



SAN DIEGO
HOUSING
COMMISSION

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San Diego Housing Commission (SDHC) Fiscal Year (FY) 2022 Annual Financial Audit Report Presentation to the SDHC Board of Commissioners November 17, 2022

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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”



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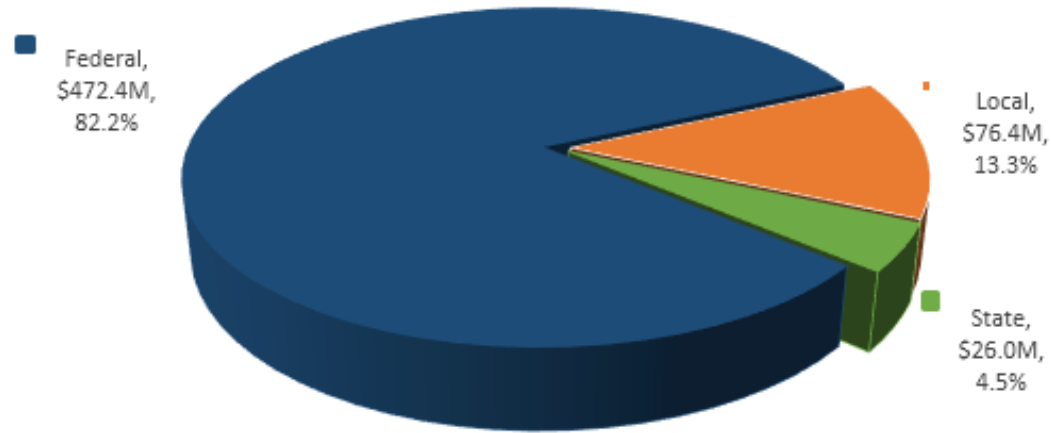
Financial Results Summary

- 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)	<u>\$5.1M</u>
Total Federal	\$472.4M

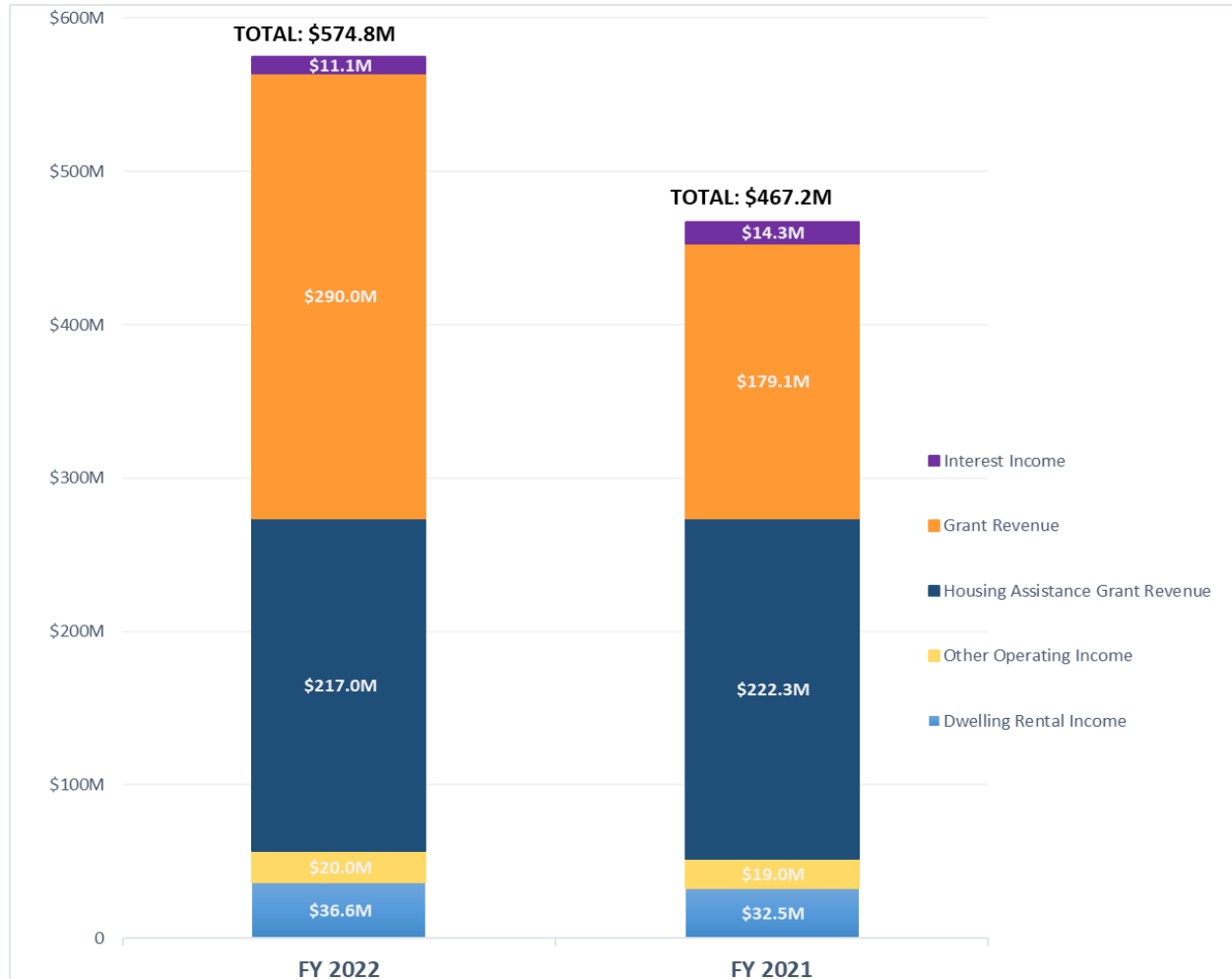
SDHC Real Estate	\$40.3M
Inclusionary/Housing Impact Fee	\$18.7M
Other Local (Primarily City General Funds)	\$12.3M
Unrestricted (Includes Bond, Compliance Monitoring Fees)	<u>\$5.1M</u>
Total Local	\$76.4M

