



SAN DIEGO
HOUSING
COMMISSION

San Diego Housing Commission Fiscal Year 2017 Annual Financial Audit Report Presentation to the San Diego Housing Commission Board November 17, 2017

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Vice President & Chief Financial Officer
Financial Services Department





SDHC Fiscal Year (FY) 2017 Annual Financial Audit Report Agenda

- Summary of Audit Results
- Financial Results
- Operational Highlights





SDHC Fiscal Year (FY) 2017

Annual Financial Audit Report

Introduction

- Audit Period: July 1, 2016 - June 30, 2017
- Independent Auditors: CohnReznick LLP
- Audit Opinion: Unmodified
- No Management Letter Comments
- No Applicable Pronouncements





SDHC Fiscal Year (FY) 2017

Annual Financial Audit Report

Financial Results Summary

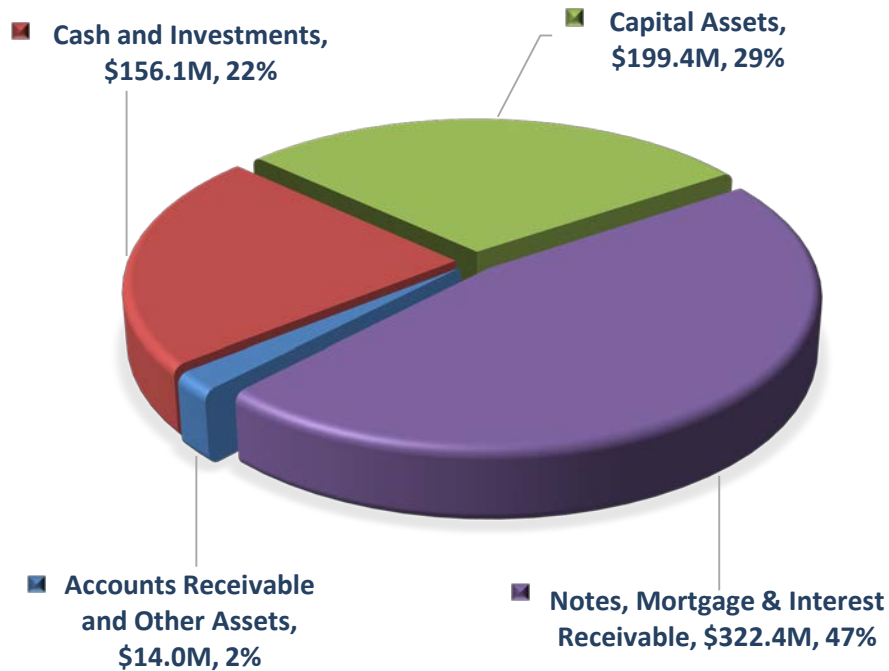
- Total revenues: \$268.1M
- Federal grants: 72% of revenues
- City of San Diego awarded General Funds: \$2.2M
- Total expenses: \$219.6M
- Total capital improvements, including GPNA efforts: \$27.0M
- Expenses related to programs serving the homeless: \$29.0M
- Total assets: \$691.9M



