



EXECUTIVE SUMMARY

MEETING DATE: June 5, 2026

HCR26-034

SUBJECT: Amendment to the Finance Audit Consulting Contract with Cohn Reznick, LLP

COUNCIL DISTRICT: Citywide

ORIGINATING DEPARTMENT: Financial Services

CONTACT/PHONE NUMBER: Christelle Van Der Windt (619) 578-7427

REQUESTED ACTION:

Authorize an amendment to the San Diego Housing Commission's agreement with Cohn Reznick, LLP for auditing services to increase the maximum allowable compensation to \$294,000 plus a 10 percent contingency for the contract term of April 1, 2026, through March 31, 2027, with two one-year options to renew.

EXECUTIVE SUMMARY OF KEY FACTORS:

- Financial audits of all SDHC funds are performed annually, as required by the Housing Authorities Law (California Government Code Section 34327.6), which states that "all funds of Housing Authorities not subject to audit by a federal agency shall be audited at least once every year at the expense of the Housing Authority by a certified public accountant."
- Congress passed the Single Audit Act in October 1984 (the Act), which required local governments receiving federal financial assistance of \$100,000 or greater to provide for a single audit of grant funds for fiscal years beginning after December 31, 1984. The Act was amended by the Single Audit Act Amendments of 1996, which raised the federal financial assistance amount to \$500,000 or greater.
- Certain SDHC funds are required to be audited at a more detailed level.
- SDHC currently has seven blended component units referred to as Limited Liability Companies or LLCs. In addition, one of the discretely presented component units, SDHC Building Opportunities, Inc., is a 501(c)(3) entity. Each of these is subject to annual tax return filing requirements.
- On February 16, 2024, after a competitive Request for Proposals (RFP) process for Audit Consulting, the SDHC Board's Audit Committee authorized SDHC's President and CEO to execute a contract with CohnReznick, LLP for the term of April 1, 2024, through March 31, 2025, for the performance of the fiscal year financial audit, single audit, tax returns and various other project audits for Fiscal Year 2024, with four one-year options to renew.
- On April 15, 2025, SDHC exercised the first option year for the period of April 1, 2025, to March 31, 2026, to audit Fiscal Year 2025.
- Since the execution of the contract in 2024, SDHC has acquired three additional properties that have audit requirements—Pacific Village, Presidio Palms and Starling Place.
- The addition of the audit requirements for these properties requires the annual contract to exceed \$250,000, which requires SDHC Board approval.
- The funding sources and uses proposed to be approved in this action were included in the proposed SDHC Fiscal Year 2027 budget, which the SDHC Board approved May 8, 2026, and which will be presented to the Housing Authority of the City of San Diego for consideration and action on June 9, 2026.



REPORT

DATE ISSUED: May 28, 2026

REPORT NO: HCR26-034

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of Date June 5, 2026

SUBJECT: Amendment to the Finance Audit Consulting Contract with Cohn Reznick, LLP

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Authorize an amendment to the San Diego Housing Commission's agreement with Cohn Reznick, LLP for auditing services to increase the maximum allowable compensation to \$294,000 plus a 10 percent contingency for the contract term of April 1, 2026, through March 31, 2027, with two one-year options to renew.

STAFF RECOMMENDATION

That the San Diego Housing Commission (SDHC) Board of Commissioners (Board) take the following actions:

- 1) Authorize the execution of an amendment to SDHC's contract with Cohn Reznick, LLP for finance auditing services to increase the maximum compensation by \$44,000 to a total maximum compensation of \$294,000 for the contract term of April 1, 2026, through March 31, 2027, with two one-year options to renew.
- 2) Authorize the President and CEO, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals, provided that a copy of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner.
- 3) Authorize SDHC's President and CEO, or designee, to substitute funding sources and/or increase compensation by not more than 10 percent of the total agreement amount for the proposed agreement, if necessary, without further action by the SDHC Board or the Housing Authority of the City of San Diego, but only if and to the extent that funds are determined to be available for such purposes.

SUMMARY

Financial audits of all SDHC funds are performed annually, as required by the Housing Authorities Law (California Government Code Section 34327.6), which states that "all funds of Housing Authorities not subject to audit by a federal agency shall be audited at least once every year at the expense of the Housing Authority by a certified public accountant."

Congress passed the Single Audit Act in October 1984 (the Act), which required local governments receiving federal financial assistance of \$100,000 or greater to provide for a single audit of grant funds for fiscal years beginning after December 31, 1984. The Act was amended by the Single Audit Act Amendments of 1996, which raised the federal financial assistance amount to \$500,000 or greater. The

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Single Audit is a more comprehensive audit than the financial audit, and it includes internal controls and compliance testing of certain programs as defined by the US Office of Management and Budget (OMB). With the adoption of the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance), the federal financial assistance amount was further raised to \$750,000 or greater.

Certain SDHC funds are required to be audited at a more detailed level. Otay Villas Housing Development Project and Adaptable Housing Development Project each require annual financial audits upon entering a permanent loan with the California Department of Housing and Community Development. The three Limited Liability Companies (LLC) with Federal Housing Administration (FHA) insured loans require individual Financial Statement audits. In addition, Hotel Sandford requires a standalone financial audit upon entering a permanent loan agreement with the Successor Agency to the Redevelopment Agency of the City of San Diego.