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



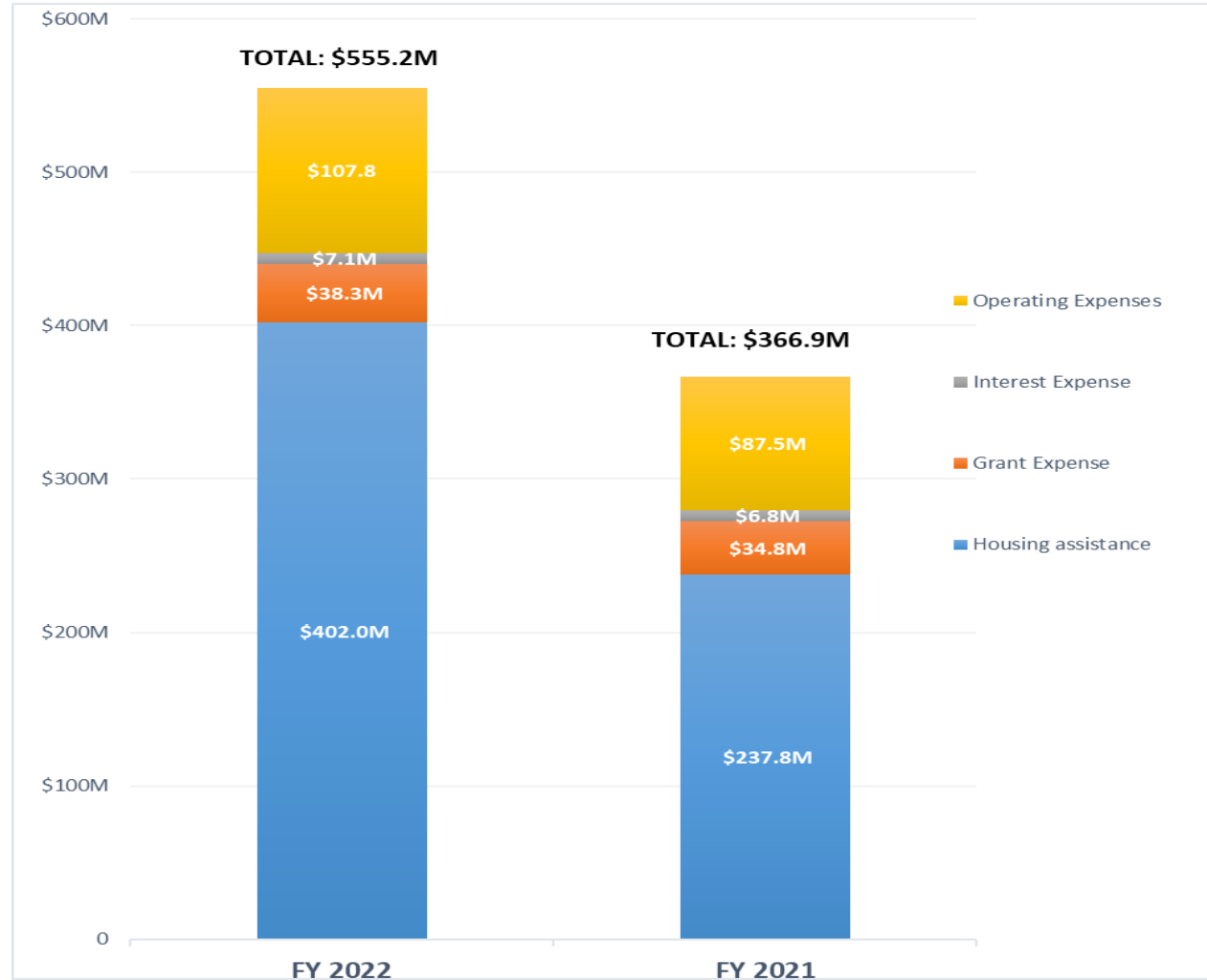
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Financial Results – Revenue



