



SAN DIEGO
HOUSING
COMMISSION

San Diego Housing Commission (SDHC)
Fiscal Year (FY) 2018 Proposed Budget
(July 1, 2017 - June 30, 2018)
SDHC Board of Commissioners Presentation
April 7, 2017

Jeff Davis
Executive Vice President and Chief of Staff

Tracey McDermott
Vice President and Chief Financial Officer





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SDHC FY 2018 Proposed Budget Presentation

Section 1 – Overview



SDHC FY 2018 Proposed Budget Overview

\$433 Million in Total Funding Sources



SDHC Headquarters
1122 Broadway
Downtown San Diego



SDHC FY 2018 Proposed Budget

Significant Factors Impacting Budget Development

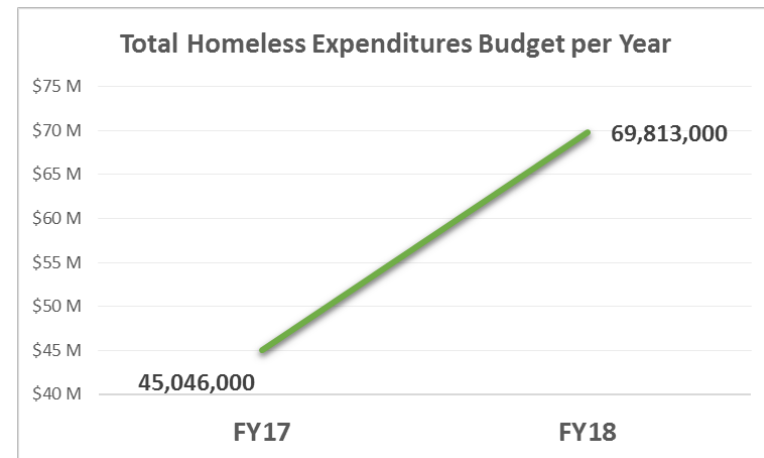
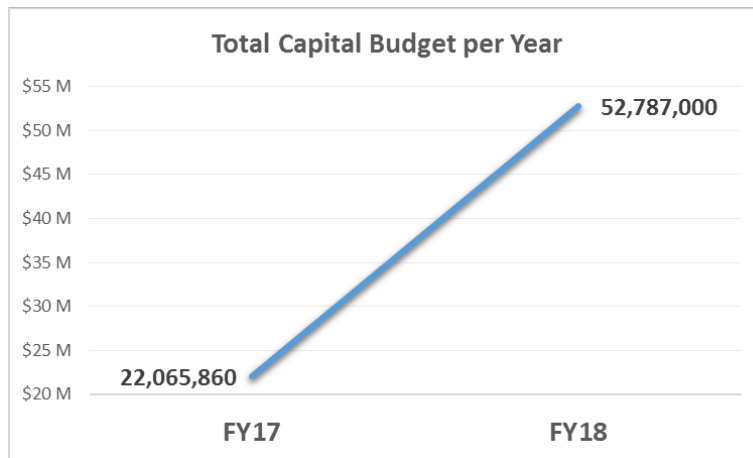
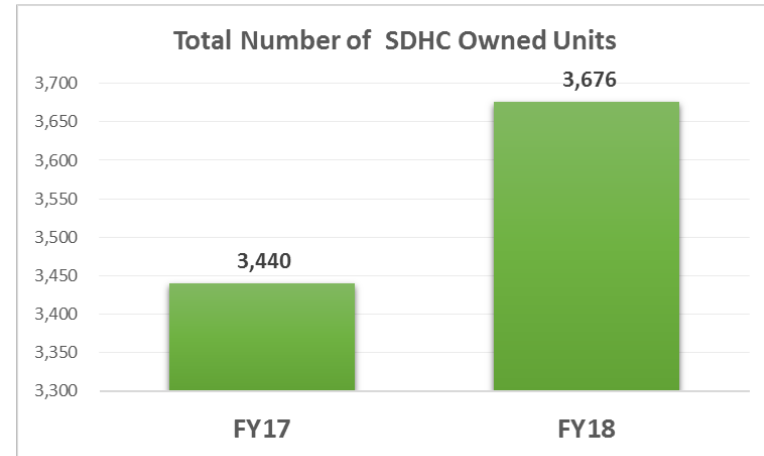
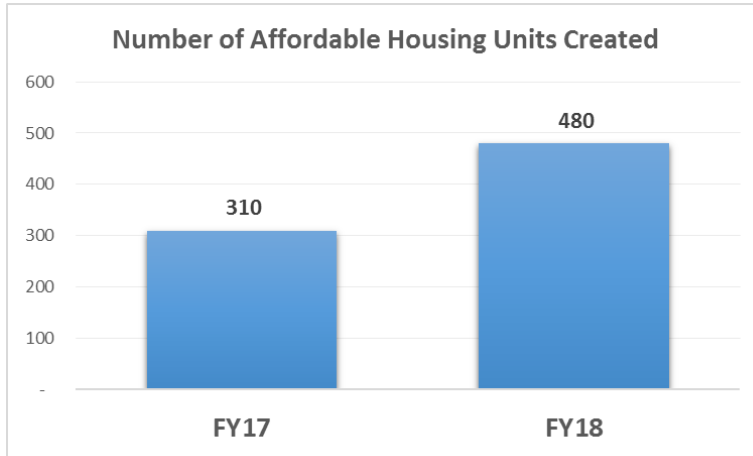
Federal Funding:

- The U.S. Department of Housing and Urban Development (HUD) has indicated potential for 2.5% to 6% cut in funding levels for future Housing Assistance funding.
- SDHC is currently receiving 5% reductions in actual disbursements from HUD for Housing Assistance Programs and has consequently included the cut in the proposed budget.
- HUD held reserves and unspent allocations from prior years will be utilized to increase the number of housing opportunities that serve low-income and homeless individuals and families.



SDHC FY 2018 Proposed Budget

Where we've been and where we're going in 2018





SDHC FY 2018 Proposed Budget Executive Summary

\$433 million balanced budget with 330 full-time equivalents to:

- Provide Rental Assistance to Low-Income Households
- Create and Preserve Affordable Housing
- Address Homelessness
- Maximize Resources
- Advocate and Collaborate





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SDHC FY 2018 Proposed Budget Presentation

Section 2 – Objectives and Deliverables



SDHC FY 2018 Proposed Budget Objectives and Deliverables

We're About People

Mission

Provide affordable, safe and quality homes for low- and moderate-income families and individuals in the City of San Diego and provide opportunities to improve the quality of life for the families that SDHC serves



SDHC FY 2018 Proposed Budget Objectives and Deliverables (Cont.)

