



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, 2022

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





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* As of June 30, 2022

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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, 2022, 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 2022 (July 1, 2021 – June 30, 2022). The Annual Comprehensive Financial Report (ACFR) is the source of the data for this summary report. The ACFR is a more detailed financial report audited by CohnReznick, LLP and fully conforms to Generally Accepted Accounting Principles (GAAP). The ACFR 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 Suket Dayal, Executive Vice President of Business Administration and Chief Financial Officer, San Diego Housing Commission, 1122 Broadway, Suite 300, San Diego, California 92101.



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 Housing Authority of the City of San Diego (Housing Authority). The Housing Authority is a State agency and consists of nine commissioners. In 1969, the San Diego City Council appointed itself to be the commissioners of the Housing Authority. SDHC's President & CEO 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 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.

Core Values At SDHC, we:

- Serve our clients with equity, dignity and respect.
- Are committed to excellence and innovation in all we do.
- Believe in transparency and being good financial stewards.

Equity and Inclusivity

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 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. 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. SDHC's Strategic Plan and annual Progress Reports are available at www.sdhc.org/about-us/plans-policies/strategic-plans.

The Strategic Plan includes following five strategic priority areas, with metrics to monitor progress and areas of focus.

1. Increasing and preserving housing solutions

- Areas of Focus:
 1. **Production:** Identify opportunities to produce and retain affordable and middle-income housing and permanent supportive housing solutions.
 2. **Preservation:** Preserve existing deed-restricted affordable housing or naturally occurring affordable housing (NOAH) by furthering recommendations of SDHC's report "Preserving Affordable Housing in the City of San Diego," released May 28, 2020.
 3. **Funding:** Identify and pursue additional funding mechanisms dedicated to increasing housing solutions.
 4. **Advocacy:** In alignment with Strategic Priority 5, conduct advocacy with policy makers at local, state and federal levels.





2. Helping families increase opportunities for self-sufficiency and quality of life

- Areas of focus:
 1. Conduct a needs assessment of existing program participants and residents to determine opportunities for quality-of-life enhancements in SDHC- or affiliate-owned housing communities.
 2. Explore an online tenant portal to streamline application process.
 3. Increase awareness of existing and/or new SDHC resources.
 4. Explore new funding structures to support priority programming and identified quality-of-life opportunities, including joint funding opportunities with partners.



*SDHC Achievement Academy Participants
Thomas, Karolina and their children*

3. Investing in our team

- Areas of focus:
 1. Enhance communication/engagement through the development and implementation of a year-round internal engagement plan.
 2. Audit employee benefits and explore additional workplace programs.
 3. Conduct a classification and compensation study.
 4. Ensure team members have the training and resources needed to support SDHC's vision and grow individually.
 5. Ensure SDHC has the people it needs today and tomorrow to achieve success as outlined in the Strategic Plan.
 6. Ensure team members have the necessary technologies to support SDHC's vision.



4. Advancing homelessness solutions – supporting the City of San Diego Community Action Plan on Homelessness

- Areas of focus:
 1. Continue to support the City of San Diego Community Action Plan on Homelessness.
 2. Establish an internal working group to evaluate all SDHC divisions to look for opportunities to support the Action Plan. Ensure the areas of support align with Housing First principles and SDHC's role in the implementation of the Action Plan.
 3. Evaluate funding, infrastructure and capacity – staffing, technology, training, communications, etc.



*Rosecrans Shelter News Conference
May 31, 2022*



*Homelessness Program for Engaged Educational
Resources Participant
Karisa*

5. Advocacy, Communication, Public Engagement

- Areas of focus:
 1. Advocacy: Establish priority policy areas and a policy engagement guide to foster progress toward SDHC's vision and secure additional public funding.
 2. Stakeholder Communication: Develop a communications strategy for SDHC and key housing/homelessness issues that builds support and awareness for SDHC and its multifaceted responsibilities.
 3. Public Engagement: Develop and implement an ongoing public engagement plan designed to build support for housing and homelessness solutions and SDHC among the broader public, including neighborhood planning associations, community leaders and the public at large.