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Financial Results – Expenses



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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



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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



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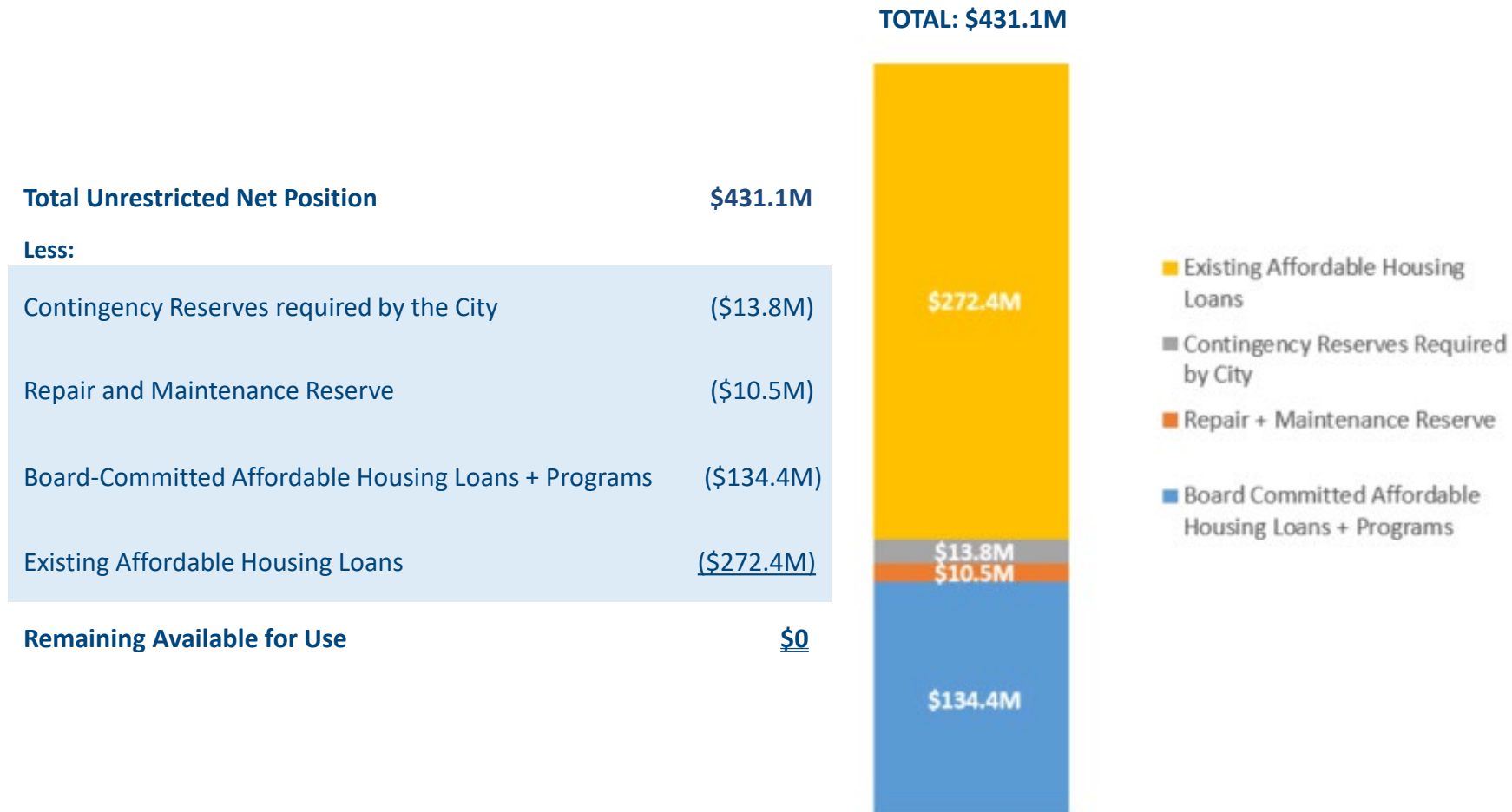
Net Position Categories

- 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.



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Unrestricted Net Position



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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



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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*



SDHC – FY 2022 Annual Financial Audit Report

SDHC Audit Committee Recommendation

- November 2, 2022: Presentation to the SDHC Audit Committee
- Committee voted unanimously to recommend that the SDHC Board of Commissioners accept and approve the Fiscal Year (FY) 2022 (July 1, 2021 – June 30, 2022) Annual Comprehensive Financial Report (ACFR) and Single Audit Reports prepared by CohnReznick LLP, an independent audit firm.



Questions & Comments