SDHC Fiscal Year (FY) 2017 Annual Financial Audit Report

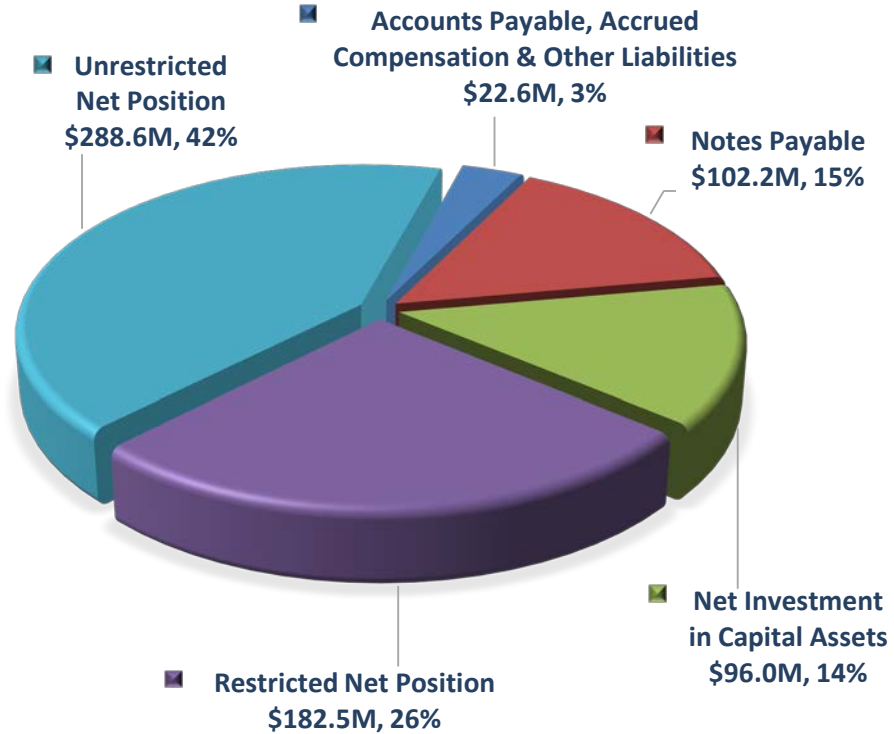
SDHC Financial Results – Assets, Liabilities and Net Position (in millions)

Assets



Total Assets = \$691.9M

Liabilities and Net Position



Liabilities \$124.8M + Net Position \$567.1M = \$691.9M





SDHC Fiscal Year (FY) 2017

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Net Position Categories

- Net Investment in Capital Assets: \$96.0M
 - The amount spent on capital assets and is used for operations
- Restricted Net Position: \$182.5M
 - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments
- Unrestricted Net Position: \$288.6M
 - This balance of \$288.6 million is not indicative of funds available for discretionary use. GASB (accounting) definitions require this amount to be classified as “unrestricted net position” for financial reporting on the CAFR. See the following slide #7 for detailed explanation of commitments.

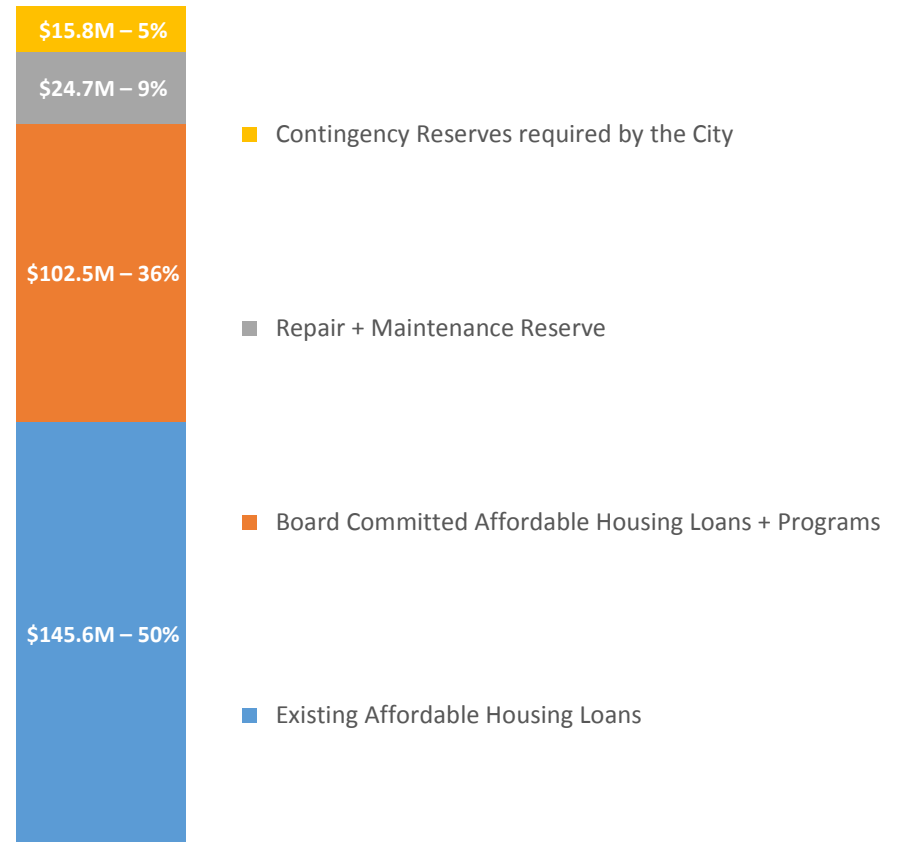




SDHC Fiscal Year (FY) 2017 Annual Financial Audit Report Unrestricted Net Position (in millions)

