San Diego Housing Commission (SDHC)
Fiscal Year (FY) 2018 Proposed Budget
(July 1, 2017 - June 30, 2018)
Housing Authority Agenda Item #2
June 6, 2017

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Executive Vice President and Chief of Staff

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Vice President and Chief Financial Officer
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SDHC FY 2018 Proposed Budget
Overview

$433 Million in Total Funding Sources

SDHC Headquarters
1122 Broadway
Downtown San Diego
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.
Where we’ve been and where we’re going in 2018
$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
Section 2 – Objectives and Deliverables

SDHC FY 2018 Proposed Budget Presentation

Section 2 – 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.
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
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.
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).
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
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.
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.
Section 3 – Sources of Funds
• Increase in total sources of $65 million, primarily due to increases in:
  
  o 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.
  
  o 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.
  
  o SDHC Real Estate funding of $13M due to increased property replacement reserves.
### SDHC FY 2018 Proposed Budget

#### Funding Sources Available

<table>
<thead>
<tr>
<th>Fund Balance</th>
<th>New Revenue</th>
<th>Total Sources</th>
<th>Fund Balance</th>
<th>New Revenue</th>
<th>Total Sources</th>
<th>Increase/(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning</strong></td>
<td><strong>FY18 Budget</strong></td>
<td><strong>FY17 Budget</strong></td>
<td><strong>FY18 Budget</strong></td>
<td><strong>FY17 Budget</strong></td>
<td><strong>FY18 Budget versus FY17 Budget</strong></td>
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<tr>
<td><strong>FEDERAL</strong></td>
<td></td>
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<tr>
<td>Sec 8/MTW</td>
<td>$12,360,000</td>
<td>$208,827,000</td>
<td>$221,187,000</td>
<td>$12,521,000</td>
<td>$187,540,000</td>
<td>$200,061,000</td>
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<tr>
<td>Hsgn Innovation</td>
<td>-</td>
<td>5,688,000</td>
<td>5,688,000</td>
<td>-</td>
<td>4,607,000</td>
<td>4,607,000</td>
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<tr>
<td>HOME, CDBG &amp; Other Federal</td>
<td>1,760,000</td>
<td>22,241,000</td>
<td>24,001,000</td>
<td>1,488,000</td>
<td>20,900,000</td>
<td>22,388,000</td>
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<tr>
<td><strong>FEDERAL Total</strong></td>
<td><strong>$14,120,000</strong></td>
<td><strong>$236,756,000</strong></td>
<td><strong>$250,876,000</strong></td>
<td><strong>$14,009,000</strong></td>
<td><strong>$213,047,000</strong></td>
<td><strong>$227,056,000</strong></td>
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<tr>
<td><strong>LOCAL</strong></td>
<td></td>
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<tr>
<td>SDHC Real Estate</td>
<td>$33,443,000</td>
<td>$37,194,000</td>
<td>$70,637,000</td>
<td>$27,046,000</td>
<td>$30,406,000</td>
<td>$57,452,000</td>
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<td>Contingency Reserves (5%)</td>
<td>14,652,000</td>
<td>-</td>
<td>14,652,000</td>
<td>12,997,000</td>
<td>-</td>
<td>12,997,000</td>
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<tr>
<td>Affordable Hsng Fund</td>
<td>62,665,000</td>
<td>11,359,000</td>
<td>74,024,000</td>
<td>34,222,000</td>
<td>10,754,000</td>
<td>44,976,000</td>
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<td>Bond, Lease and Other Local</td>
<td>15,082,000</td>
<td>7,434,000</td>
<td>22,516,000</td>
<td>18,942,000</td>
<td>6,439,000</td>
<td>25,381,000</td>
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<tr>
<td><strong>LOCAL Total</strong></td>
<td><strong>$125,842,000</strong></td>
<td><strong>$55,987,000</strong></td>
<td><strong>$181,829,000</strong></td>
<td><strong>$93,207,000</strong></td>
<td><strong>$47,599,000</strong></td>
<td><strong>$140,806,000</strong></td>
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<td><strong>STATE</strong></td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>-</td>
<td>$300,000</td>
<td>$300,000</td>
<td>-</td>
<td>$142,000</td>
<td>$142,000</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$139,962,000</strong></td>
<td><strong>$293,043,000</strong></td>
<td><strong>$433,005,000</strong></td>
<td><strong>$107,216,000</strong></td>
<td><strong>$260,788,000</strong></td>
<td><strong>$368,004,000</strong></td>
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SDHC FY 2018 Proposed Budget
New Revenue by Major Category
$293M ($ in Millions)

