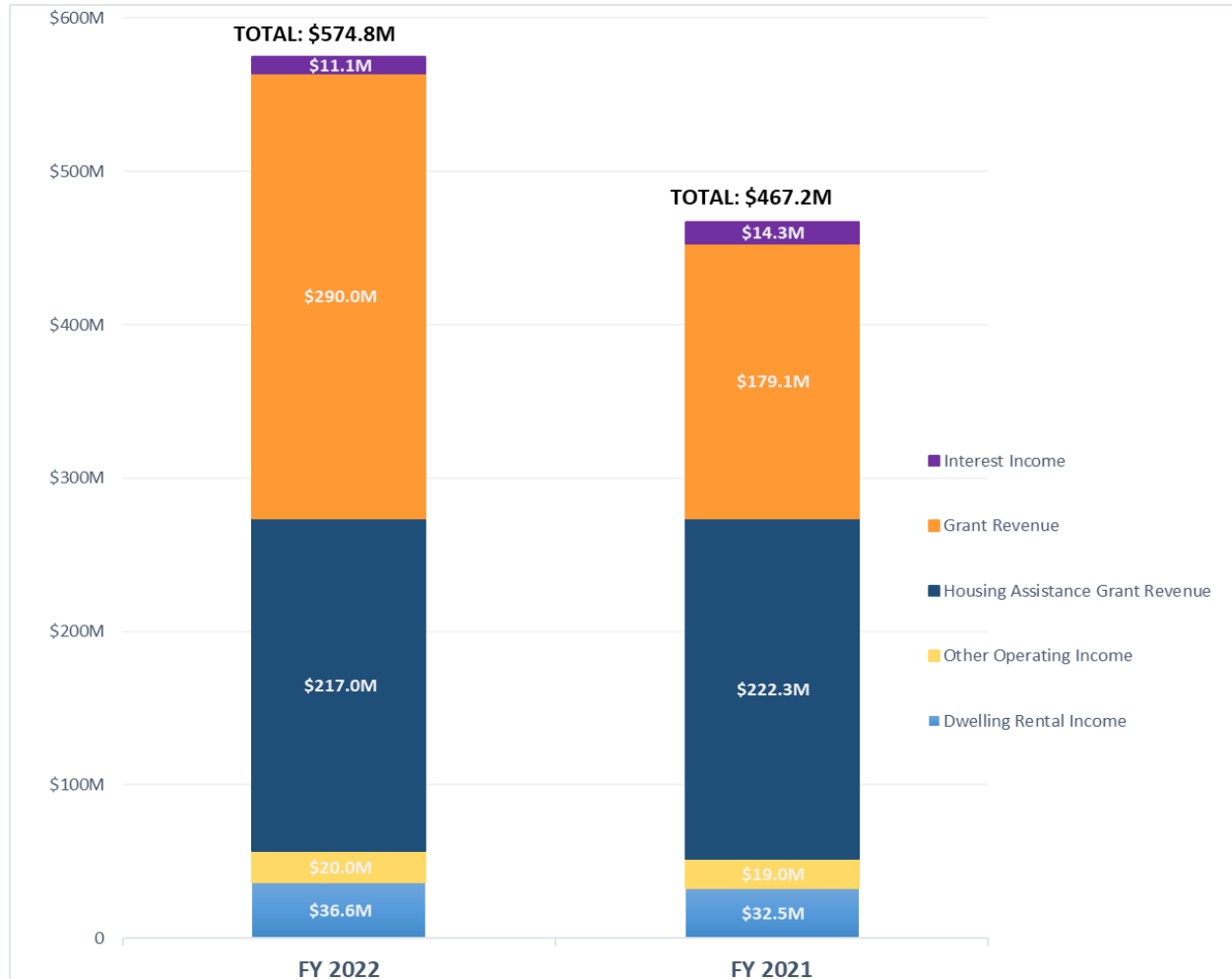
SDHC Real Estate	\$40.3M
Inclusionary/Housing Impact Fee	\$18.7M
Other Local (Primarily City General Funds)	\$12.3M
Unrestricted (Includes Bond, Compliance Monitoring Fees)	\$5.1M
Total Local	\$76.4M

Housing Stability Assistance Program	\$13.1M
California Homeless Emergency Aid Program	\$12.5M
CALHOME Mortgages	\$0.3M
California Water Grant (landscaping)	\$0.1M
Total State	\$26.0M