TOTAL: \$288.6M

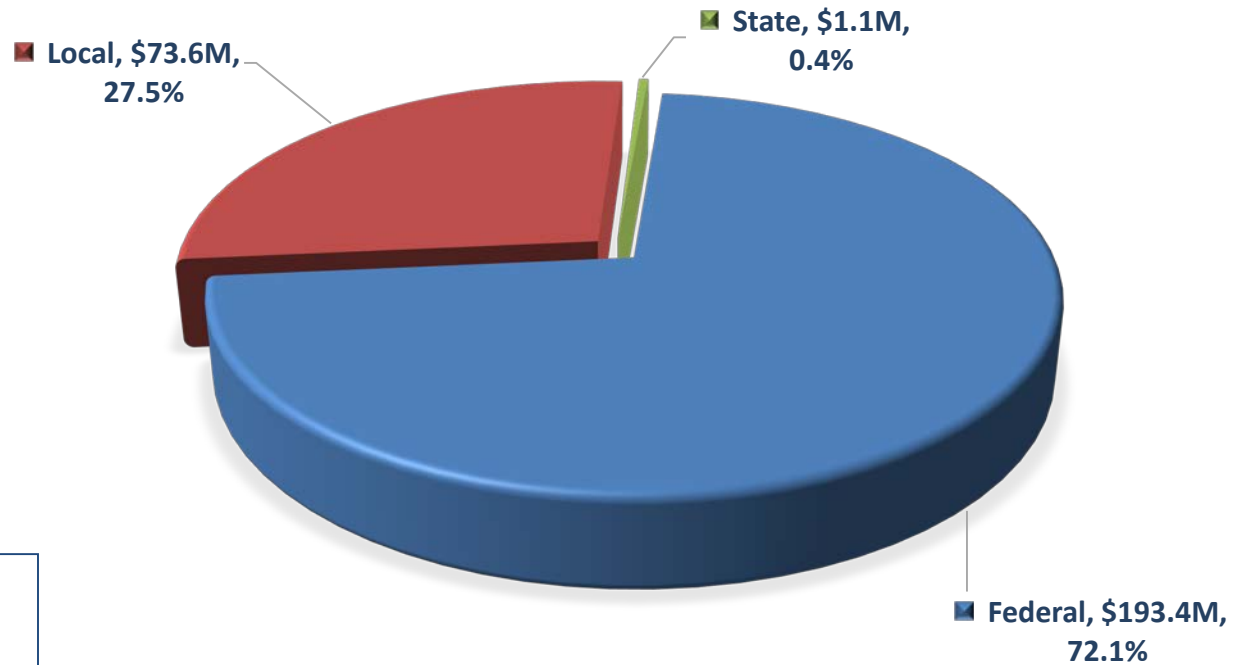
Total Unrestricted Net Position	\$288.6M
Less:	
Existing Affordable Housing Loans	(\$145.6M)
Board Committed Affordable Housing Loans + Programs – not yet funded (plus Admin. Support)	(\$102.5M)
Repair + Maintenance Reserve for Housing Commission owned units (average age – 48 years)	(\$24.7M)
Contingency Reserves required by the City	<u>(\$15.8M)</u>
Remaining Available for Use	<u>\$0</u>



SDHC Fiscal Year (FY) 2017

Annual Financial Audit Report

SDHC Financial Results – Revenues by Funding Type



Federal:	\$193.4M
State:	\$1.1M
Local:	<u>\$73.6M</u>
Total:	\$268.1M



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Statement of Net Position – Changes from Prior FY (in millions)

	FY17 Actual	FY16 Actual	\$\$ Change	% Change
Total Assets	\$691.9M	\$639.3M	\$52.6M	8%
<i>Total Liabilities</i>	<i>\$124.8M</i>	<i>\$120.7M</i>	<i>\$4.1M</i>	<i>3%</i>
<i>Total Net Position</i>	<i>\$567.1M</i>	<i>\$518.6M</i>	<i>\$48.5M</i>	<i>9%</i>
Total Liabilities + Net Position	\$691.9M	\$639.3M	\$52.6M	8%