SDHC currently has seven blended component units referred to as Limited Liability Companies or LLCs. In addition, one of the discretely presented component units, SDHC Building Opportunities, Inc., is a 501(c)(3) entity. Each of these is subject to annual tax return filing requirements.

On February 16, 2024, after a competitive Request for Proposals (RFP) process for Audit Consulting, the SDHC Board's Audit Committee authorized SDHC's President and CEO to execute a contract with CohnReznick, LLP for the term of April 1, 2024, through March 31, 2025, for the performance of the fiscal year financial audit, single audit, tax returns and various other project audits for Fiscal Year 2024, with four one-year options to renew.

On April 15, 2025, SDHC exercised the first option year for the period of April 1, 2025, to March 31, 2026, to audit Fiscal Year 2025.

Since the execution of the contract in 2024, SDHC has acquired three additional properties that have audit requirements—Pacific Village, Presidio Palms and Starling Place. The addition of the audit requirements for these properties requires the annual contract to exceed \$250,000, which requires SDHC Board approval. Please see the table below with proposed updated compensation terms.

Audit for fiscal year:	Proposed updated Compensation Terms		
	2026	2027	2028
ACFR and Single Audit	\$ 110,250.00	\$ 115,760.00	\$ 117,000.00
Component Units & Disclosures			
Blended - LLCs (7 entities)	2,870.00	3,010.00	3,050.00
Discrete - HDP	4,080.00	4,280.00	4,300.00
Programs - HTF and Inclusionary	2,920.00	3,070.00	3,100.00
Separate Project Level Audits			
Otay Villas	8,720.00	9,160.00	9,300.00
Adaptable Housing	8,720.00	9,160.00	9,300.00
FHA LLCs (3 entities)	25,700.00	26,975.00	27,300.00
FNMA LLCs (3 entities)/2 entities	9,700.00	10,186.67	10,300.00 *
FHA LLC Financial Statements (3 entities)	10,420.00	10,940.00	11,100.00
Hotel Sandford	11,030.00	11,580.00	11,750.00
Pacific Village	11,030.00	11,580.00	11,750.00
Presidio Palms	11,030.00	11,580.00	11,750.00
Starling	14,030.00	11,580.00	11,750.00
REAC Filing			
SDHC - PHA filing	2,540.00	2,670.00	2,700.00
FHA LLCs (3 entities)	3,860.00	4,050.00	4,110.00
Tax Returns			
LLCs (7 entities)/6 entities	12,720.00	13,110.00	13,290.00 *
Building Opportunities Inc (Form C97, CA 119/RRF-1)	3,800.00	3,900.00	4,000.00
Potential HUD capital cost certs (if needed)	6,000.00	6,000.00	6,000.00
Administration and Technology Fee	11,215.00	11,757.00	11,898.00
Reimbursement of Out of Pocket Expenses (Actual Cost Incurred Not to Exceed \$10,000)	10,000.00	10,000.00	10,000.00
	<u>280,635.00</u>	<u>290,348.67</u>	<u>293,748.00</u>
10% contingency	28,063.50	29,034.87	29,374.80
Total for board report approval	308,698.50	319,383.53	323,122.80

* Reduced to remove FNMA-C

FISCAL CONSIDERATIONS

The funding sources and uses proposed to be approved in this action were included in the proposed SDHC Fiscal Year 2027 budget, which the SDHC Board approved May 8, 2026, and which will be presented to the Housing Authority of the City of San Diego for consideration and action on June 9, 2026.

SDHC STRATEGIC PLAN

This item relates to the Core Value “Commit to transparency and being strong financial stewards” in SDHC’s Strategic Plan for Fiscal Year (FY) 2026-2030.

NONDISCRIMINATION ASSURANCE

At SDHC, we’re about people. We are committed to ensuring a compassionate, person-centered approach to SDHC’s programs, policies, projects and activities and to serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination.

CohnReznick maintains a comprehensive nondiscrimination and anti-harassment policy that prohibits discrimination in any form based on protected characteristics, including race, color, religion, creed, national origin, sex, age, disability, marital status, pregnancy, sexual orientation, gender identity, citizenship status, veteran status, and genetic information. The firm requires all personnel to uphold a respectful, inclusive, and equitable work environment and mandates training and managerial accountability to ensure compliance. In administering its audit and advisory services for SDHC, CohnReznick affirms its commitment to these standards, ensuring all services are delivered in a manner consistent with federal, state, and local nondiscrimination requirements.

ENVIRONMENTAL REVIEW

The amendment to this contract is not a project as defined by the California Environmental Quality Act Section 2106 and State CEQA Guidelines Section 15378(b) (5), as it is an administrative activity of government that will not result in direct or indirect physical changes in the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. The provision of any federal funds as the result of this action is conditioned on the City of San Diego’s final NEPA review and approval.

Respectfully submitted,

Tracy Bryson

Tracy Bryson
Manager of Finance – Audit & Reporting
Financial Services Department

Approved by,

Azucena Valladolid

Azucena Valladolid
Chief Operating Officer
San Diego Housing Commission

A printed copy is available for review during business hours at the information desk in the main lobby of SDHC’s offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the “Governance & Legislative Affairs” section of SDHC’s website at www.sdhc.org.