Continuation of the SDHC Strategic Plan – 2016-2020

1. Maximize resources through operational efficiencies and technological innovations
2. Increase the number of housing opportunities that serve low-income and homeless individuals and families in the city of San Diego
3. Advocate for more effective affordable housing policies and resources



SDHC FY 2018 Proposed Budget Objectives and Deliverables (Cont.)

- **Provide Rental Assistance to Low-Income Households:**
 - Assist more than 15,400 households.
 - Continue specialized programs: Assist populations, such as transitional age youth, homeless individuals, and chronically homeless Veterans.
 - Expand Choice Communities: Increase housing choice for low-income families in the city of San Diego.
 - SDHC Moving Home: Implement a rapid rehousing program that increases housing choice for low-income, homeless families.

- To support the Rental Assistance Division's (RAD) expansion of housing assistance to more families, homeless individuals, and additional populations, four staff will be added.



SDHC FY 2018 Proposed Budget Objectives and Deliverables (Cont.)

- **Create and Preserve Affordable Housing**
 - Renovate and rehabilitate 577 SDHC-owned units
 - Acquire and develop 190 affordable housing units
 - Award Development funds to create 480 permanent affordable housing units, including units for homelessness
 - Own and /or manage 3,486 affordable housing units in the city of San Diego, including SDHC's nonprofit affiliate, Housing Development Partners

- To support Property and Asset Management's expanding role and oversight of SDHC properties, four staff will be added.

- To support the Housing Development Partners (HDP) team as the number of projects and developments in the pipeline continue to expand, three staff will be added (to be reimbursed by HDP).



SDHC FY 2018 Proposed Budget Objectives and Deliverables (Cont.)

▪ **Address Homelessness**

The next phase of HOUSING FIRST – SAN DIEGO (2017-2020), SDHC’s Homelessness Action Plan, will build upon prior accomplishments by providing additional, multifaceted solutions to provide housing opportunities for up to 3,000 homeless individuals in the city of San Diego, such as:

- Homeless Prevention & Diversion Services
- Coordinated Street Outreach for Coordinated Entry
- Expanded Landlord Engagement
- Additional Rapid Rehousing Assistance
- New Permanent Supportive Housing
- Introduction of a “Moving On” Rental Assistance Program



SDHC FY 2018 Proposed Budget Objectives and Deliverables (Cont.)

▪ **Address Homelessness (Cont.)**

- Continue to provide rapid rehousing programs and Federal rental housing vouchers, such as the Monarch School Project and San Diego State University Guardian Scholars Program.
- Administer the City of San Diego's Homeless Shelters and Services Programs.
- To support the expanded homelessness activities: 10 temporary full-time staff will be added, as well as one permanent full-time staff for oversight of all ongoing homelessness initiatives.



SDHC FY 2018 Proposed Budget Objectives and Deliverables (Cont.)

- **Maximize resources**

- To enhance customer service, increase operational efficiencies, and support the growing operations of SDHC, four additional staff are being added to Operational Support departments.

- **Advocate and Collaborate**

- SDHC has set aside approximately \$10 million for a Transit-Oriented Development (TOD) fund that will provide below-market rate financial resources to help secure TOD development sites and increase production of affordable housing located near transit.





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SDHC FY 2018 Budget Proposed Presentation Section 3 – Sources of Funds

SDHC FY 2018 Proposed Budget Funding

	FY18 Budget	FY17 Budget	\$\$ Change	% Change
Total Funding	\$433M	\$368M	\$65M	18%

- Increase in total sources of \$65 million, primarily due to increases in:
 - Moving to Work funding of about \$24 million due to expected utilization of HUD-held reserves for affordable housing acquisition and rehabilitation of SDHC-owned assets, offset by cut in actual disbursement rates from HUD by 5% for Housing Assistance Programs.
 - Additional \$29 million of City of San Diego Affordable Housing Funds to be used for agency's investment in affordable housing opportunities in FY 2018.
 - SDHC Real Estate funding of \$13M due to increased property replacement reserves.