- The increase in total assets of \$52.6M is primarily due to an increase in capital assets, investments and notes receivable
- The increase in total liabilities of \$4.0M was due to payables in relation to construction in process for rehabilitation of our SDHC owned properties



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SDHC Financial Results – Revenues and Expenses

	FY17 Actual	FY16 Actual	\$\$ Change	% Change
Total Revenue	\$268.1M	\$252.2M	\$15.9M	6%

- Increase in total revenue by \$15.9M primarily due to:
 - Increase in federal revenue of \$11.0M
 - Increase in local revenue of \$4.6M

	FY17 Actual	FY16 Actual	\$\$ Change	% Change
Total Expenses	\$219.6M	\$217.4M	\$2.2M	1%

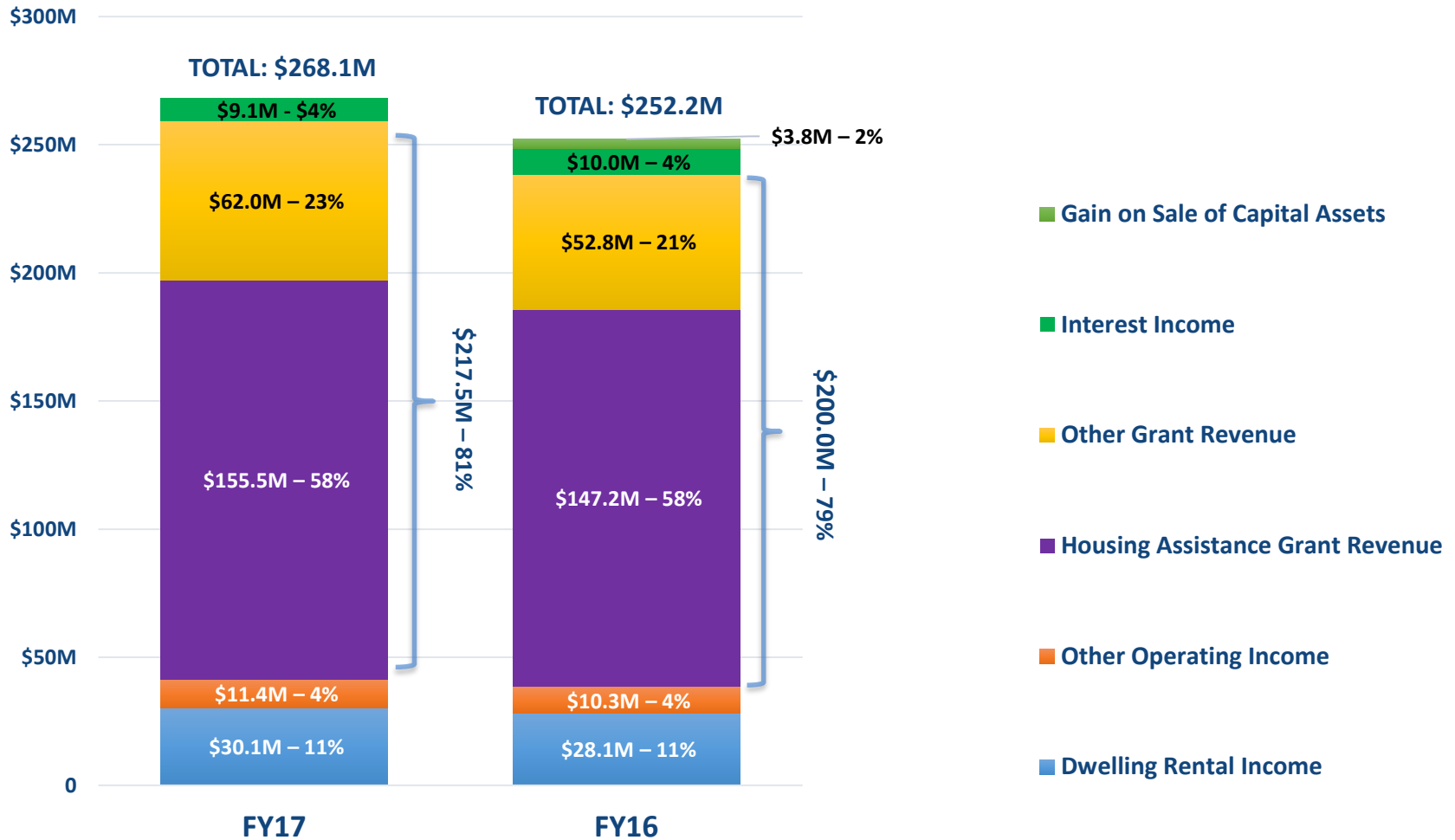
- Increase in total expenses of \$2.2M primarily due to:
 - Increase of \$4.9M related to asset management expenses and \$3.3M due to additional personnel expenses
 - Offset by a decrease in grant and housing assistance expenses totaling \$6.0M