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, 2021. 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 PAFR 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 12 consecutive years (fiscal years ended 2010-2021). SDHC believes this current report continues to conform to the Popular Annual Financial Reporting requirements, and SDHC is submitting it to GFOA to determine its eligibility for another award.

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

June 30, 2021

Christopher P. Morill
Executive Director/CEO

Comprehensive Annual Financial Report Awards

SDHC's Annual Comprehensive Financial Report (ACFR) for the fiscal years ended 2008-2021, 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 ACFR, whose contents conform to program standards. Such ACFR 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 ACFR continues to conform to the Certificate of Achievement program requirements, and SDHC will be submitting its ACFR for the Fiscal Year 2022 to the GFOA.

Chief Financial Officer's Message



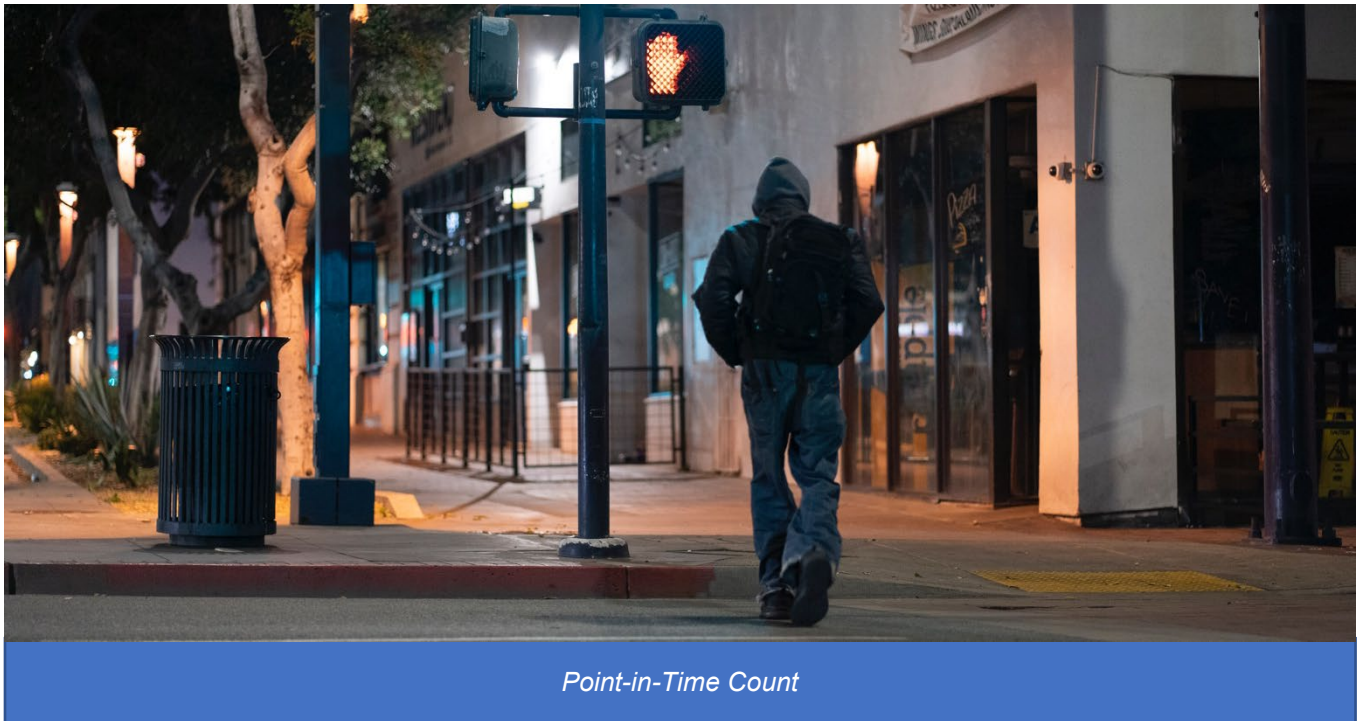
The majority of SDHC's programs depend on federal financial assistance from the U.S. Department of Housing and Urban Development (HUD) to continue operations. In Fiscal Year 2022, SDHC received 82% of its revenue from HUD and the U.S. Department of the Treasury, most of which was awarded to SDHC for 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. With a core value of transparency and being good financial stewards of the taxpayers' money, SDHC strives 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 2022 and will have a balanced budget in Fiscal Year 2023.