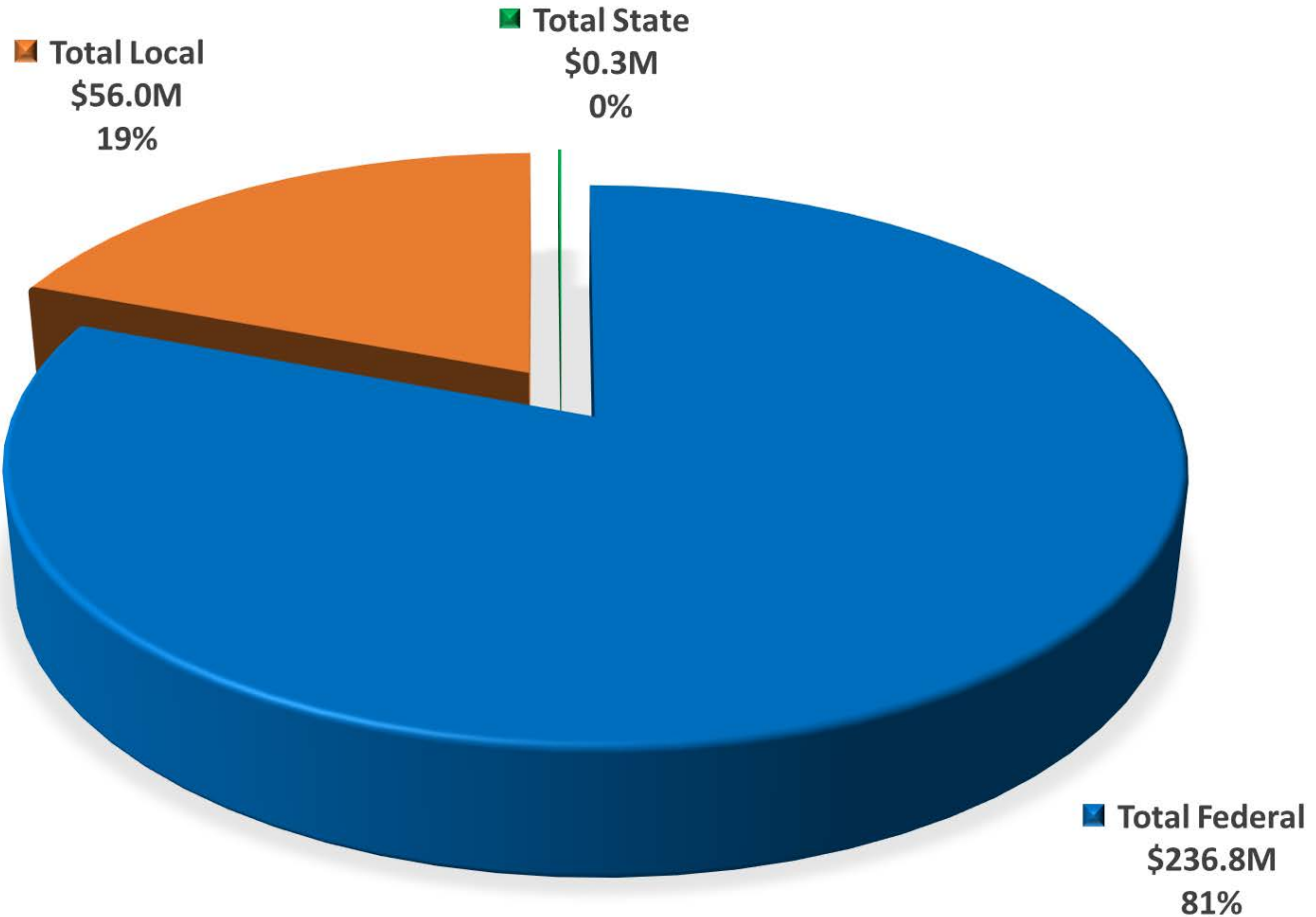


SDHC FY 2018 Proposed Budget Funding Sources Available

	FY18 Budget			FY17 Budget			FY18 Budget versus FY17 Budget Increase/(Decrease)			
	Beginning Fund Balance	New Revenue	Total Sources	Beginning Fund Balance	New Revenue	Total Sources	Fund Balance \$ Change	Revenue \$ Change	Total \$ Change	% Change
FEDERAL										
Sec 8/MTW	12,360,000	208,827,000	221,187,000	12,521,000	187,540,000	200,061,000	(161,000)	21,287,000	21,126,000	11%
Hsng Innovation	-	5,688,000	5,688,000	-	4,607,000	4,607,000	-	1,081,000	1,081,000	23%
HOME, CDBG & Other Federal	1,760,000	22,241,000	24,001,000	1,488,000	20,900,000	22,388,000	272,000	1,341,000	1,613,000	7%
FEDERAL Total	14,120,000	236,756,000	250,876,000	14,009,000	213,047,000	227,056,000	111,000	23,709,000	23,820,000	10%
LOCAL										
SDHC Real Estate	33,443,000	37,194,000	70,637,000	27,046,000	30,406,000	57,452,000	6,397,000	6,788,000	13,185,000	23%
Contingency Reserves (5%)	14,652,000	-	14,652,000	12,997,000	-	12,997,000	1,655,000	-	1,655,000	13%
Affordable Hsng Fund	62,665,000	11,359,000	74,024,000	34,222,000	10,754,000	44,976,000	28,443,000	605,000	29,048,000	65%
Bond, Lease and Other Local	15,082,000	7,434,000	22,516,000	18,942,000	6,439,000	25,381,000	(3,860,000)	995,000	(2,865,000)	(11%)
LOCAL Total	125,842,000	55,987,000	181,829,000	93,207,000	47,599,000	140,806,000	32,635,000	8,388,000	41,023,000	29%
STATE	-	300,000	300,000	-	142,000	142,000	-	158,000	158,000	111%
Grand Total	139,962,000	293,043,000	433,005,000	107,216,000	260,788,000	368,004,000	32,746,000	32,255,000	65,001,000	18%



SDHC FY 2018 Proposed Budget New Revenue by Major Category \$293M (\$ in Millions)





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SDHC FY 2018 Budget Proposed Presentation

Section 4 – Uses of Funds

SDHC FY 2018 Proposed Budget

Total Uses

	FY18 Budget	FY17 Budget	\$\$ Change	% Change
Total Uses (not including ending fund balance)	\$349M	\$289M	\$60M	21%

- Increase in total uses of approximately \$60 million, primarily due to increases in:
 - Personnel Expenses of \$4 million due to 26 staff additions and 3.0 percent Cost of Living Adjustment (COLA) increase.
 - Housing Program expenses of \$25 million due loans made to fund the development of affordable housing, as well as the programs of the next phase of HOUSING FIRST - SAN DIEGO.
 - Capital Expenditures of about \$31 million due to expected \$25 million in acquisition of affordable housing, as well as \$6 million increase in capital improvements and rehabilitation of SDHC-owned properties.