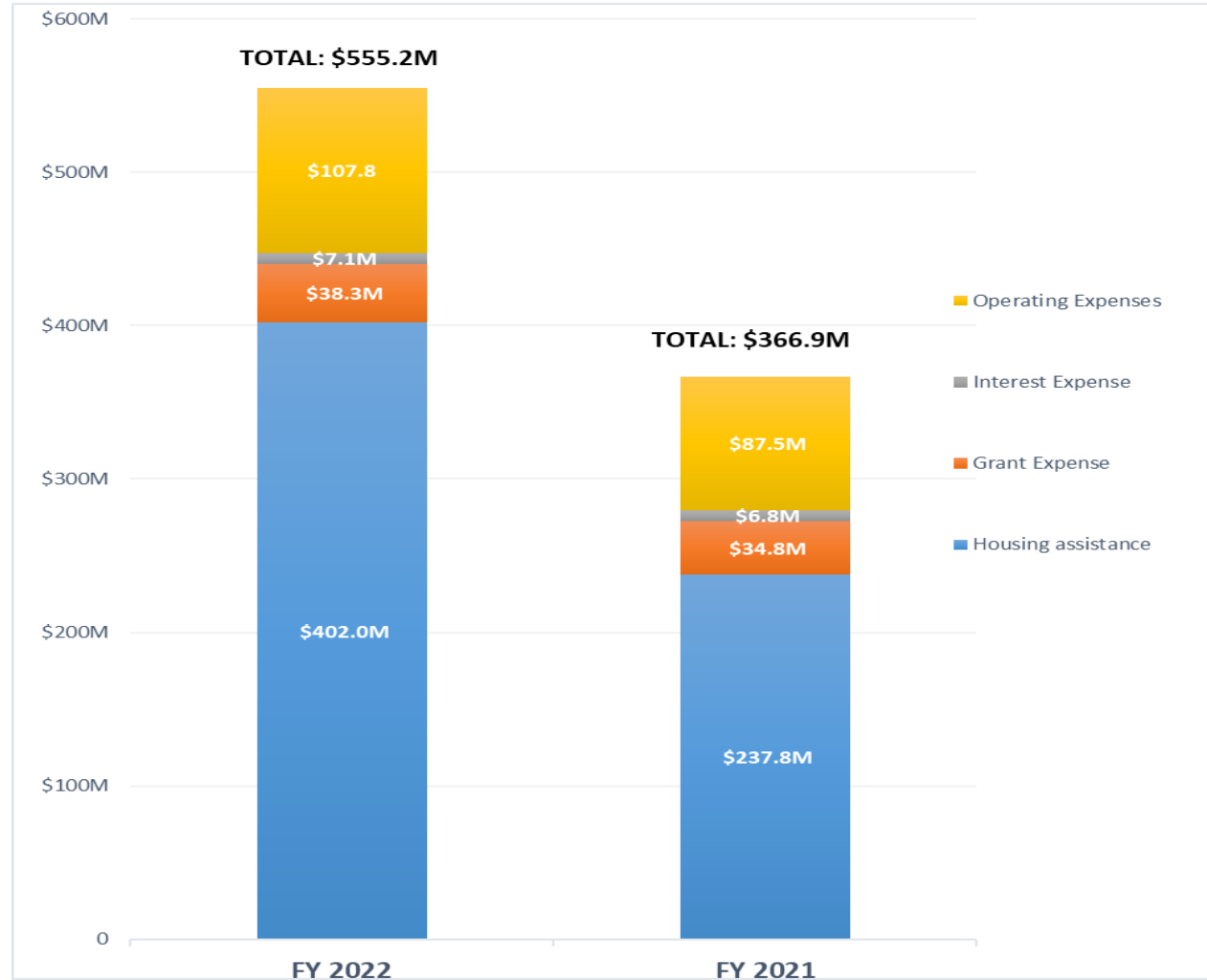
SDHC – FY 2022 Annual Financial Audit Report

Financial Results – Revenue



SDHC – FY 2022 Annual Financial Audit Report

Financial Results – Expenses



SDHC – FY 2022 Annual Financial Audit Report

Financial Results – Assets, Liabilities, Deferred Inflows and Net Position



Assets

- Notes, Mortgage & Interest Receivable
- Capital Assets
- Cash and Investments
- Accounts Receivable and Other Assets

Liabilities, Deferred Inflows and Net Position

- Unrestricted Net Position
- Restricted Net Position
- Net Investment in Capital Assets
- Deferred Inflows of Resources
- Notes Payable
- Accounts Payable, Accrued Compensation & Other Liabilities