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 2023 MTW Plan on August 11, 2022. HUD's fiscal year runs from October to September. SDHC's MTW plans can be viewed at <http://www.sdhc.org/about-us/plans-policies/mtw-annual-plans/>

In 2022, the financial impact of the novel coronavirus (COVID-19) 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 COVID-19 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 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.



Chief Financial Officer's Message



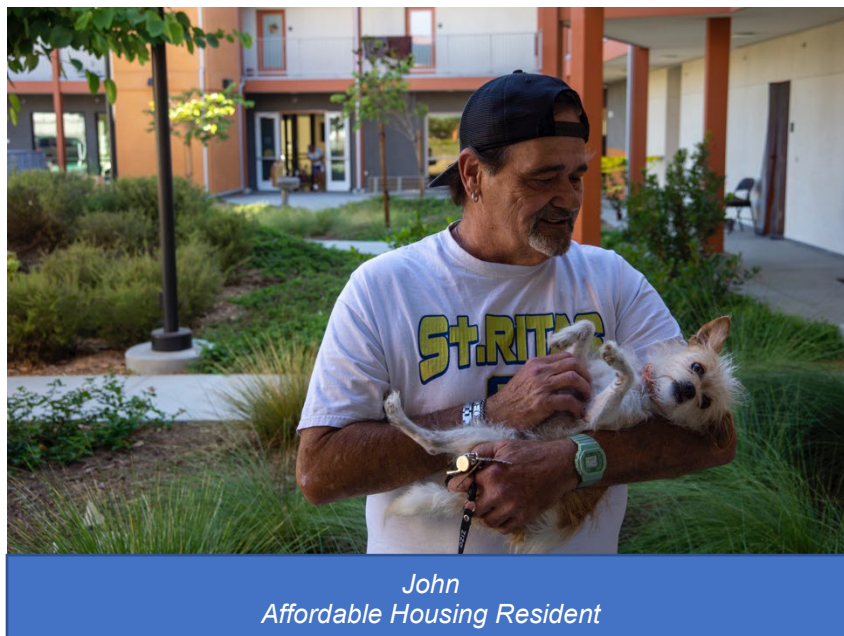
Local employment is an indicator of the economy. According to a report the State of California Employment Development Department issued on September 16, 2022, the unemployment rate in San Diego County was 3.4 percent in August 2022, up from a revised 3.1 percent in July 2022, and below the year-ago estimate of 6.5 percent. This compares with an unadjusted unemployment rate of 4.1 percent for California and 3.8 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 continue to be a challenge in San Diego and contribute to the homelessness crisis. The San Diego Point-in-Time Count, known as We All Count was conducted on February 24, 2022. HUD requires that cities receiving federal funding to combat homelessness complete the Point-In-Time Count each year. The San Diego Regional Task Force on Homelessness (RTFH) coordinates the count, which typically identifies both sheltered and unsheltered individuals. Last year, due to health and safety concerns related to the pandemic, the count of unsheltered individuals was not completed. This year's count identified 8,427 individuals experiencing homelessness in the County of San Diego. This is up 10 percent from the 7,638 individuals counted in 2020. RTFH's 2022 report is located here: https://www.rtfhsd.org/wp-content/uploads/2022-San-Diego-Region-FINAL_05192022-1.pdf

SDHC's vision is that "Everyone in the City of San Diego has a home they can afford."

Through the execution of SDHC's original fiscal year 2023 budget of \$594.8 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.

Suket Dayal
Executive Vice President of Business Administration
and Chief Financial Officer





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 2022, SDHC's assets exceeded liabilities and deferred inflows by \$823.4 million, an increase of 2 percent from Fiscal Year 2021.