SDHC FY 2018 Proposed Budget Funding Uses by Fiscal Year

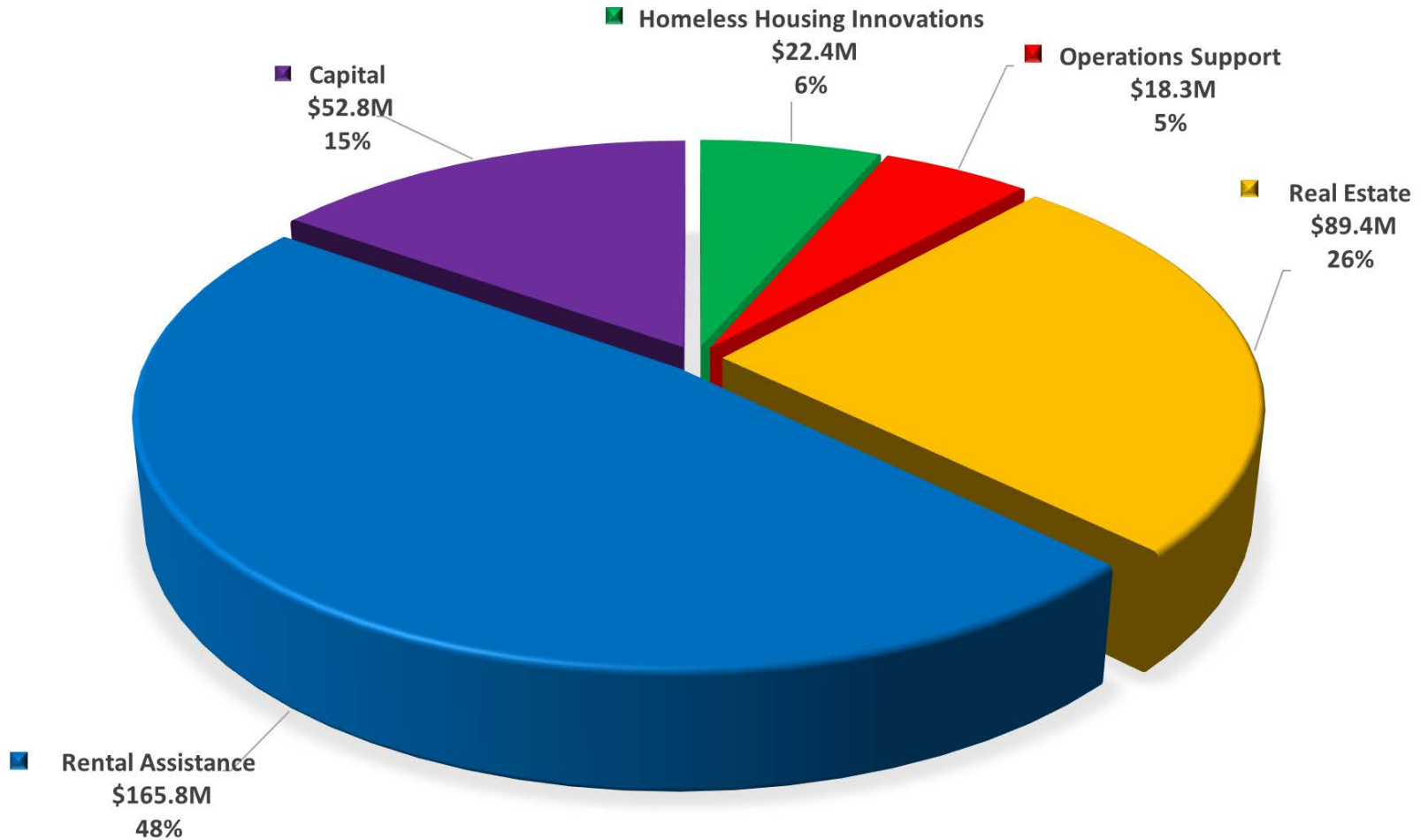
	FY18 Budget	FY17 Budget	\$ Change	% Change
PERSONNEL COSTS	\$34,387,000	\$30,181,000	\$4,206,000	14%
NON-PERSONNEL Costs				
Housing Program Expense	233,053,000	207,999,000	25,054,000	12%
Property Expense, Professional Services, Supplies and Other	28,466,000	28,800,000	(334,000)	(1%)
Capital Expenditures	52,787,000	22,065,000	30,722,000	139%
NON-PERSONNEL Costs Total	314,306,000	258,864,000	55,442,000	21%
Grand Total (Excluding Ending Fund Balance)	\$348,693,000	\$289,045,000	\$59,648,000	21%



SDHC FY 2018 Proposed Budget

Funding Uses by Division (Excluding Ending Reserves)

\$349M (\$ in Millions)





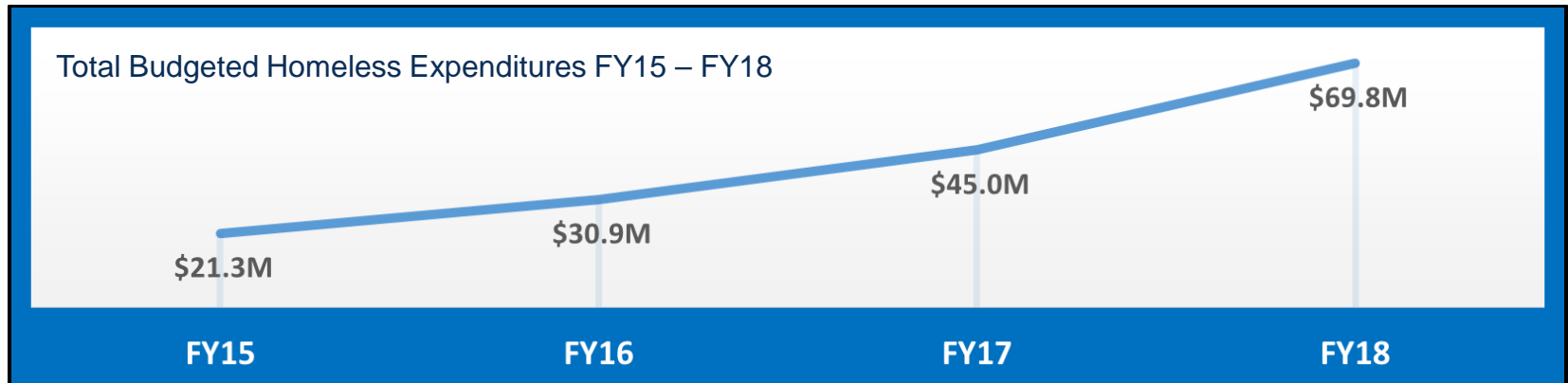
SDHC FY 2018 Proposed Budget Summary – Staffing by Division

SDHC Divisions	FY 2018 Budget	FY 2017 Budget	Change from FY17 to FY18
Rental Assistance	115	111	4
Real Estate	103	96	7
Homeless Housing Innovations	9	8	1
Housing First San Diego	16	6	10
Operations Support	87	83	4
Total of Full-Time Equivalents	330	304	26



SDHC FY 2018 Proposed Budget Homeless Programs Expenditures

Homeless Programs	Homeless Housing Innovations	Homeless Initiatives	Total
Permanent Supportive Housing	\$3.5M	\$25.0M	\$28.5M
Federal Housing Voucher Support	22.7M	3.5M	26.2M
Shelters	4.7M	-	4.7M
Supportive Services	5.3M	5.1M	10.4M
Total FY2018 Budgeted Homeless Expenditures	\$36.2M	\$33.6M	\$69.8M



SDHC FY 2018 Proposed Budget Homeless Programs Expenditures (Cont.) HOUSING FIRST – SAN DIEGO

Component	Populations Served	Funding Source	FY18 Budgeted Expenditures
Coordinated Outreach	All	Inclusionary	100,000
Prevention & Diversion	At-Risk of Homelessness	Inclusionary SDHC Real Estate/Local Funds	637,000
Landlord Engagement	All	Inclusionary SDHC Real Estate/Local Funds	3,188,000
Rapid Re-Housing	Episodic & Short-Term Homeless	MTW Inclusionary SDHC Real Estate/Local Funds	2,548,000
Permanent Supportive Housing	Chronically Homeless	MTW Inclusionary	21,959,000
Moving On	Formerly Chronically Homeless	MTW	263,000
TOTAL <i>(Included in FY18 Homeless Programs Expenditures – Homeless Initiatives)</i>			\$28,695,000

The total investment over three years for the next phase of HOUSING FIRST – SAN DIEGO will be \$78.7 million.