SDHC – FY 2022 Annual Financial Audit Report

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

	FY 2022	FY 2021	\$\$ Change	% Change
Total Assets	\$1,108.5M	\$1,004.0M	\$104.5M	10%
<i>Total Liabilities</i>	<i>191.3M</i>	<i>200.2M</i>	<i>-8.9M</i>	<i>-4%</i>
<i>Total Deferred Inflows</i>	<i>93.8M</i>	<i>0.0M</i>	<i>93.8M</i>	<i>100%</i>
<i>Total Net Position</i>	<i>823.4M</i>	<i>803.8M</i>	<i>19.6M</i>	<i>2%</i>
Total Liabilities + Deferred Inflows + Net Position	\$1,108.5M	\$1,004.0M	\$104.5M	10%

- The increase in total assets of \$104.5 million is primarily due an increase in Noncurrent Assets of \$112.8 million as a result of the following increases:
 - Leases receivable noncurrent of \$93.2 million due to GASB 87 - Leases
 - Loans made of \$17.1 million and accrued interest of \$7.4 million on notes receivable
- The decrease in total liabilities of \$8.9 million includes a \$4.2 million decrease in notes payable related to payments on loans as well as the forgiveness of \$0.7 million loan from City of San Diego
- The increase in Deferred Inflows of \$93.8 million is also related to the GASB 87 – Leases implementation