Total assets increased by \$104.5 million. The increase in current and other assets is primarily attributed to an increase of \$93.2 million in lease receivable as a result of the implementation of Government Accounting Standards Board (GASB) Statement No. 87 – Leases, as well as a \$17.0 million increase in loans made (notes and mortgages receivable) and associated accrued interest.

Total liabilities decreased by \$8.8 million, or 4 percent. This is primarily due to a decrease of \$6.1 million in unearned revenue as well as a \$3.3 million decrease in notes payable, noncurrent, principally related to the payments on loans as well as the forgiveness of \$696,000 on a loan from the City of San Diego in accordance with the terms of the loan.

Deferred inflows of resource increased \$93.8 million related to the aforementioned implementation of GASB 87 – Leases.

Net investment in capital assets decreased \$8.1 million to \$159.3 million. This was principally due to depreciation of \$10.7 million, offset by a \$3.8 million increase of improvements for Americans with Disabilities Act accessibility, as well as fire and life safety improvements at SDHC-owned properties.

Unrestricted net position increased \$19.5 million to \$431.1 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 \$8.3 million to \$233.0 million in Fiscal Year 2022. The increase is primarily due to an increase in overall notes receivable programmatic reserves.

	June 30, 2022	June 30, 2021	Change %
ASSETS			
Current and other assets	\$ 807,896	\$ 696,449	16%
Capital assets net of depreciation	300,621	307,534	-2%
Total assets	\$1,108,517	\$1,003,983	10%
LIABILITIES			
Current liabilities	\$ 53,032	\$ 58,736	-10%
Notes payable and non-current liabilities	138,297	141,438	-2%
Total liabilities	191,329	200,174	-4%
Deferred inflows of resources	93,775	-	100%
NET POSITION			
Net investment in capital assets	159,314	167,437	-5%
Restricted	233,033	224,768	4%
Unrestricted	431,066	411,604	5%
Total net position	823,413	803,809	2%
Total liabilities, deferred inflows and net position	\$1,108,517	\$1,003,983	10%

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.

Deferred inflow of resources: An asset for a future reporting period.

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.

Total net position increased \$19.6 million in Fiscal Year 2022. The change in net position is comprised of \$511.0 million of non-operating income and expenses, net and operating revenues of \$56.7 million, offset by operating expenses of \$537.4 million as well as depreciation expense of \$10.7 million.

Operating revenues increased by \$5.2 million in Fiscal Year 2022 primarily related to an increase of \$4.2 million in dwelling rental income as a result of a full-year income for previously acquired hotel properties that now provide affordable housing for people who experienced homelessness, in addition to a \$2.4 million increase of other revenues. This is offset by a \$2.1 million decrease in fee revenue, primarily related to bond and rental housing fees.

Operating expenses increased \$186.8 million, primarily due to an increase of \$164.2 million in housing assistance payments, including the City of San Diego's Housing Stability Assistance Program, as well as an increase of \$9.5 million in related administrative costs and \$8.7 million of asset management costs primarily related to utilities for the Housing Stability Assistance Program.

Other non-operating income and expense (net) increased by 25 percent in Fiscal Year 2022, primarily due to an increase in grant revenue for the Housing Stability Assistance Program.

	June 30, 2022	June 30, 2021	Change %
Operating revenues			
Dwelling rental income	\$ 36,641	\$ 32,472	13%
Land lease and other			
rental income	4,553	3,884	17%
Fee revenue	4,657	6,755	-31%
Other revenue	10,829	8,398	29%
Total Operating revenues	56,680	51,509	10%
Operating expenses	537,427	350,597	53%
Deficit before depreciation			
and other non-operating			
income and expenses	(480,747)	(299,088)	61%
Depreciation	10,683	9,470	13%
Deficit before other non-			
operating income			
and expense	(491,430)	(308,558)	59%
Other non-operating income			
and expenses, net	511,034	408,857	25%
Income (loss) before	19,604	100,299	-80%
capital transactions			
Transfer of properties to			
component unit	-	33,164	100%
Change in net position	\$ 19,604	\$ 133,463	-85%
Net position:			
Beginning of year	803,809	670,346	20%
End of year	\$ 823,413	\$ 803,809	2%

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, 2022, was \$178.36 million, a decrease of 11.2 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 bonds, government agency securities and demand deposit accounts are kept with commercial banking institutions.