SDHC FY 2018 Proposed Budget

Detail Schedule of Reserves

	Ending Fund Balance		Increase/ (Decrease)	
	FY18 Budget	FY17 Budget	\$ Change	% Change
Program Restricted Reserves				
MTW and Other Federal Reserves	15,281,000	11,722,000	3,559,000	30%
Other Programs - Board Resolution Committed	5,141,000	9,957,000	(4,816,000)	(48%)
Other Programs - Projects Identified	20,135,000	10,000,000	10,135,000	101%
Other Programs - To Be Determined	2,908,000	5,277,000	(2,369,000)	(45%)
HOME Administration Reserve	1,700,000	1,700,000	-	0%
Total Program Restricted Reserves	45,165,000	38,656,000	6,509,000	17%
Property Reserves				
Replacement Reserves	21,709,000	16,397,000	5,312,000	32%
Finance Plan Reserve	-	5,000,000	(5,000,000)	(100%)
Smart Corner Reserve	1,500,000	1,649,000	(149,000)	(9%)
Property Management Reserves	786,000	3,660,000	(2,874,000)	(79%)
Total Property Reserves	23,995,000	26,706,000	(2,711,000)	(10%)
Contingency Reserves				
Agency Contingency Reserves (5% new revenue)	14,652,000	12,997,000	1,655,000	13%
Litigation Reserves	500,000	600,000	(100,000)	(17%)
Total Contingency Reserves	15,152,000	13,597,000	1,555,000	11%
Total Reserves	84,312,000	78,959,000	5,353,000	7%



SDHC FY 2018 Proposed Budget Reserves Policy

- **Program Restricted Reserves:**
 - Most program reserves are restricted to supporting the programs from which they were generated

- **Property Reserves:**
 - Specifically set aside for needs related to SDHC-owned properties for capital improvements, enhancements or major repairs

- **Contingency Reserves:**
 - Maintain minimum level of 5% of annual budgeted new revenue
 - Set aside coverage for unexpected litigation expenses



SDHC FY 2018 Proposed Budget Recap

	2018 Budget	2017 Budget	Change
Total Funding	\$433,005,000	\$368,004,000	\$65,001,000
Total Personnel Expenditures	34,387,000	30,181,000	4,206,000
Total Non-Personnel Expenditures	261,519,000	236,798,000	24,721,000
Total Capital Expenditures	52,787,000	22,066,000	30,721,000
Total Expenses (Excl Ending Fund Balance)	348,693,000	289,045,000	59,648,000
Total Ending Fund Balance	84,312,000	78,959,000	5,353,000
Total Personnel	330	304	26



Approval Request

FY 2018 Budget - \$433 Million



SDHC FY 2018 Proposed Budget



Rental
Assistance



Creating Affordable
Housing



Solutions To
Homelessness

Thank You





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SDHC FY 2018 Proposed Budget Presentation

Appendix A

Section 5 – Other Financial Information

Section 6 – Staffing

Section 7 – Budget Process

Section 8 – Budget in City Format



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SDHC FY 2018 Budget Proposed Presentation

Section 5 – Other Financial Information



SDHC FY 2018 Proposed Budget Capital Budget

PROJECT DESCRIPTION	FUNDING SOURCE	FY 2018 BUDGET	FY 2017 BUDGET	INC/(DEC)
Capital Improvements and Rehabilitation				
<i>Planned Projects:</i>				
Acquisitions	Section 8 MTW/Local Funds	25,000,000	-	25,000,000
All Properties	Section 8 MTW/RDA Funds/Local Funds	15,650,000	11,529,000	4,121,000
Park Crest	Loan Proceeds	-	1,000,000	(1,000,000)
University Canyon	Capital Funds/Local Funds	8,377,000	8,647,000	(270,000)
Vista Verde PH	Capital Funds/Local Funds	3,110,000	-	3,110,000
Smart Corner Building	Local Funds (Property Reserves)	450,000	890,000	(440,000)
Vehicles	Local Funds (Property Reserves)	200,000	-	200,000
		\$ 52,787,000	\$ 22,066,000	\$30,721,000





SDHC FY 2018 Proposed Budget Activity & Reserves

	FY 2018 Proposed Budget	FY 2017 Budget	FY 2016 Budget
Rental Assistance	165,816,000	164,008,000	160,376,000
Real Estate	142,174,000	91,454,000	70,306,000
Homeless Housing Innovations	22,436,000	17,109,000	9,811,000
Operations Support	18,267,000	16,474,000	15,255,000
Reserves			
<i>Program</i>	45,165,000	38,656,000	37,294,000
<i>Property</i>	23,995,000	26,706,000	19,214,000
<i>Contingency</i>	15,152,000	13,597,000	12,695,000
Total Reserves	84,312,000	78,959,000	69,203,000
TOTAL	433,005,000	368,004,000	324,951,000



SDHC FY 2018 Proposed Budget Activity & Reserves (Cont.)

