



SAN DIEGO  
HOUSING  
COMMISSION

We're About People

# San Diego Housing Commission (SDHC) Fiscal Year (FY) 2026 Moving to Work (MTW) Annual Plan Amendment Presentation to the SDHC Board of Commissioners November 7, 2025

Lisa Jones  
President and Chief Executive Officer

Azucena Valladolid  
Executive Vice President  
Rental Assistance and Workforce Development

Debra Fischle-Faulk  
Senior Vice President  
Community and Strategic Initiatives



## Overview

- Federal funding is not sufficient to support rental assistance for SDHC’s existing voucher families.
- SDHC is proposing updates to the way it calculates the family contribution amount, which is the amount that rental assistance participants contribute toward the monthly contract rent.
- This is due to rising rental assistance costs amid diminishing federal funding.
- The proposed updates will help SDHC continue to serve as many existing Housing Choice Voucher families as possible and minimize the risk of having to terminate voucher assistance for existing families.



## Fiscal Challenges



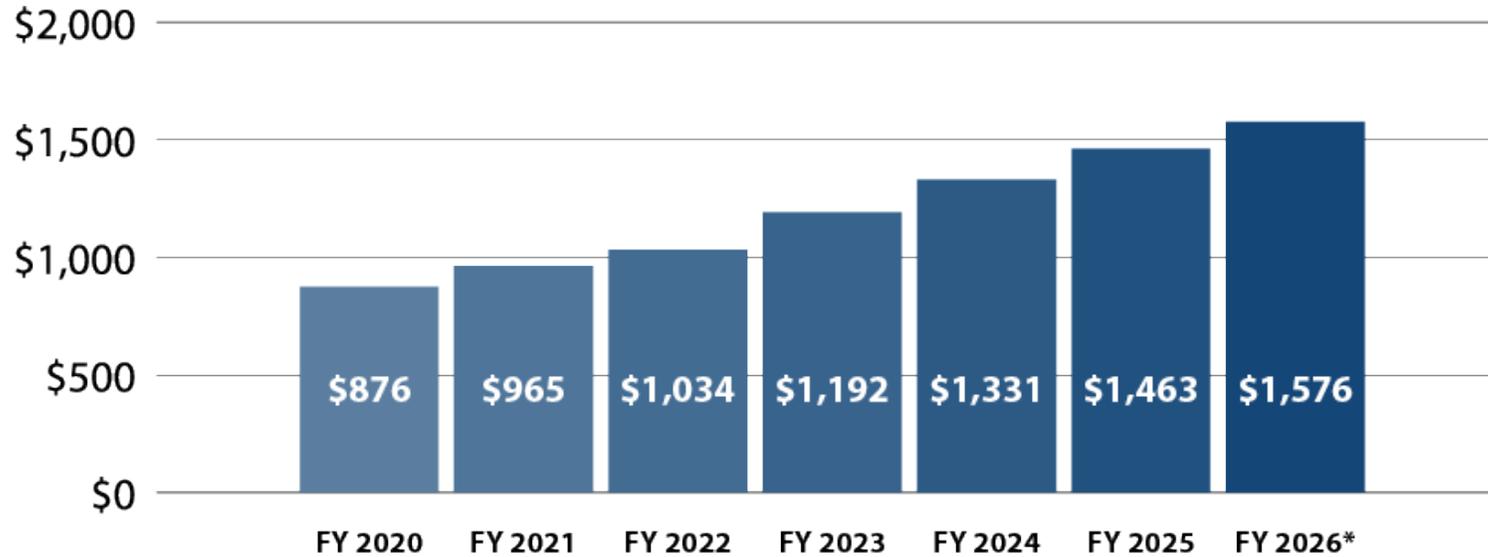
### Federal Budget

- Federal government shut down since October 1, 2025.
  - **Continuing Resolution Option:** Typically extends prior-year funding levels, but does not account for inflation, rising insurance premiums or increased demand for services.
  - **Proposed Senate Budget – Transportation, Housing and Urban Development (THUD)**
    - Cuts to the Public Housing Operations fund and Community Development Block Grant program
    - Funding for Housing Choice Vouchers is below full funding levels, does not cover costs of supporting existing families, and does not account for inflation and rent increases.

