



INFORMATIONAL REPORT

DATE ISSUED: January 6, 2023

REPORT NO: HCR23-001

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of January 12, 2023

SUBJECT: Agency Financial Statements – First Quarter Fiscal Year 2023 (Unaudited)

COUNCIL DISTRICT: Citywide

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

SUMMARY

The purpose of the San Diego Housing Commission’s (Housing Commission) Financial Statements Report is to show year-to-date variances of actual sources and uses of funds compared to Housing Commission Board-approved budgeted amounts (Attachment 1).

FINANCIAL SUMMARY – SOURCES AND USES OF FUNDS:

SOURCES OF FUNDS: Total actual September 2022 year-to-date funding sources available were \$253.5 million, which was 5 percent, or \$12.0 million, lower than budget. This was primarily due to new sources of funds that were lower than budget by \$17.4 million, offset by the beginning fund balance, which was higher than budget by \$5.4 million. The explanations below provide more details about significant variances:

Federal Sources

- The \$10.9 million lower-than-budget variance in Section 8/Moving to Work (MTW) funding was primarily due to the timing of property acquisitions, loan payoffs/paydowns on Housing Commission-owned properties, and draws of reserve funds held by the U.S. Department of Housing and Urban Development (HUD).
- The \$2.8 million lower-than-budget variance in HUD HOME Investment Partnerships Program funds was primarily due to the timing of the loans to be funded. Committed loans are expected to be funded through the remainder of Fiscal Year (FY) 2023 and beyond.
- The \$1.9 million higher-than-budget variance in Community Development Block Grant (CDBG) & Other Federal funding is primarily due to the timing of State Emergency Rental Assistance (ERA2) program expenditures compared to the budget. ERA2 was funded by the federal American Rescue Plan Act (ARPA).

Local Sources

- The \$2.0 million lower-than-budget variance in Other Local Funds was primarily due to the timing of contract execution and spending for programs funded by the City of San Diego (City) General Fund. These contracts have been executed, and the spending is expected to align with budget by the second quarter of the year.

State Sources

- The \$3.7 million lower-than-budget variance was primarily due to the timing of expenditures relating to homelessness programs (Bridge Shelters, Storage Connect Centers, Women’s Shelter and Rosecrans Shelter) due to the timing of expense reimbursements, offset by higher-than-anticipated revenue from the State Cash Flow Loan program, pursuant to State Senate Bill (SB) 115, which provided funding for the COVID-19 Housing Stability Assistance Program (HSAP).

Beginning Fund Balance

The beginning fund balance represents the sources available from the prior year. The \$5.4 million higher-than-budget variance consists of restricted-use funds that are committed to programs. The variance was primarily attributed to higher-than-budgeted HOME program income and lower-than-expected Affordable Housing Fund expenditures and MTW-funded projects in prior years, which are committed for the development of future affordable housing units through the current Notice of Funding Availability (NOFA) process. These are offset by a lower-than-budget variance related to the State Cash Flow Loan Program for HSAP due to the timing of expenditures in the prior year.

USES OF FUNDS: Total actual September 2022 year-to-date funding uses were \$253.5 million, which was 5 percent, or \$12.0 million, lower-than-budget. This was primarily due to a lower-than-budget variance in non-personnel expenditures of \$47.6 million, offset by a higher-than-budget variance in ending fund balance of \$35.6 million. The explanations below provide more details about significant variances:

Personnel Expenses

- Personnel expenses are presently in line with budget.

Non-Personnel Expenses

- The \$12.9 million lower-than-budget variance in housing assistance payments (HAP) was primarily due to the timing of payments related to State Cash Flow Loan funds compared to the budget as well as lower-than-expected expenditures related to permanent supportive housing, rapid rehousing for transition-aged youth and Moving Home rapid rehousing.
- The \$9.6 million lower-than-budget variance in grant expense was primarily due to:
 - Lower-than-expected expenditures on Bridge Shelters, Rosecrans Shelter, Women’s Shelter, Storage Connect Center, Youth Homeless, Housing Assistance and Prevention (HHAP) program funds, and programs funded by the City General Fund due to the timing of expense reimbursements.
 - Lower-than-expected expenditures related to the affordable housing preservation NOFA.
- The \$1.3 million lower-than-budget variance in Professional Services was primarily due to the timing of expenditures relating to the State Cash Flow Loan program for HSAP.
- The \$1.2 million higher-than-budget variance in Loans Made was primarily due to the timing of funding multifamily housing loans.
- The \$25.0 million lower-than-budget variance in Debt Principal Payments was primarily due to the timing of payments related to the payoff of loans on Housing Commission-owned properties compared to the budget.