Activity	FY 2018 Proposed Budget	FY 2017 Budget	Change
Rental Assistance	174,994,000	\$172,329,000	\$2,665,000
Homeless Housing Innovations	24,086,000	18,000,000	6,086,000
Property Operations	94,514,000	52,840,000	41,674,000
Real Estate Finance	45,970,000	37,003,000	8,967,000
Homeownership	3,672,000	4,415,000	(743,000)
Rehabilitation and Affordable Housing Programs	2,547,000	2,361,000	186,000
Loan Servicing	1,387,000	1,190,000	197,000
Reinvestment Task Force	170,000	184,000	(14,000)
Housing Development Partners	1,353,000	723,000	630,000
Fund Balance/Reserves	84,312,000	78,959,000	5,353,000
TOTAL OPERATING BUDGET	\$433,005,000	\$368,004,000	\$65,001,000





SAN DIEGO
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SDHC FY 2018 Proposed Budget Presentation

Section 6 – Staffing



SDHC FY 2018 Proposed Budget Staffing by Division – Financial Impact

SDHC Divisions	FY 2018 Budget	FY 2017 Budget	Change from FY17 to FY18	Financial Impact
Rental Assistance	115	111	4	340,000
Real Estate	103	96	7	686,000
Homeless Housing Innovations	9	8	1	128,000
Housing First San Diego	16	6	10	857,000
Operations Support	87	83	4	482,000
Total of Full-Time Equivalents	330	304	26	2,493,000





SDHC FY 2018 Proposed Budget Staffing Requests by Division

Staffing Requests By Division	FY18	Justification
Operations Support	4	To provide support for employee engagement projects, expanding technology needs and growing financial information requirements of the agency
Rental Assistance Department	4	Increased support necessary for expansion of housing assistance to additional families, homeless individuals and other specialty programs
Real Estate Department	7	As the number of properties, projects and developments continue to increase:
Real Estate Operations	4	Further support and direction will be provided to over 40 front line staff in order to assist with the increased number of property visits and inspections as well as provide oversight of asset management
Acquisitions and Development - HDP	3	Support is needed for financing of multifamily properties, compliance reporting, and facilitating all phases of acquisitions
Homeless Housing Innovations	11	To provide oversight of all ongoing homelessness initiatives as well as support Phase Three of Housing First – San Diego Homeless Action Plan. The Initiative will have several new elements requiring increases in SDHC staff to implement the programs on a temporary basis. Staff will be responsible for operating the agency's new Rapid Re-Housing, Landlord Engagement, and Homeless Prevention/Diversion Programs.
Grand Total	26	





SDHC FY 2018 Proposed Budget Staffing & Expense Detail

	FTEs	Personnel	Non Personnel	Total
Homeless Housing Innovations and Housing First San Diego	25	2,030,000	20,406,000	22,436,000
Operations Support	87	11,541,000	6,726,000	18,267,000
Board and Executive Functions	4	1,144,000	878,000	2,022,000
Communications and Governmental Relations	8	1,258,000	135,000	1,393,000
Compliance and Special Programs	8	954,000	120,000	1,074,000
Financial Services	27	3,036,000	328,000	3,364,000
Human Resources	7	1,110,000	695,000	1,805,000
Information Technology	17	2,077,000	4,087,000	6,164,000
Procurement	10	1,217,000	444,000	1,661,000
Program Management Office	3	384,000	24,000	408,000
Section 3 & Outreach	3	361,000	15,000	376,000
Real Estate	103	10,364,000	190,319,000	200,683,000
Real Estate Acquisitions and Development	11	1,566,000	37,094,000	38,660,000
Real Estate Finance/Program Development	28	3,225,000	93,430,000	96,655,000
Real Estate Operations	64	5,573,000	59,795,000	65,368,000
Rental Assistance	115	10,452,000	164,315,000	174,767,000
Compliance	6	574,000	23,000	597,000
Housing Choice Vouchers	97	8,465,000	163,720,000	172,185,000
Workforce and Economic Development	12	1,413,000	572,000	1,985,000
Agency Reserves	-	-	16,852,000	16,852,000
Total	330	34,387,000	398,618,000	433,005,000
Plus Interns	9			
Plus Part-Time Housing Services Aides	12			
Total Headcount Including Interns and Housing Services Aides	351			





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SDHC FY 2018 Proposed Budget Presentation

Section 7 – Budget Process



SDHC FY 2018 Proposed Budget Governing Body and Strategic Guidance

- Established in 1979, SDHC is governed by the San Diego City Council, sitting as the Housing Authority of the City of San Diego (Housing Authority).
- SDHC President & Chief Executive Officer (CEO) Richard C. Gentry 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 SDHC Board of Commissioners (Board) is appointed by the Mayor. The San Diego City Council confirms them.
- 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. The Board's actions are advisory to the Housing Authority.



SDHC FY 2018 Proposed Budget Budget Guidelines

- Determine Available Funding Sources
- Balance the Budget
 - Sources (Beginning Fund Balance + Revenues)

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 - Uses (Expenditures + Ending Fund Balance)
- Establish Reserve Levels
 - Minimum level of 5 percent of annual revenue for Contingency Reserve
 - Property reserve goal set according to needs as defined by best practices
 - Plan for future fluctuations in funding – maintain adequate reserves



SDHC FY 2018 Proposed Budget Procedures for Amending Budget

≤ \$100,000	SDHC CEO authorized to amend the annual budget in the amount of \$100,000 or less.
> \$100,000	All budget amendments in excess of \$100,000 must be approved by the SDHC Board.
< \$500,000	The Housing Authority of the City of San Diego (Housing Authority) has delegated authority to the SDHC Board to amend the annual budget for amounts less than \$500,000
> \$500,000	Budget amendments in excess of \$500,000 must be approved by the Housing Authority

- Budget Amendments are reported as “Approved Variances” to the SDHC Board- and Housing Authority-Approved Budget





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SDHC FY 2018 Proposed Budget Presentation

Section 8 – Budget in City Format



SDHC FY 2018 Proposed Budget Mission Statement

San Diego Housing Commission

Mission Statement

To provide affordable, safe and quality homes for low- and moderate-income families and individuals in the City of San Diego and to provide opportunities to improve the quality of life for the families that the San Diego Housing Commission serves.

Fiscal Year 2018 Budget Summary

The San Diego Housing Commission (SDHC) is a public agency that provides affordable housing programs and services for low- and moderate-income individuals and families in the city of San Diego. SDHC assists approximately 15,400 low-income households by providing them with Federal Section 8 Housing Choice Voucher (HCV) rental assistance. HCV participants typically pay approximately 30 percent of their income toward rent, with the remainder paid by Federal funds. More than half of these households are seniors or individuals with disabilities. SDHC also administers City of San Diego and Federal funds for transitional and permanent housing with supportive services to address homelessness among families, seniors, Veterans and individuals. In addition, SDHC develops affordable multifamily rental housing and provides loans, Closing Cost Assistance Grants and Mortgage Credit Certificates to help first-time homebuyers.