SDHC Fiscal Year (FY) 2017

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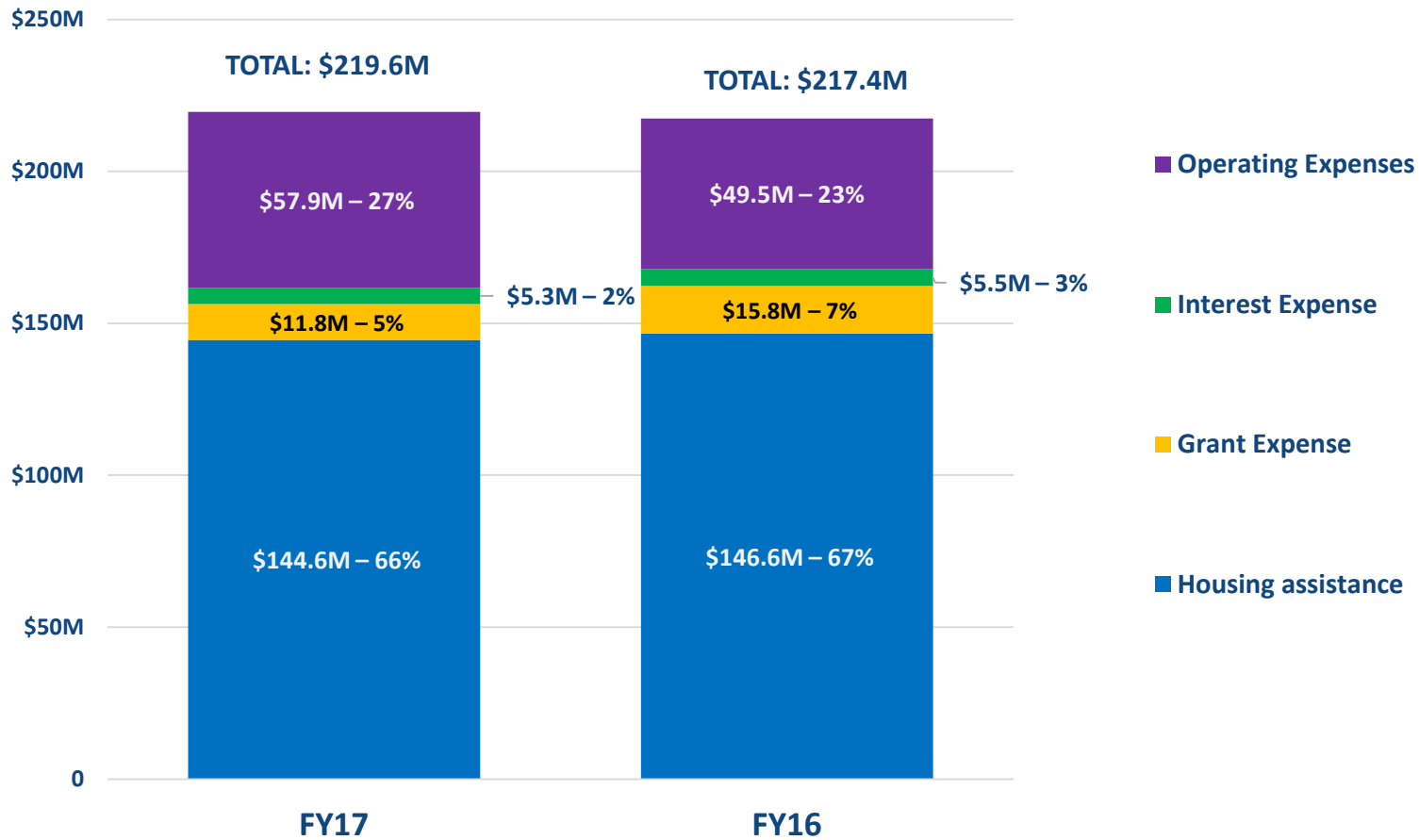
SDHC Financial Results – Revenues (in millions)