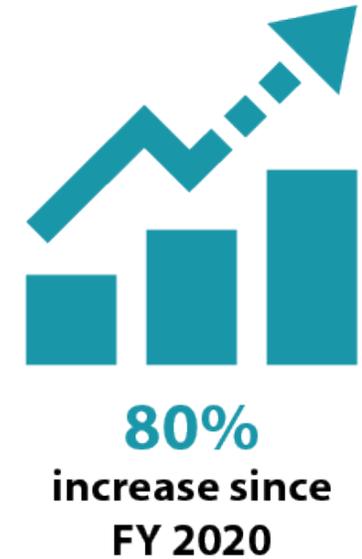


### Rising Costs

### HOUSING VOUCHER AVERAGE MONTHLY RENT SUBSIDY BY FISCAL YEAR



*This graph displays the average monthly rent subsidy in each fiscal year.  
\*FY 2026 year to date, as of August 31, 2025*



# SDHC – FY 2026 MTW Annual Plan Amendment Fiscal Challenges (Continued)

## FY2026 SDHC Budget Gap



**\$26.6 Million**

Anticipated gap between allocated  
federal funds and SDHC's actual  
Housing Assistance Payments



**1,700**

Approximate number of families currently in the program that  
**WOULD LOSE**  
their rental assistance



# SDHC – FY 2026 MTW Annual Plan Amendment

## Fiscal Challenges (Continued)

### SDHC Cost-Containment

- Ongoing analysis will result in reductions in SDHC staff, including leadership positions.
  - Multiple leadership positions left vacant through attrition.
  - 10 additional positions that became vacant in the past three months will not be filled.
  - Other positions have not been filled after becoming vacant prior to this fiscal year.
- No Performance Incentive Payments for Vice Presidents and above
- No Cost-of-Living Adjustments for Senior Vice Presidents and above
- SDHC Strategic Plan includes many cost containment and revenue generation initiatives, including a comprehensive review of all SDHC functions and the personnel needs, funding sources, and revenue associated with those functions. Determine which functions are mission-critical and which are ancillary. Identify where programs and activities may be adjusted to reduce costs and/or increase revenue.



# SDHC – FY 2026 MTW Annual Plan Amendment

## Fiscal Challenges (Continued)

### SDHC Budget Projections

|   | 2026                 | 2027                 | 2028                 | 2029                 |
|---|----------------------|----------------------|----------------------|----------------------|
|   | Projections          | Projections          | Projections          | Projections          |
| <b>SOURCES</b>                                |                      |                      |                      |                      |
| Housing Assistance Payment (HAP)              | \$254,395,096        | \$256,204,637        | \$258,792,304        | \$261,406,106        |
| MTW Revenues                                  |                      |                      |                      |                      |
| MTW Admin Revenues                            | \$19,650,948         | \$19,191,481         | \$19,191,481         | \$19,191,481         |
| <b>TOTAL SOURCES</b>                          | <b>\$274,046,044</b> | <b>\$275,396,118</b> | <b>\$277,983,785</b> | <b>\$280,597,587</b> |
| <b>USES</b>                                   |                      |                      |                      |                      |
| Total MTW HAP Expenses                        | \$280,948,158        | \$281,329,715        | \$280,586,376        | \$278,371,735        |
| Other MTW Program and Administrative Expenses | \$28,610,017         | \$23,987,780         | \$23,987,780         | \$23,987,780         |
| <b>TOTAL OPERATING USES</b>                   | <b>\$309,558,175</b> | <b>\$305,317,495</b> | <b>\$304,574,156</b> | <b>\$302,359,515</b> |
| <b>VOUCHER FUNDING DEFICIT</b>                | <b>-\$35,512,131</b> | <b>-\$29,921,377</b> | <b>-\$26,590,371</b> | <b>-\$21,761,928</b> |
| <b>Ending MTW Reserve Balance</b>             | <b>\$17,768,991</b>  | <b>-\$12,152,386</b> | <b>-\$38,742,757</b> | <b>-\$60,504,685</b> |