In Fiscal Year 2018 (July 1, 2017 – June 30, 2018), SDHC programs will include but are not limited to:

- The next phase of HOUSING FIRST – SAN DIEGO, SDHC’s Homelessness Action Plan, will build upon the prior accomplishments by providing additional, multifaceted solutions to address homelessness in the City of San Diego, such as:
 - New Permanent Supportive Housing for chronically homeless individuals through continued investment of Federal and Local dollars into new construction development, acquisition, and rehabilitation of properties, such as Single Room Occupancy hotels (SRO);
 - Expanded Rapid Rehousing assistance, including an increased commitment of SDHC-owned rental properties, to San Diegans who become homeless because of an unexpected life experience, such as a job loss, domestic violence, or a medical crisis; and
 - Homelessness prevention and diversion assistance, such as staff to provide mediation or financial assistance to help families who are at risk of becoming homeless.





SDHC FY 2018 Proposed Budget Mission Statement (Cont.)

The \$433.0 million proposed Fiscal Year 2018 Budget would enable SDHC to:

- Assist approximately 15,400 low-income households by providing rental assistance through the Federal HCV program;
- Assist 45 households to become first-time homebuyers;
- Support the financing of 480 affordable housing units;
- Rehabilitate 50 homes for low-income homeowners;
- Own and/or manage 3,486 affordable housing units in the city of San Diego, including SDHC's nonprofit affiliate, Housing Development Partners (HDP): 2,298 units owned by SDHC; 1,026 units owned directly by HDP or through partnerships; and 154 units of Federal public housing; and 8 units owned by the City of San Diego and managed by SDHC;
- Administer City of San Diego homeless programs that provide shelter for more than 3,300 homeless individuals and day services for 3,600 homeless individuals; and
- Help 1,500 families that receive Federal rental assistance or public housing residents to work toward financial self-reliance through the SDHC Achievement Academy.

The proposed SDHC Fiscal Year 2018 Budget will be presented to the City Council Budget and Government Efficiency Committee on May 9, 2017, for its review, and will then be forwarded to the Housing Authority of the City of San Diego for its review and approval in June 2017.

SDHC's Fiscal Year 2018 Budget is composed of four divisions: Rental Assistance, Real Estate, Homeless Housing Innovations and Operations Support:

- Rental Assistance Division (RAD) funding is budgeted at \$165.8 million. RAD provides Federal rental assistance to low-income households in the city of San Diego. RAD program activities provide eligible families with monthly Federal rental assistance and opportunities for them to become more financially self-reliant through the SDHC Achievement Academy, a state-of-the-art learning and resource center and computer lab with programs that emphasize career planning, job skills and personal financial education—at no cost to HCV participants and public housing residents. In addition, RAD monitors affordable housing developments and homeowners for compliance with Federal, State and Local occupancy and affordability restrictions.





SDHC FY 2018 Proposed Budget Mission Statement (Cont.)

- Real Estate Division (RED) funding is budgeted at \$142.2 million. RED creates and preserves affordable housing as a developer, owner, lender, partner, bond issuer, and administrator of the City of San Diego's affordable housing programs. RED also helps low- and moderate-income families become first-time homebuyers.
- Homeless Housing Innovations Department (HHI) funding is budgeted at \$22.4 million. HHI administers City of San Diego and Federal funds to address homelessness and the housing needs of San Diegans with extremely low incomes. This department administers funding for transitional housing, interim housing, and permanent supportive housing and services.
- Operations Support funding is budgeted at \$18.3 million. Operations Support provides support services to carry out the SDHC mission. Included are: 1) Board & Executive Functions, which provides strategic planning, leadership and management to implement housing programs; 2) Communications & Government Relations, which fosters transparency in government through government relations activities, responds to public records requests, and ensures consistency and accuracy in SDHC communications; 3) Human Resources; 4) Project Management Unit; 5) Financial Services; 6) Information Technology; 7) Procurement; 8) Section 3 & Outreach; and 9) Grants & Compliance.

Funds allocated for Reserves are budgeted at \$84.3 million. These funds contain three types of reserves: 1) Program Restricted Reserves to provide for housing programs; 2) Property Reserves to provide for replacement requirements; and 3) Contingency Reserves, which include amounts available for any unanticipated housing purpose.





SDHC FY 2018 Proposed Budget Budget Summary

	FY 2016 Budget	FY 2016 Actual	FY 2017 Budget	FY 2017 Projected	FY 2018 Proposed	FY 2017-2018 Change
Positions	284.0	294.0	304.0	304.0	330.0	26.0
Personnel Expense	28,248,000	25,953,000	30,181,000	30,181,000	34,387,000	4,206,000
Non-Personnel Expense	296,704,000	343,386,000	337,823,000	337,823,000	398,618,000	60,795,000
TOTAL	324,952,000	369,339,000	368,004,000	368,004,000	433,005,000	65,001,000





SDHC FY 2018 Proposed Budget Expenditures

	FY 2016 Budget	FY 2016 Actual	FY 2017 Budget	FY 2017 Projected	FY 2018 Proposed	FY 2017-2018 Change
PERSONNEL						
Salaries & Wages	\$ 20,838,000	\$ 19,566,000	\$ 21,761,000	\$ 21,761,000	\$ 25,328,000	\$ 3,567,000
Overtime	-	-	-	-	-	-
Fringe Benefits (health)	2,876,000	2,630,000	3,027,000	3,027,000	3,992,000	965,000
Fringe Benefits (pension)	2,831,000	2,427,000	2,918,000	2,918,000	3,345,000	427,000
Fringe Benefits (other--Life, LTD, Medicare, Workers Comp, SUI and 457)	1,703,000	1,330,000	1,519,000	1,519,000	1,722,000	203,000
Class and Comp Study	-	-	956,000	956,000	-	(956,000)
SUBTOTAL PERSONNEL	\$ 28,248,000	\$ 25,953,000	\$ 30,181,000	\$ 30,181,000	\$ 34,387,000	\$ 4,206,000
NON-PERSONNEL						
Housing Program Expense	\$ 191,273,000	\$ 172,471,000	\$ 207,999,000	\$ 207,999,000	\$ 233,053,000	\$ 25,054,000
Property Expenses	14,576,000	13,610,000	15,315,000	15,315,000	15,656,000	341,000
Professional Services, Supplies & Other	10,211,000	9,263,000	10,417,000	10,417,000	9,657,000	(760,000)
Debt Principal Payments	3,080,000	3,029,000	3,067,000	3,067,000	3,153,000	86,000
Capital Expenditures	8,361,000	4,604,000	22,066,000	22,066,000	52,787,000	30,721,000
Reserves	69,203,000	140,409,000	78,959,000	78,959,000	84,312,000	5,353,000
SUBTOTAL NON-PERSONNEL	\$ 296,704,000	\$ 343,386,000	\$ 337,823,000	\$ 337,823,000	\$ 398,618,000	\$ 60,795,000
TOTAL	\$ 324,952,000	\$ 369,339,000	\$ 368,004,000	\$ 368,004,000	\$ 433,005,000	\$ 65,001,000