Ending Fund Balance

Ending fund balance as of September 30, 2022, was \$160.6 million, which was 28 percent, or \$35.6 million, higher than budget, primarily due to lower-than-expected non-personnel expenses offset by

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lower-than-expected sources (beginning fund balance plus new sources), as previously explained. Funds in the ending fund balance are committed for use to create and preserve affordable housing.

Respectfully submitted,

Suket Dayal

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

Approved by,

Jeff Davis

Jeff Davis
Interim President and Chief Executive Officer
San Diego Housing commission

Attachments: 1) Year-to-Date Statement of Sources and Uses

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

SAN DIEGO HOUSING COMMISSION
STATEMENT OF SOURCES AND USES
FISCAL YEAR-TO-DATE AS OF September 30, 2022

	<u>YTD</u> <u>Actual</u>	<u>YTD</u> <u>Budget</u>	<u>Over/(Under)</u> <u>Budget</u>	<u>%</u> <u>Variance</u>
SOURCES OF FUNDS				
NEW SOURCES				
FEDERAL				
Section 8/MTW	60,273,000	71,216,000	(10,943,000)	-15%
HOME	2,421,000	5,196,000	(2,775,000)	-53%
Housing Innovation Funds	652,000	1,563,000	(911,000)	-58%
CDBG & Other Federal Funds	2,572,000	668,000	1,904,000	285%
TOTAL FEDERAL	65,918,000	78,643,000	(12,725,000)	-16%
LOCAL				
SDHC Real Estate	10,377,000	10,415,000	(38,000)	0%
Unrestricted Funds	1,630,000	891,000	739,000	83%
Affordable Housing Fund	2,106,000	1,865,000	241,000	13%
Other Local Funds	871,000	2,826,000	(1,955,000)	-69%
TOTAL LOCAL	14,984,000	15,997,000	(1,013,000)	-6%
STATE	4,217,000	7,906,000	(3,689,000)	-47%
TOTAL NEW SOURCES	85,119,000	102,546,000	(17,427,000)	-17%
BEGINNING FUND BALANCE	168,403,000	162,996,000	5,407,000	3%
TOTAL SOURCES OF FUNDS	253,522,000	265,542,000	(12,020,000)	-5%
USES OF FUNDS				
PERSONNEL				
Salaries and Wages	7,922,000	7,969,000	(47,000)	-1%
Fringe Benefits	3,084,000	3,081,000	3,000	0%
SUBTOTAL PERSONNEL	11,006,000	11,050,000	(44,000)	0%
NON-PERSONNEL				
Housing Assistance Payments	62,185,000	75,079,000	(12,894,000)	-17%
Grant Expense	2,338,000	11,893,000	(9,555,000)	-80%
Property Expenses	4,067,000	3,343,000	724,000	22%
Professional Services	1,309,000	2,622,000	(1,313,000)	-50%
Services, Supplies & Other	2,285,000	2,740,000	(455,000)	-17%
Loans Made	7,167,000	6,011,000	1,156,000	19%
Debt Principal Payments	2,454,000	27,408,000	(24,954,000)	-91%
Capital Expenditures	102,000	401,000	(299,000)	-75%
SUBTOTAL NON-PERSONNEL	81,907,000	129,497,000	(47,590,000)	-37%
TOTAL FUNDS EXPENDED	92,913,000	140,547,000	(47,634,000)	-34%
ENDING FUND BALANCE	160,609,000	124,995,000	35,614,000	28%
TOTAL USES OF FUNDS	253,522,000	265,542,000	(12,020,000)	-5%