



SAN DIEGO  
HOUSING  
COMMISSION

We're About People

San Diego Housing Commission (SDHC)  
Fiscal Year (FY) 2025 Proposed Budget  
(July 1, 2024 – June 30, 2025)  
Presentation to the SDHC Board of Commissioners  
May 10, 2024

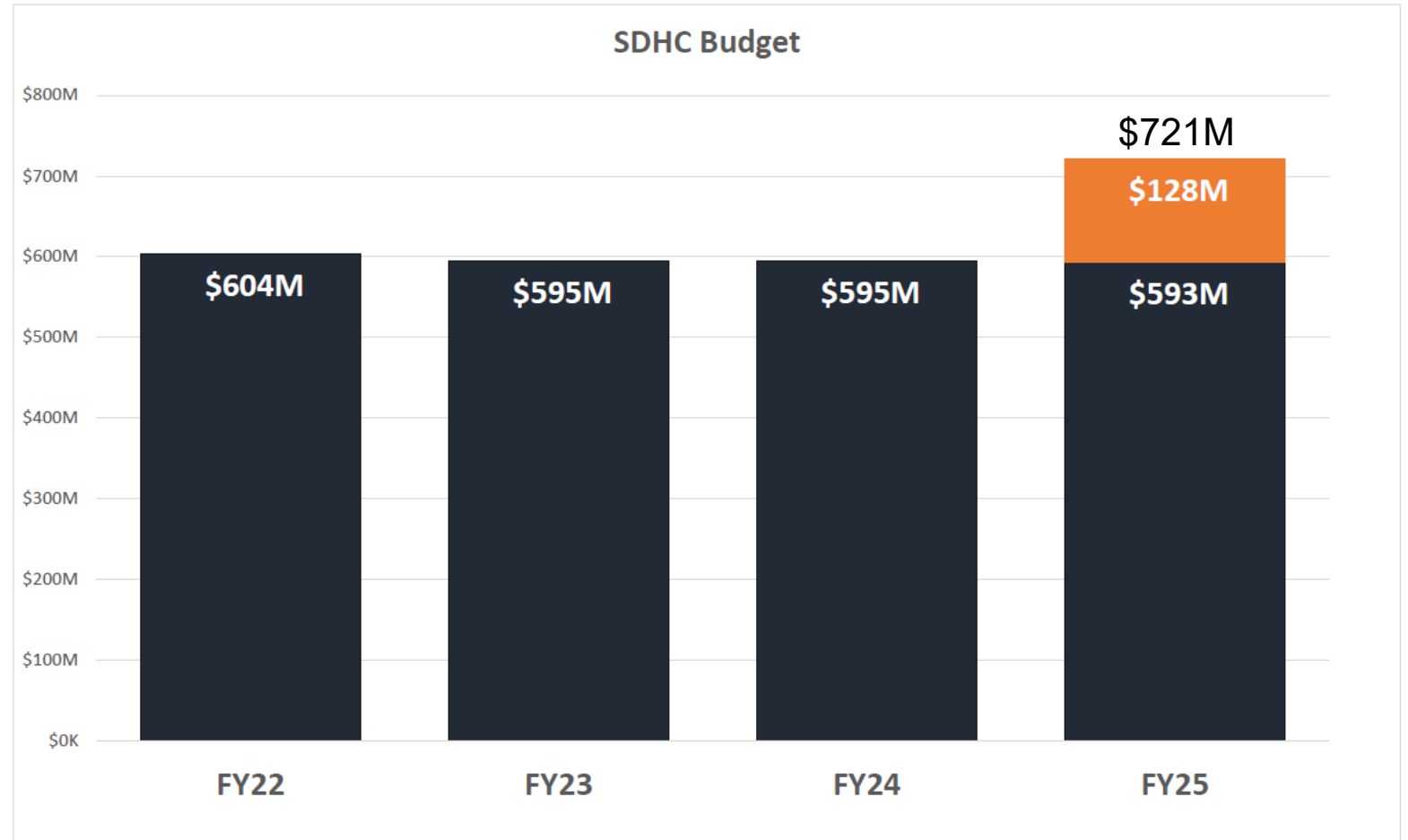
Suket Dayal  
Executive Vice President of Business Administration and  
Chief Financial Officer  
San Diego Housing Commission