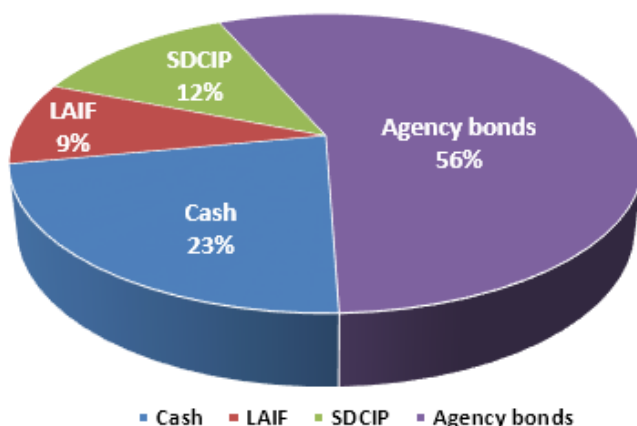
Investment Risk Factors

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			
	6/30/2022	6/30/2021	Variance
Cash	\$40.19	\$57.94	(\$17.75)
LAIF	15.96	15.92	0.04
SDCIP	22.33	22.18	0.15
Agency Bonds	99.88	104.77	(4.89)
Total	\$178.36	\$200.81	(\$22.45)

SDHC's Quarterly Investment Report details are provided on a quarterly basis as an informational report to the SDHC Board of Commissioners. 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 SDHC Board-appointed Investment Committee meets twice each year to review the investment results for the portfolio.

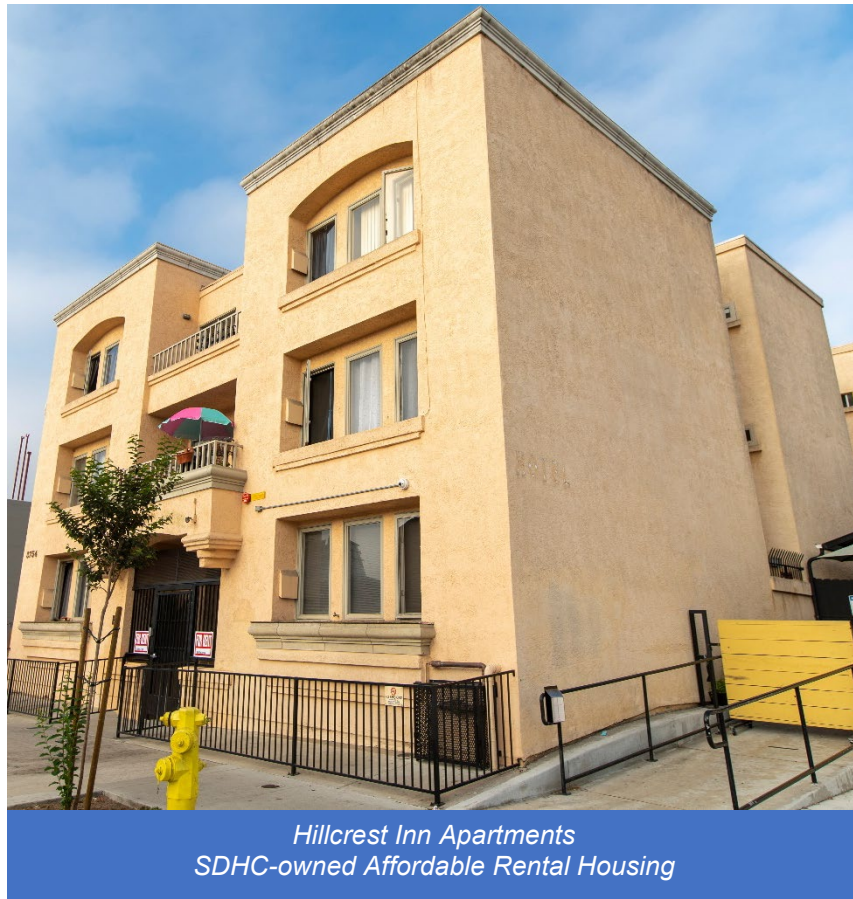
Capital Assets



At the end of Fiscal Year 2022, SDHC had approximately \$300.6 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.

