



## INFORMATIONAL REPORT

**DATE ISSUED:** March 10, 2023

**REPORT NO:** HCR23-002

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of March 17, 2023

**SUBJECT:** Agency Financial Statements – Second 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 December 2022 year-to-date funding sources available were \$358.3 million, which was 6 percent, or \$24.7 million, lower than budget. This was primarily due to new sources of funds that were lower than budget by \$30.1 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 \$21.6 million lower-than-budget variance in Section 8/Moving to Work (MTW) funding was primarily due to the timing of property acquisitions and loan payoffs/paydowns on Housing Commission-owned properties. These were offset by voucher related revenues (Emergency Housing Vouchers, Housing Choice Vouchers, Family Unification Program and Veterans Affairs Supportive Housing) that were higher due to the award of additional vouchers, as well as an increase in the average cost per voucher.
- The \$6.6 million lower-than-budget variance in U.S. Department of Housing and Urban Development (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 \$1.2 million lower-than-budget variance in Homeless Housing Innovation Funds was primarily due to the timing of contract execution. The variance is expected decrease over the remainder of the year.
- The \$2.3 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) American Rescue Plan Act (ARPA) expenditures compared to the budget.

### **Local Sources**

- The \$1.2 million higher-than-budget variance in Housing Commission Real Estate was primarily due to higher-than-anticipated revenue from legal settlements as well as a lower vacancy rate on the Housing Commission’s property portfolio.
- The \$2.6 million lower-than-budget variance in Other Local Funds was primarily due to the timing of execution of contracts for homelessness programs funded by the City General Fund (Shelters). The variance is expected to decrease over the remainder of the year.

### **State Sources**

- The \$2.1 million lower-than-budget variance was primarily due to the timing of expenditures related to homelessness programs (Bridge Shelters, Storage Connect Center, Women’s Shelter and Sprung Shelter), offset by higher-than-anticipated revenue from the COVID-19 Housing Stability Assistance Program State of California Cash flow Loan program.

### **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 NOFA process. These are offset by a lower-than-budget variance relating to the State Cash flow Loan Program due to the timing of expenditures in the prior year.

USES OF FUNDS: Total actual December 2022 year-to-date funding uses were \$358.3 million, which was 6 percent, or \$24.7 million, lower-than-budget. This was primarily due to a lower-than-budget variance in non-personnel expenditures of \$82.0 million, offset by a higher-than-budget variances in ending fund balance and personnel expenses of \$56.2 million and \$1.1 million, respectively. The explanations below provide more details about significant variances:

### **Personnel Expenses**

- The \$1.1 million higher-than-budget variance in personnel expenses is primarily due to COVID-19 Housing Stability Assistance Program direct-hire contract staffing budgeted under Professional Services.

### **Non-Personnel Expenses**

- The \$25.1 million lower-than-budget variance in housing assistance payments (HAP) was primarily due to the timing of payments relating to State Cash flow Loan funds compared to the budget, as well as lower-than-expected expenditures related to the timing of execution of contracts for permanent supportive housing, and rapid rehousing for transition-age youth, which are expected to catch up by the end of the year, as well as staffing shortages for the Moving Home program. These are offset by an increase in the average cost per voucher for Moving to Work, Family Unification Program and Veterans Affairs Supportive Housing vouchers.
- The \$10.9 million lower-than-budget variance in grant expense was primarily due to:
  - Lower-than-expected expenditures on Bridge Shelters, Sprung Shelter, Women’s Shelter, Storage Connect Center, and programs for Youth funded by Homeless Housing,

Assistance and Prevention funds and the City General Fund due to the timing of expense reimbursements.

- Lower-than-expected expenditures related to the affordable housing preservation Notice of Funding Availability.
- The \$1.9 million higher-than-budget variance in Property Expenses was primarily due to higher-than-anticipated utility payments through the COVID-19 Housing Stability Assistance Program State Cash flow Loan program, which were budgeted under housing assistance payments, as well as higher-than-expected expenditures on property repairs.
- The \$2.4 million lower-than-budget variance in Professional Services was primarily due to the timing of expenditures relating to the State ERA2 (ARPA) program.
- The \$4.4 million higher-than-budget variance in Loans Made was primarily due to the timing of funding multifamily housing loans.
- The \$24.9 million lower-than-budget variance in Debt Principal Payments was primarily due to the timing of payments relating to the payoff of loans on Housing Commission-owned properties compared to the budget.
- The \$15.3 million lower-than-budget variance in Capital Expenditure was primarily due to the timing of capital acquisitions compared to the budget.