Christelle Van Der Windt  
Vice President of Financial Operations  
San Diego Housing Commission



# FY 2025 Proposed Budget Overview

- One-time Funding Sources in FY 2025: \$128 million
- Budget Excluding One-time Funding Sources in FY 2025: \$593 million
  - 0.3% less than FY 2024



# FY 2025 Proposed Budget Funding Uncertainty

- Federal
  - Yesterday, on May 8, 2024, SDHC received the Calendar Year 2024 funding determination from U.S. Department of Housing and Urban Development (HUD).
  - Even with the new funding determination, we anticipate that the funding SDHC will receive will be less than the projected amount needed for monthly housing assistance payments.
- Local
  - SDHC is working together with the City and awaiting the City's final determination of the level at which the City will fund City homelessness programs.
  - Affordable Housing Fund (Inclusionary) declining fee collections



# FY 2025 Proposed Budget

## Addressing Homelessness – SDHC’s Recommended Budget

- SDHC’s budget recommendation continues to invest in City homelessness shelters and services programs.
- SDHC’s budget recommendation furthers the goals of the Community Action Plan on Homelessness for the City of San Diego
  - \$43.7 million for shelters and Continuum of Care-funded Permanent Supportive Housing units
  - \$9.4 million for homelessness prevention services
  - \$14.4 million for supportive services and rapid rehousing programs



*Teri*  
*Housing Instability Prevention Program Participant*



# FY 2025 Proposed Budget

## Provide Rental Assistance for Households with Lower Income

- \$318 million to assist approximately 17,000 households.
  - Includes special purpose vouchers for vulnerable populations, such as veterans, families unifying with their children, and people with a disability.
  - All rental assistance funding will be expended on housing assistance payments to address rising rents.
- Lease 431 new Project-Based Housing Voucher (PBV) units for households with low income or experiencing homelessness in Fiscal Year 2025.
- Help families to become more financially self-reliant through the SDHC Achievement Academy.
  - Programs emphasize career planning, job skills, job placement and personal financial education.



*Joanna*  
*Section 8 Housing Choice Voucher and*  
*SDHC Achievement Academy Participant*



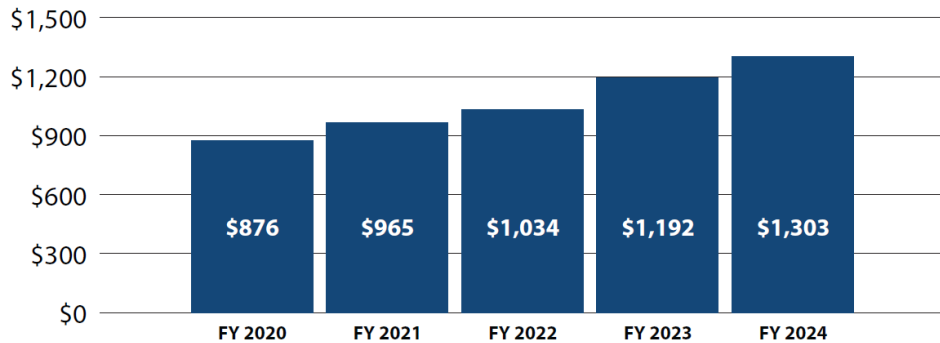
# FY 2025 Proposed Budget Fiscal Challenges

- High-cost rental housing market
  - Housing Assistance Payments (HAP) increased 52 percent (\$86.6 million) from FY 2020 to FY 2023.
  - As a result, SDHC is not pulling new families from the Wait List to receive rental assistance.