SDHC Fiscal Year (FY) 2017

Annual Financial Audit Report

SDHC Financial Results – Expenses (in millions)



SDHC Fiscal Year (FY) 2017 Annual Financial Audit Report SDHC Operational Highlights

Rental Assistance Division

Federal Section 8 Housing Choice Vouchers (HCV):

- Rental Assistance Vouchers to 972 new families
- Increased Veterans Affairs Supportive Housing (VASH) voucher utilization by 15%, or 107 VASH vouchers, over FY 2016
- Reached over 100% Lease-up rate for HCV
- Developed a new Wait List Portal, launched in August 2017

SDHC Achievement Academy:

- 1,346 participants received core services
- 218 participants placed in jobs and 287 increased earnings
- 2,000 participants attended 113 workshops
- Received a grant and Impact Award from Social Solutions Global for the use of technology for the families enrolled in the 2Gen San Diego program



*SDHC Achievement Academy
Power of One Graduation 7.14.17*



SDHC Fiscal Year (FY) 2017

Annual Financial Audit Report

SDHC Operational Highlights (Cont.)

Real Estate Division

- Hotel Churchill – Completed the rehabilitation of the historical hotel in August 2016, creating 72 units of permanent supportive housing.
- Green Physical Needs Assessment (GPNA) – Completed \$12.7M of capital improvements of SDHC-owned properties
- Real Estate Portfolio – Completed the conversion of State sites units into Federal Public Housing in April 2017
- Acquisition of Town and Country – 145-unit property, of which 70% is affordable housing



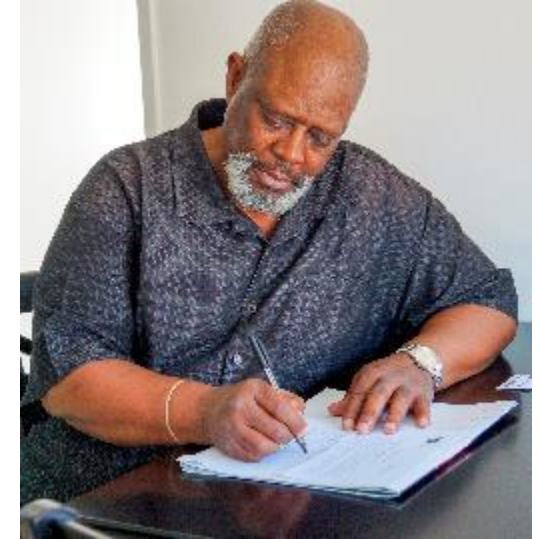
*Hotel Churchill
Grand Reopening 9.19.16*



SDHC Fiscal Year (FY) 2017 Annual Financial Audit Report SDHC Operational Highlights (Cont.)

Homeless Housing Innovations Department

- Housing Our Heroes – As of June 30, 2017, 800 previously homeless Veterans secured permanent housing. The goal of 1,000 Veterans was reached on September 28, 2017.
- City of San Diego's Year-Round Interim Housing program served 1,692 individuals.
- The 11th Project Homeless Connect – Downtown San Diego served 1,016 people.
- Rapid Re-Housing (RRH) program served 244 individuals.
- The Permanent Supportive Housing (PSH) program served 353 individuals