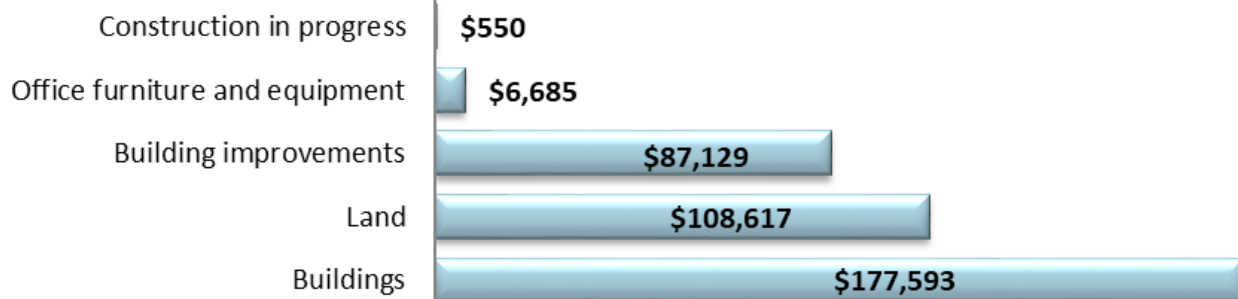
In Fiscal Year 2022, SDHC completed building improvements of \$2.9 million and equipment of \$0.9 million related to Americans with Disabilities Act accessibility upgrades and fire and life safety improvements at Hillcrest Inn Apartments, Kearny Vista Apartments and Valley Vista Apartments.

Depreciation expense for the Fiscal Year that ended June 30, 2022, was \$10.7 million.



Total Capital Assets

In thousands of dollars (does not include depreciation)





As of June 30, 2022, SDHC owns 150 properties with 2,401 rental housing units, of which 189 units are federal public housing that SDHC operates in the City of San Diego.

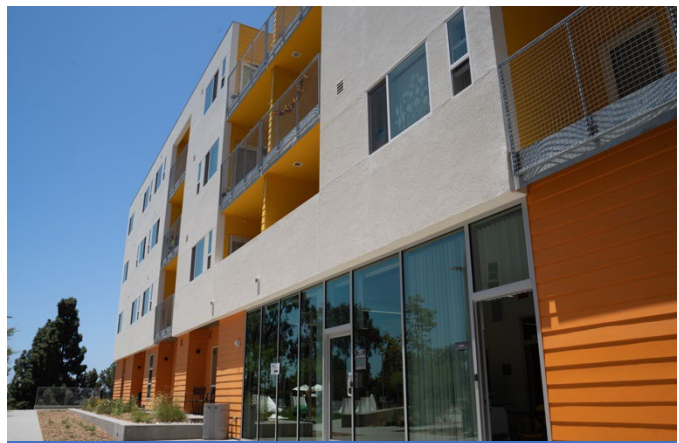
SDHC also is a lender and authorizes the issuance of Multifamily Housing Revenue Bonds to support new affordable housing. The agency's hallmark has been its ability to foster affordable housing developments by forging partnerships with nonprofit and for-profit developers and the City of San Diego.

In Fiscal Year 2022, SDHC completed the following affordable housing partnership developments throughout 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 Place, 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 with low income
- Quality Inn, 91 affordable rental units for San Diegans experiencing homelessness
- Mariner's Village, 170 affordable rental units for low income San Diegans



*Trinity Place
73 Affordable rental apartments
for senior San Diegans who have experienced
homelessness*



*Keeler Court
70 Affordable Apartments
for veterans experiencing homelessness, families
and senior San Diegans*

As of June 30, 2022, SHDC has committed \$23.0 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 1,719 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's 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 managers' units).

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

The abbreviated financial statements are for the period ending December 31, 2021, and are presented in thousands of dollars.