## Rental Payments Made to Landlords on Behalf of Tenants

**52%**  FY 2023: \$253 Million  
FY 2020: \$166.4 Million

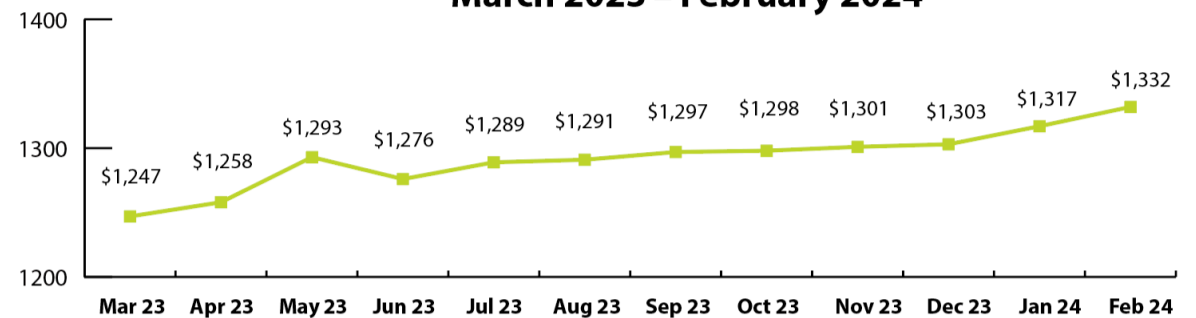
Housing Voucher Average Monthly Rent Subsidy  
by Fiscal Year



FY 2024 year to date, as of as of February 29, 2024

**49%**  
increase since  
FY 2020

Housing Voucher Average Monthly Rent Subsidy  
March 2023 – February 2024





# FY 2025 Proposed Budget

## Payment Standards and Market Rents

- Higher market rents without raising payment standards will result in greater rent burden for households and cause some families to be priced out of their homes.
- For SDHC to raise payment standards to acceptable levels, SDHC must use all available federal funding in FY 2025 for that purpose.
- Payment Standard = Maximum amount the rental housing voucher will pay toward rent minus the amount the tenant pays.
  - Tenant's portion of the contract rent is based on their income.
  - SDHC pays the difference between the tenant's portion and the contract rent, up to the payment standard.
  - Household also pays any amount of the contract rent that is higher than the payment standard.



# FY 2025 Proposed Budget

## Payment Standards and Market Rents (Continued)

### Example: Three-Bedroom Housing Unit

Total Contract Rent	Payment Standard	SDHC Pays	Tenant Pays	Tenant Monthly Income	Tenant Rent Burden	HUD Definition of Affordable
\$3,250	\$2,530	\$1,780	\$1,470	\$2,531	58%	30% or less

- Tenant Income: \$2,531
- Tenant Pays: \$1,470
- Tenant Rent Burden: 58%

*\*Tenant's income-based rent portion of \$637 plus the rent premium of \$833 equals the total tenant share of rent to landlord in the amount of \$1,470. Example is based on a unit in a Signature Community.*





# FY 2025 Proposed Budget

## Create and Preserve Affordable Housing

- Award up to \$10 million through a competitive Notice of Funding Availability (NOFA) to create approximately 100 new permanent affordable housing units
- \$87.4 million toward the acquisition and rehabilitation of affordable housing properties through the State of California's Homekey program.
- Own and/or manage 4,326 affordable housing units in the City of San Diego.
- \$10.7 million for required maintenance, repairs and code compliance for SDHC-owned units.
- \$4.4 million to continue projects to increase density at Casa Colina property to provide additional affordable housing, and to convert unused SDHC office space into a shelter for transition-age youth.
- \$5.3 million to help up to 71 households become first-time homebuyers.
- Award \$1.5 million to San Diego homeowners for the creation of up to six Accessory Dwelling Units for families with lower income.
- No funds are allocated for new property acquisition in FY 2025.



# FY 2025 Proposed Budget Funding Uses by Fiscal Year

	FY25 Budget	FY24 Budget	\$ Change	% Change
<b>Personnel Costs</b>	\$60,040,000	\$53,696,000	\$6,344,000	12%
<b>Non-Personnel Costs</b>				
Housing Program Expense	418,022,000	353,023,000	64,999,000	18%
Property Expense, Professional Services, Supplies and Other	45,081,000	42,763,000	2,318,000	5%
Capital Expenditures	104,309,000	21,291,000	83,018,000	390%
<b>Non-Personnel Costs Total</b>	<b>567,412,000</b>	<b>417,077,000</b>	<b>150,335,000</b>	<b>36%</b>
<b>Total Uses</b>	<b>\$627,452,000</b>	<b>\$470,773,000</b>	<b>\$156,679,000</b>	<b>33%</b>

## Agency Staffing – Full-Time Equivalents

SDHC	FY 25 Budget	FY 24 Budget	Change
<b>Total Full-Time Equivalents</b>	<b>404</b>	<b>395</b>	<b>9</b>