SDHC – FY 2022 Annual Financial Audit Report

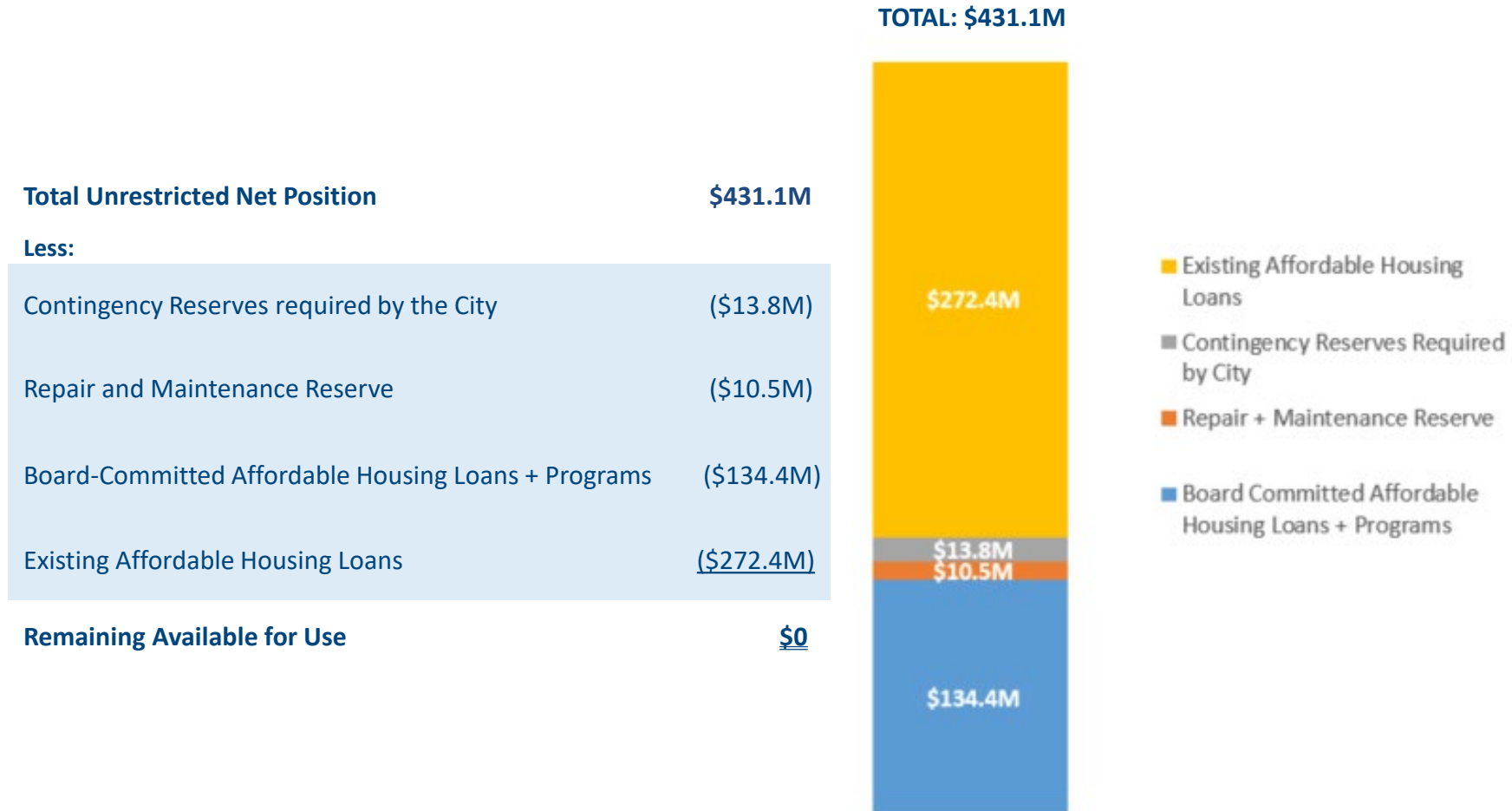
Net Position Categories

- Net Investment in Capital Assets: \$159.3 million
 - The amount spent on capital assets and is used for operations
- Restricted Net Position: \$233.0 million
 - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position: \$431.1 million
 - This balance is **not** indicative of funds available for discretionary use.
 - GASB (accounting) definitions require this amount to be classified as “unrestricted net position” for financial reporting on the Annual Comprehensive Financial Report (ACFR).
 - See Slide #12 for detailed explanation of commitments.



SDHC – FY 2022 Annual Financial Audit Report

Unrestricted Net Position



SDHC – FY 2022 Annual Financial Audit Report

SDHC Operational Highlights

Rental Assistance Division

Federal Section 8 Housing Choice Vouchers (HCV):

- 141 Federal Project-Based vouchers committed to affordable housing developments
- 1,586 families moved to Enterprise or Choice communities
- Paid more than \$222,000 in security deposit loans
- 532 households received mobility counseling and assistance

SDHC Achievement Academy:

- 1,316 participants received core services
- 200 participants placed in jobs, and 259 participants increased earnings
- \$18.86 average hourly wage of participants
- More than 2,900 participants attended 265 workshops on various topics



SDHC – FY 2022 Annual Financial Audit Report

SDHC Operational Highlights (Continued)

Real Estate Division

- Completed the following affordable housing partnership developments in the City of San Diego:
 - Ivy Senior Apartments, 52 affordable rental units for senior San Diegans experiencing homelessness
 - Saint Teresa de Calcutta Villa, 403 affordable rental units for San Diegans with low income or experiencing homelessness
 - Trinity Apartments, 73 affordable rental units for senior San Diegans experiencing homelessness
 - Keeler Court, 70 affordable rental units for veterans experiencing homelessness, families and senior San Diegans
 - Quality Inn, 91 affordable rental units for San Diegans experiencing homelessness
 - Mariner’s Village, 170 affordable rental units for San Diegans with low income



Homeless Housing Innovations

Homeless Shelters and Service Programs

- Supported more than 138 transitional housing beds.
- Administered the City’s Security Deposit Plus program, providing financial move-in assistance for persons experiencing homelessness.
- Assisted eligible low-income tenants facing eviction, through the Eviction Prevention Program.
- Expanded Rapid Rehousing Programs, enabling SDHC to provide critical housing support to an additional 100 households.
- Administered contracts for the City of San Diego’s Interim Shelter for Transition-Age Youth (TAY) as well as the SafeTAY Network Outreach Program
- SDHC partnered to support two new interim shelters and one temporary shelter: Harm Reduction Interim Shelter, Rachel’s Promise Women’s Interim Shelter and Rosecrans Shelter.



City of San Diego COVID-19 Relief Programs

Housing Stability Assistance Program (HSAP)

- Administered by SDHC
- Application launched March 2021
- Payments began April 2021
- As of October 28, 2022, SDHC made payments totaling more than \$218.6 million to help 18,318 qualifying households.
- HSAP paid rent, utilities and/or other housing costs for households with low income that experience financial hardship due to or during the COVID-19 pandemic.



SDHC – FY 2022 Annual Financial Audit Report Recognition

Financial Services

- Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for Annual Comprehensive Financial Reports 2008 – 2021
- Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from GFOA for 2010 - 2021



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**San Diego Housing Commission
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill
Executive Director/CEO

*Certificate of Achievement
for Excellence in
Financial Reporting*



Questions & Comments