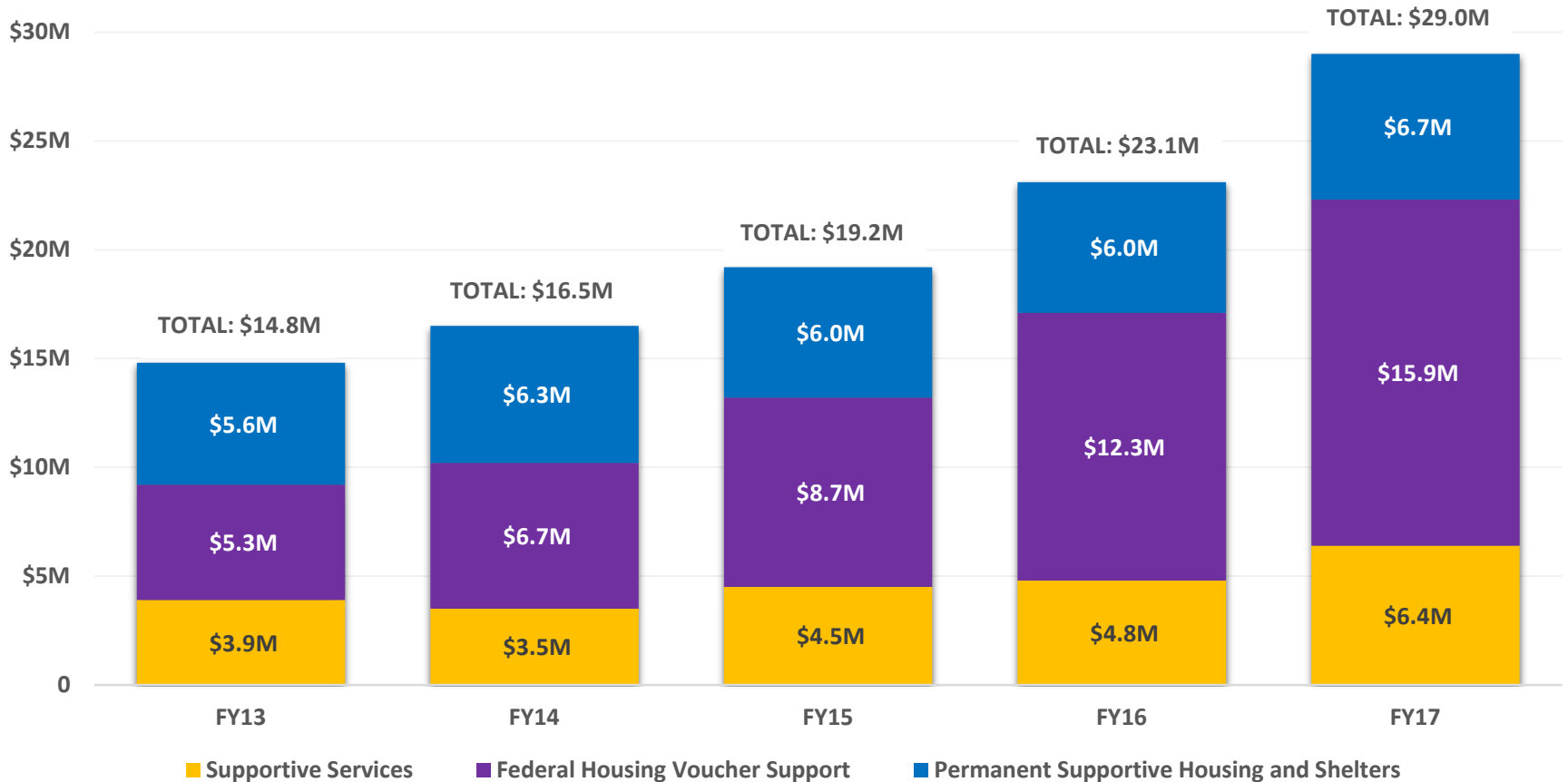


Megal
Formerly Homeless U.S. Army Veteran
Housing Our Heroes Initiative



SDHC Fiscal Year (FY) 2017 Annual Financial Audit Report

FY 2013 - 2017 Expenditures on Homelessness Activities (in millions)



Financial Services

- Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for Comprehensive Annual Financial Report (CAFR) 2008 – 2016
- Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from GFOA for 2010 - 2016



*Certificate of Achievement for
Excellence in Financial Reporting*





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Questions?