*As SDHC implements cost-containment measures going into FY2025, the budget reflects a reduction in full-time equivalent (FTE) positions agencywide. The positions being added are to manage two new permanent supportive housing property acquisitions in-house instead of contracting with third-party property management. Contracting for property management for these properties would cost more.*



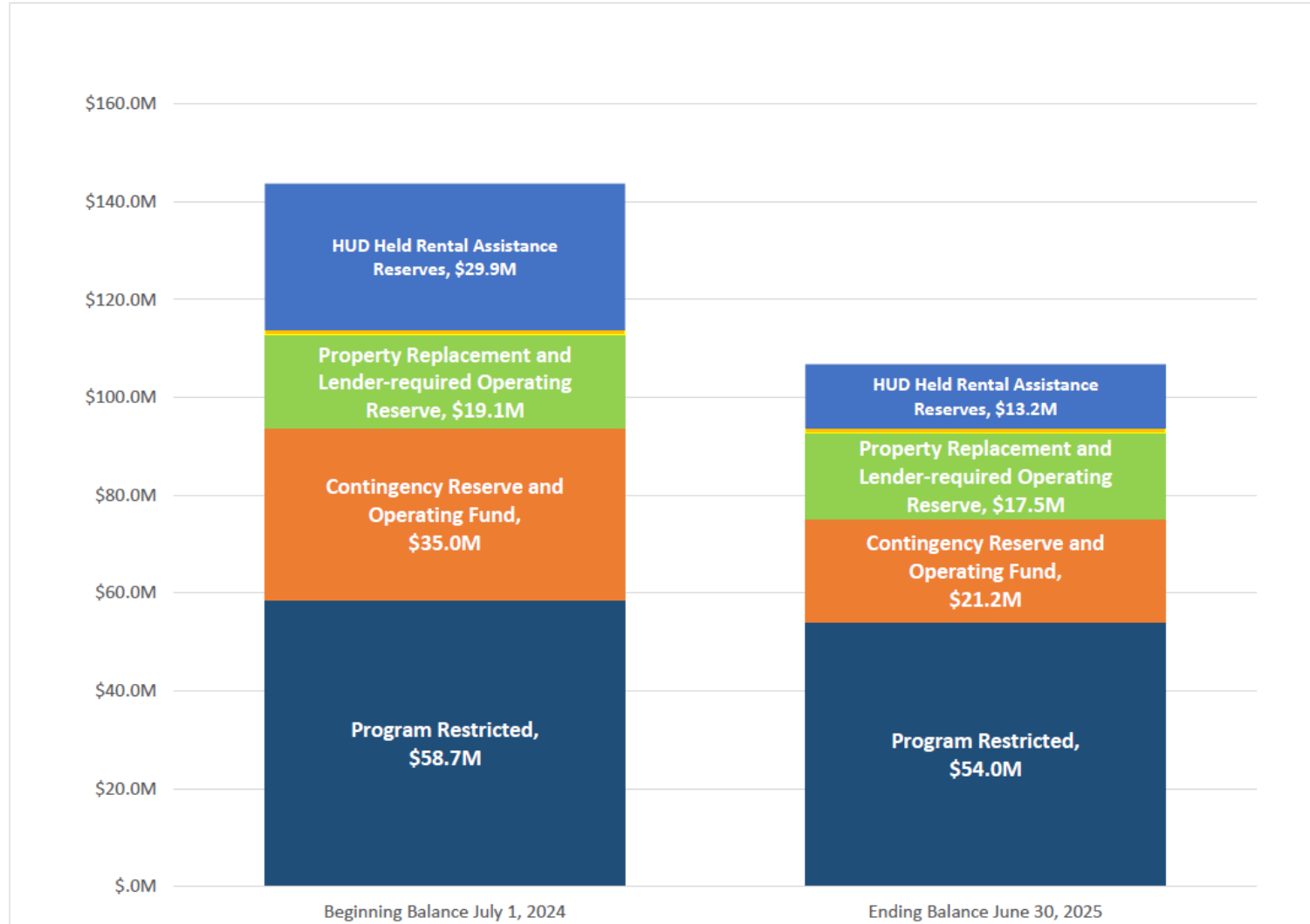
# FY 2025 Proposed Budget Funding Sources Available