HDP – Discretely Presented Component Units December 31, 2021

ASSETS	
Current and other assets	\$ 33,133
Capital assets net of depreciation	139,050
Total assets	<u>172,183</u>
LIABILITIES	
Current liabilities	4,533
Notes Payable and non-current liabilities	195,568
Total liabilities	<u>200,101</u>
NET POSITION	
Restricted	27,320
Unrestricted	(55,238)
Total liabilities and net position	<u>\$172,183</u>
OPERATING REVENUES	
Dwelling rental income	\$ 16,455
Other revenue	2,039
Total Operating revenues	18,494
OPERATING EXPENSES	
Income before depreciation and other non-operating income and expenses	11,212
Depreciation	7,282
Deficit before other non-operating income and expense	4,765
Other non-operating income and expenses, net	2,517
Change in net position before capital transactions	(6,242)
Capital contributions, net	(3,725)
Transfer of property to component unit	3,505
Change in net position	0
Net position:	<u>\$ (220)</u>
Beginning of year	(27,698)
End of year	<u>\$ (27,918)</u>

Addressing Homelessness



The City of San Diego's (City) Homeless Shelters and Services Programs provide temporary shelter and supportive services to some of the City's most vulnerable residents. The City's homelessness programs include:

- Day Center Facility for Adults Experiencing Homelessness;
- Transitional Storage Center;
- Homelessness Response Center
- Coordinated Outreach Program
- 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 Bishop Interim Shelter Program, which also provides shelter beds for single adults);
- Three Bridge Shelters;
- A rapid rehousing program; and
- The City's Serial Inebriate Program (SIP) transitional housing program



SDHC administers these programs through Memoranda of Understanding (MOU) with the City.

In Fiscal Year 2022, 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.

In October 2021, the San Diego City Council authorized the reallocation of federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Community Development Block Grant (CDBG) funds to fund an eviction prevention and education activity program. The City of San Diego's Eviction Prevention Program (EPP) provides assistance, education, legal representation and public awareness to certain populations in the City of San Diego, and emergency and limited legal assistance to eligible tenants facing eviction due to the state of emergency caused by the COVID-19 pandemic, the expired statewide eviction moratorium or financial hardship in accordance with HUD CDBG-CV regulatory requirements. EPP is a centralized resource for low-income renters facing eviction and is available to all qualified individuals regardless of their immigration status.

In Fiscal Year 2022, 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). Additional funding allocated for Fiscal Year 2022 allowed households to continue receiving critical housing support as well as expands the program to serve up to an additional 100 households..



SDHC is one of only 39 original “Moving to Work” (MTW) agencies out of approximately 3,200 public housing authorities nationwide. In 2022, HUD announced the addition of 70 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 2022, SDHC had committed a total of more than 5,200 rental assistance subsidies for families and individuals experiencing homelessness dating back to 2002. This includes 1,235 Veterans Affairs Supportive Housing (VASH) vouchers that have been allocated since 2008 and the 50 additional VASH vouchers allocated in 2022 to serve veterans experiencing homelessness.

SDHC also committed 141 federal Project-Based Housing Vouchers (PBVs) to affordable housing developments in Fiscal Year 2022. 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 2022 was \$243,940,647. Examples of MTW initiatives that SDHC has implemented are 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 May 1, 2022, SDHC updated the payment standards that are used to determine the amount of rental assistance each family receives.

In Fiscal Year 2022, 1,586 families moved to Enterprise or Choice communities. In addition, 532 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 2022, 125 families participated in this Security Deposit Loan Program, and SDHC loaned a total of more than \$221,878 through this program

SDHC Achievement Academy. The SDHC Achievement Academy is a learning and resource center. Its programs emphasize career development, job skills, job placement and personal financial education. These services are available at no charge to families with low income in the City of San Diego, primarily those receiving federal Section 8 Housing Choice Voucher rental assistance, public housing residents and participants in homelessness programs.

In Fiscal Year 2022, more than 2,900 SDHC Achievement Academy participants attended 265 workshops addressing various topics, such as financial education, life skills, workforce readiness, computer literacy and job recruitments. The average hourly wage of participants placed in jobs was \$18.86.