**Ending Fund Balance**

Ending fund balance as of December 31, 2022, was \$168.3 million, which was 50 percent, or \$56.2 million, higher than budget, primarily due to lower-than-expected non-personnel expenses, offset by lower-than-expected sources (beginning fund balance plus new sources) and higher-than-expected personnel expenses, 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  
Business Administration and  
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](http://www.sdhc.org).

**SAN DIEGO HOUSING COMMISSION**  
**STATEMENT OF SOURCES AND USES**  
**FISCAL YEAR-TO-DATE AS OF December 31, 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>
<b>SOURCES OF FUNDS</b>				
<b>NEW SOURCES</b>				
<b>FEDERAL</b>				
Section 8/MTW	135,839,000	157,431,000	(21,592,000)	-14%
HOME	3,754,000	10,392,000	(6,638,000)	-64%
Housing Innovation Funds	1,964,000	3,126,000	(1,162,000)	-37%
CDBG & Other Federal Funds	3,658,000	1,337,000	2,321,000	174%
<b>TOTAL FEDERAL</b>	<b>145,215,000</b>	<b>172,286,000</b>	<b>(27,071,000)</b>	<b>-16%</b>
<b>LOCAL</b>				
SDHC Real Estate	21,875,000	20,717,000	1,158,000	6%
Unrestricted Funds	2,666,000	1,782,000	884,000	50%
Affordable Housing Fund	3,360,000	3,730,000	(370,000)	-10%
Other Local Funds	3,077,000	5,653,000	(2,576,000)	-46%
<b>TOTAL LOCAL</b>	<b>30,978,000</b>	<b>31,882,000</b>	<b>(904,000)</b>	<b>-3%</b>
<b>STATE</b>	<b>13,683,000</b>	<b>15,811,000</b>	<b>(2,128,000)</b>	<b>-13%</b>
<b>TOTAL NEW SOURCES</b>	<b>189,876,000</b>	<b>219,979,000</b>	<b>(30,103,000)</b>	<b>-14%</b>
<b>BEGINNING FUND BALANCE</b>	<b>168,403,000</b>	<b>162,996,000</b>	<b>5,407,000</b>	<b>3%</b>
<b>TOTAL SOURCES OF FUNDS</b>	<b>358,279,000</b>	<b>382,975,000</b>	<b>(24,696,000)</b>	<b>-6%</b>
<b>USES OF FUNDS</b>				
<b>PERSONNEL</b>				
Salaries and Wages	17,159,000	15,937,000	1,222,000	8%
Fringe Benefits	6,026,000	6,141,000	(115,000)	-2%
<b>SUBTOTAL PERSONNEL</b>	<b>23,185,000</b>	<b>22,078,000</b>	<b>1,107,000</b>	<b>5%</b>
<b>NON-PERSONNEL</b>				
Housing Assistance Payments	125,050,000	150,158,000	(25,108,000)	-17%
Grant Expense	12,841,000	23,786,000	(10,945,000)	-46%
Property Expenses	8,585,000	6,687,000	1,898,000	28%
Professional Services	2,882,000	5,244,000	(2,362,000)	-45%
Services, Supplies & Other	4,693,000	5,483,000	(790,000)	-14%
Loans Made	7,573,000	12,022,000	(4,449,000)	-37%
Debt Principal Payments	4,786,000	29,730,000	(24,944,000)	-84%
Capital Expenditures	408,000	15,686,000	(15,278,000)	-97%
<b>SUBTOTAL NON-PERSONNEL</b>	<b>166,818,000</b>	<b>248,796,000</b>	<b>(81,978,000)</b>	<b>-33%</b>
<b>TOTAL FUNDS EXPENDED</b>	<b>190,003,000</b>	<b>270,874,000</b>	<b>(80,871,000)</b>	<b>-30%</b>
<b>ENDING FUND BALANCE</b>	<b>168,276,000</b>	<b>112,101,000</b>	<b>56,175,000</b>	<b>50%</b>
<b>TOTAL USES OF FUNDS</b>	<b>358,279,000</b>	<b>382,975,000</b>	<b>(24,696,000)</b>	<b>-6%</b>