	FY25 Budget	FY24 Budget	FY25 vs FY24 Budget	
			\$ Variance	% Variance
<b>FEDERAL</b>				
Section 8/MTW Rental Assistance	\$352,348,000	\$315,722,000	\$36,626,000	12%
HOME	26,064,000	26,542,000	(478,000)	(2%)
Housing Innovation Funds	8,731,000	8,731,000	-	0%
CDBG	859,000	859,000	-	0%
Other Federal Funds	62,066,000	82,000	61,984,000	75590%
<b>TOTAL FEDERAL</b>	<b>450,068,000</b>	<b>351,936,000</b>	<b>98,132,000</b>	<b>28%</b>
<b>LOCAL</b>				
SDHC Real Estate	49,814,000	45,050,000	4,764,000	11%
Affordable Housing Fund	6,282,000	5,816,000	466,000	8%
City General Funds and Other Local Funds	49,050,000	19,412,000	29,638,000	153%
Bond and Other Discretionary Local Funds	4,698,000	4,135,000	563,000	14%
<b>TOTAL LOCAL</b>	<b>109,844,000</b>	<b>74,413,000</b>	<b>35,431,000</b>	<b>48%</b>
<b>TOTAL STATE</b>	<b>47,510,000</b>	<b>29,500,000</b>	<b>18,010,000</b>	<b>61%</b>
<b>TOTAL NEW REVENUE</b>	<b>607,422,000</b>	<b>455,849,000</b>	<b>151,573,000</b>	<b>33%</b>
<b>CONTINGENCY RESERVES *</b>	<b>21,260,000</b>	<b>15,955,000</b>	<b>5,305,000</b>	<b>33%</b>
<b>PROGRAM, OPERATING AND PROPERTY RESERVES</b>	<b>92,497,000</b>	<b>123,082,000</b>	<b>(30,585,000)</b>	<b>(25%)</b>
<b>TOTAL BEGINNING FUND BALANCE</b>	<b>113,757,000</b>	<b>139,037,000</b>	<b>(25,280,000)</b>	<b>(18%)</b>
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$721,179,000</b>	<b>\$594,886,000</b>	<b>\$126,293,000</b>	<b>21%</b>

\* 3.5% Contingency Reserve



# FY 2025 Proposed Budget Fund Balance and HUD-held Reserves



# FY 2025 Proposed Budget Staff Recommendations

**That the SDHC Board of Commissioners recommend that the Housing Authority of the City of San Diego take the following actions:**

- 1) Approve SDHC's proposed \$721 million Fiscal Year (FY) 2025 Budget (Attachment 1).
- 2) Delegate authority to the SDHC Board of Commissioners (Board) to approve amendments to the FY 2025 Budget for the following amounts, consistent with prior delegation of authority from the Housing Authority:
  - a. Line-item transfers not to exceed \$500,000 of budget authority that do not impact the overall size of the Housing Authority approved FY 2025 Budget;
  - b. Additional funding for the FY 2025 Budget resulting from applications submitted with the approval of the Housing Authority (per Housing Authority Resolution 1569); and
  - c. Additions from other sources, not to exceed \$500,000 on an individual basis, to the FY 2025 Budget.
- 3) Delegate authority to SDHC's President and Chief Executive Officer to amend the FY 2025 Budget for amounts not to exceed \$250,000 consistent with policies, programs and activities approved by SDHC and the Housing Authority.

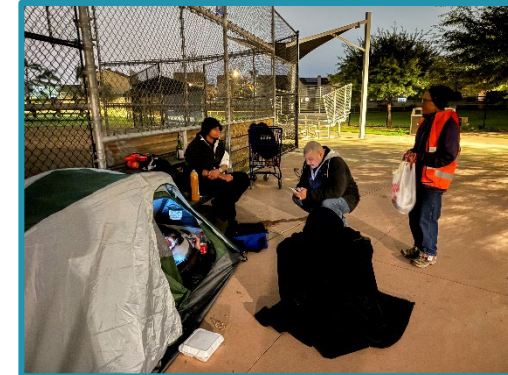




Rental  
Assistance



Creating Affordable  
Housing



Homelessness  
Solutions

**Thank You**