- Total Local: $56.0M (19%)
- Total State: $0.3M (0%)
- Total Federal: $236.8M (81%)
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

<table>
<thead>
<tr>
<th></th>
<th>FY18 Budget</th>
<th>FY17 Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERSONNEL COSTS</strong></td>
<td>$34,387,000</td>
<td>$30,181,000</td>
<td>$4,206,000</td>
<td>14%</td>
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<tr>
<td><strong>NON-PERSONNEL Costs</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Housing Program Expense</td>
<td>$233,054,000</td>
<td>$207,999,000</td>
<td>$25,055,000</td>
<td>12%</td>
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<tr>
<td>Property Expense, Professional Services, Supplies and Other</td>
<td>28,465,000</td>
<td>28,800,000</td>
<td>(335,000)</td>
<td>(1%)</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>52,787,000</td>
<td>22,065,000</td>
<td>30,722,000</td>
<td>139%</td>
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<tr>
<td><strong>NON-PERSONNEL Costs Total</strong></td>
<td>$314,306,000</td>
<td>$258,864,000</td>
<td>$55,442,000</td>
<td>21%</td>
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<tr>
<td><strong>Grand Total (Excluding Ending Fund Balance)</strong></td>
<td>$348,693,000</td>
<td>$289,045,000</td>
<td>$59,648,000</td>
<td>21%</td>
</tr>
</tbody>
</table>
SDHC FY 2018 Proposed Budget
Funding Uses by Division (Excluding Ending Reserves)
$349M ($ in Millions)

- Rental Assistance: $165.8M (48%)
- Capital: $52.8M (15%)
- Homeless Housing Innovations: $22.4M (6%)
- Operations Support: $18.3M (5%)
- Real Estate: $89.4M (26%)
## SDHC FY 2018 Proposed Budget
### Summary – Staffing by Division

<table>
<thead>
<tr>
<th>SDHC Divisions</th>
<th>FY 2018 Budget</th>
<th>FY 2017 Budget</th>
<th>Change from FY17 to FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Assistance</td>
<td>115</td>
<td>111</td>
<td>4</td>
</tr>
<tr>
<td>Real Estate</td>
<td>103</td>
<td>96</td>
<td>7</td>
</tr>
<tr>
<td>Homeless Housing Innovations</td>
<td>9</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Housing First San Diego</td>
<td>16</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Operations Support</td>
<td>87</td>
<td>83</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total of Full-Time Equivalents</strong></td>
<td><strong>330</strong></td>
<td><strong>304</strong></td>
<td><strong>26</strong></td>
</tr>
</tbody>
</table>
## SDHC FY 2018 Proposed Budget
### Homeless Programs Expenditures

<table>
<thead>
<tr>
<th>Homeless Programs</th>
<th>Homeless Housing Innovations</th>
<th>Homeless Initiatives</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent Supportive Housing</td>
<td>$3.5M</td>
<td>$25.0M</td>
<td>$28.5M</td>
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<tr>
<td>Federal Housing Voucher Support</td>
<td>22.7M</td>
<td>3.5M</td>
<td>26.2M</td>
</tr>
<tr>
<td>Shelters</td>
<td>4.7M</td>
<td>-</td>
<td>4.7M</td>
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<tr>
<td>Supportive Services</td>
<td>5.3M</td>
<td>5.1M</td>
<td>10.4M</td>
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<tr>
<td><strong>Total FY2018 Budgeted Homeless Expenditures</strong></td>
<td><strong>$36.2M</strong></td>
<td><strong>$33.6M</strong></td>
<td><strong>$69.8M</strong></td>
</tr>
</tbody>
</table>

## Total Budgeted Homeless Expenditures FY15 – FY18

![Graph showing the increase in total budgeted homeless expenditures from FY15 to FY18](chart.png)
The total investment over three years for the next phase of HOUSING FIRST – SAN DIEGO will be $78.7 million.
Approval Request

FY 2018 Budget - $433 Million
Rental Assistance

Creating Affordable Housing

Solutions To Homelessness

Thank You