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.

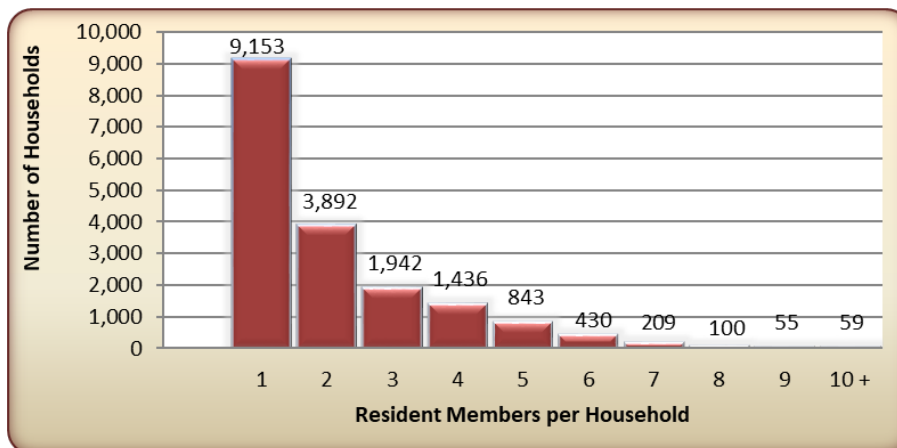
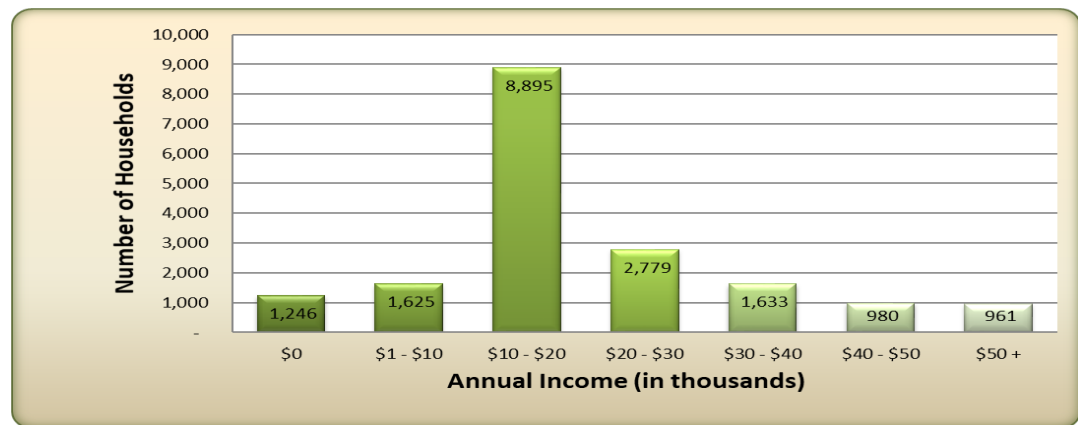
Demographics of the HCV Program



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

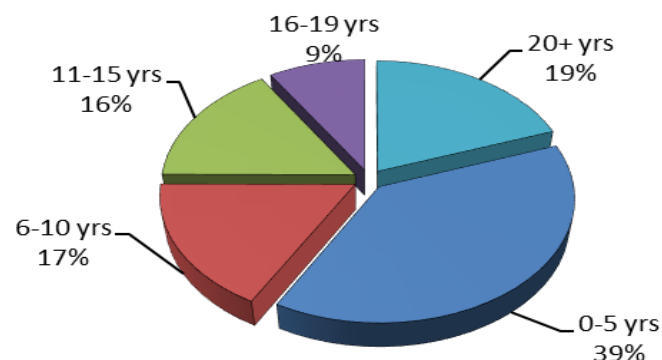
- 65% of HCV recipients' income is less than \$19,999 annually.



Resident Members per Household

- More than 9,100 households have a single member.
- 21% have two members.
- 11% have three.

Years of Residency in HCV Program





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