SDHC FY 2018 Proposed Budget Significant Budget Adjustments

Significant Budget Adjustments	Position/Explanation for Change	Positions	Revenue	Expenses
Salaries and Benefits Adjustments				
Personnel				
Salaries & Wages	Due to additional headcount and COLA	26.00	\$	3,567,000
Fringe Benefits (pension)	Due to additional headcount and COLA			427,000
Fringe Benefits (health)	Due to additional headcount and tiered health coverage (employee, employee +1, family)			965,000
Fringe Benefits (Life, LTD, Medicare, Workers Comp, SUI, and 457)	Due to additional headcount and increase in insurance costs			203,000
Class and Compensation Study	Class and Compensation study implemented in FY17			(956,000)
			\$	4,206,000
Personnel Adjustments				
Non-Personnel Expenditure Adjustments				
Housing Program Expense	Increase due to TOD, Homeless Initiatives, and PHS Nofas		\$	25,054,000
Property Expenses	Increase in maintenance and repair activity			341,000
	Decreased expenses in Security Monitoring, Business Expense, Professional Consultants and Other Services			(760,000)
Professional Services, Supplies, Other				(760,000)
Debt Principal Payments	No Significant Changes			86,000
Capital Expenditures	Increase due to planned major rehabilitation projects and acquisitions			30,721,000
Reserves	Use of property replacement reserves in FY 17 to fund rehabilitation projects identified in the Green Physical Needs Assessment			5,353,000
			\$	60,795,000
Non-Personnel Expenditure Adjustments				
TOTAL EXPENSE ADJUSTMENTS			\$	65,001,000
Revenue Adjustments				
Section 8 / MTW	Primarily due to funding from HUD held reserves of available Housing Choice Voucher funds for affordable housing acquisition and rehabilitation efforts of SDHC owned properties.		\$	21,287,000
HOME	Increase in loan payoffs			1,341,000
Housing Innovation Funds	Increase in CoC funding			1,081,000
SDHC Real Estate	Expected proceeds from utilizing equity of a SDHC owned property			6,788,000
Affordable Housing Fund	Increase in Inclusionary Fees			605,000
	Housing Development Partners salary reimbursement and new Kellogg Foundation grant			995,000
Other Local Funds				995,000
State	Increase in DAC Water Grant from the State of California			158,000
Fund Balance from Prior Years	Reserves committed for programs, projects and activities.			32,746,000
TOTAL REVENUE ADJUSTMENTS			\$	65,001,000





SDHC FY 2018 Proposed Budget Reimbursements to Departments/Entities

Departments/Entities	FY 2016 Budget	FY 2016 Actual	FY 2017 Budget	FY 2017 Projected	FY 2018 Proposed	FY 2017-2018 Change
Homeless Housing Innovations - Interim Shelter for Homeless Adults	\$ 1,470,000	\$ 1,531,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ (0)
Homeless Housing Innovations - SMART Pilot Program	-	-	-	98,000	98,000	98,000
Homeless Housing Innovations - Transitional Storage Center	150,000	131,000	125,000	125,000	125,000	-
Homeless Housing Innovations - Connections Interim Housing	300,000	271,000	300,000	300,000	300,000	-
Homeless Housing Innovations - 1000 Homeless Veterans Initiative	-	4,000,000	-	-	-	-
Homeless Housing Innovations - Serial Inebriate Program	120,000	119,000	290,000	192,000	290,000	-
TOTAL	\$ 2,040,000	\$ 6,052,000	\$ 2,315,000	\$ 2,315,000	\$ 2,413,000	\$ 98,000





SDHC FY 2018 Proposed Budget Revenues

Revenue Source	FY 2016 Budget	FY 2016 Actual	FY 2017 Budget	FY 2017 Projected	FY 2018 Proposed	FY 2017-2018 Change
FEDERAL						
Section 8 / MTW	\$ 170,234,000	\$ 166,512,000	\$ 187,540,000	\$ 187,540,000	\$ 208,827,000	\$ 21,287,000
HOME, CDBG & Other Federal	13,458,000	13,176,000	20,900,000	20,900,000	22,241,000	1,341,000
Housing Innovation Funds	5,970,000	4,228,000	4,607,000	4,607,000	5,688,000	1,081,000
FEDERAL TOTAL	\$ 189,662,000	\$ 183,916,000	\$ 213,047,000	\$ 213,047,000	\$ 236,756,000	\$ 23,709,000
LOCAL						
SDHC Real Estate	\$ 30,106,000	\$ 31,574,000	\$ 30,406,000	\$ 30,406,000	\$ 37,194,000	\$ 6,788,000
RDA	1,303,000	2,868,000	-	-	-	-
Affordable Housing Fund	6,670,000	23,605,000	10,754,000	10,754,000	11,359,000	605,000
Other Local Funds	5,620,000	12,553,000	6,439,000	6,439,000	7,434,000	995,000
LOCAL TOTAL	\$ 43,699,000	\$ 70,600,000	\$ 47,599,000	\$ 47,599,000	\$ 55,987,000	\$ 8,388,000
STATE	\$ 1,185,000	\$ 737,000	\$ 142,000	\$ 142,000	\$ 300,000	\$ 158,000
FUND BALANCE FROM PRIOR YEARS	\$ 90,405,000	\$ 114,086,000	\$ 107,216,000	\$ 107,216,000	\$ 139,962,000	\$ 32,746,000
GRAND TOTAL	\$ 324,951,000	\$ 369,339,000	\$ 368,004,000	\$ 368,004,000	\$ 433,005,000	\$ 65,001,000