# SDHC – FY 2026 MTW Annual Plan Amendment Fiscal Challenges (Continued)

## SDHC Budget Projections with Path to Success Savings

|   | 2026                 | 2027                 | 2028                 | 2029                 |
|---|----------------------|----------------------|----------------------|----------------------|
|   | Projections          | Projections          | Projections          | Projections          |
| <b>SOURCES</b>                                |                      |                      |                      |                      |
| HAP MTW Revenue                               | \$254,395,096        | \$256,204,637        | \$258,792,304        | \$261,406,106        |
| MTW Admin Revenues                            | \$19,650,948         | \$19,191,481         | \$19,191,481         | \$19,191,481         |
| <b>TOTAL SOURCES</b>                          | \$274,046,044        | \$275,396,118        | \$277,983,785        | \$280,597,587        |
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| <b>Path to Success Savings</b>                | -                    | <b>\$9,674,088</b>   | <b>\$31,173,948</b>  | <b>\$31,173,948</b>  |
| <b>Ending MTW Reserve Balance</b>             | <b>\$17,768,991</b>  | <b>-\$2,478,298</b>  | <b>\$2,105,279</b>   | <b>\$11,517,299</b>  |



# SDHC – FY 2026 MTW Annual Plan Amendment Options

## Option 1

End rental assistance for  
approximately  
**1,700 households**

## Option 2

Approve and implement  
recommended updates to SDHC's  
Path to Success Initiative to continue  
to assist approximately 14,500  
existing families



## Moving to Work and Recommended Path to Success Updates



# SDHC – FY 2026 MTW Annual Plan Amendment

## What is MTW?

- MTW is a demonstration program for public housing authorities (PHAs) that provides them flexibilities to design and test innovative, locally designed strategies.
- SDHC is one of 39 original MTW agencies out of approximately 3,200 public housing authorities nationwide.
- A total of 138 agencies now have MTW status either under the original agreement or as an expansion agency.
- Three Statutory MTW Objectives:
  - Reduce costs (increase efficiency) in federal expenditures
  - Help families to become economically self-sufficient.
  - Improve housing choices for families.



# SDHC – FY 2026 MTW Annual Plan Amendment

## Recommended Path to Success Updates – Reproposed Activity 2012-1

### Path to Success Overview

- Rent Reform initiative implemented July 1, 2013.
  - Developed with SDHC’s MTW flexibility.
  - Defines households as able to work (Work-Able) or Elderly/Disabled

|  | Work-Able   | Elderly / Disabled                           |
|--|---|--|
| <b>Factors That Determine Household Type</b> | Under 62  | 62 or older                                  |
|  | Not Disabled  | Disabled                                     |
|  | AND   | OR   |
|  | Not a full-time student ages 18-23  | A full-time student ages 18-23               |
| <b>Family’s Contribution to the Rent</b>     | Pay either the minimum family contribution or a family contribution amount based on a percentage family’s income, whichever is greater.   | Pay 28.5 percent of adjusted monthly income. |
|  | Minimum Family Contribution <ul style="list-style-type: none"> <li>• One Work-Able Adult: \$400/month</li> <li>• Two or more Work-Able Adults: \$650/month</li> </ul>   | Minimum Family Contribution: \$0             |
|  | The family’s contribution amount is calculated on the lower edge of an income range. Families pay 24-30% of their income. <ul style="list-style-type: none"> <li>• Example: If annual income is between \$25,000 and \$29,999, SDHC will use \$25,000 to calculate the family’s portion of the rent.</li> </ul> |  |



# SDHC – FY 2026 MTW Annual Plan Amendment

## Recommended Path to Success Updates – Reproposed Activity 2012-1 (Continued)

### Family Contribution (FC) Determination

#### Work-Able Households Only

Expand to include an additional minimum FC for three or more Work-Able adults

Calculate FC at 40% of adjusted income

No longer use income ranges for FC calculations

Update minimum FC amounts based on minimum wage increases in recent years (\$17.75/hour effective January 2026)



# SDHC – FY 2026 MTW Annual Plan Amendment

## Recommended Path to Success Updates – Reproposed Activity 2012-1

(Continued)

### Family Contribution (FC) Determination

| Recommended Minimum FC for Work-Able Households Only  |  |  |
|---|--|--|
| 1 Work-Able Adult   | 2 Work-Able Adults   | 3 or More Work-Able Adults   |
| \$580/month   | \$1,155/month<br>(approximately \$578 per person)  | \$1,735/month<br>(approximately \$578 per person)  |
| Minimum FC is approximately 30% of monthly income working 25 hours/week at \$17.75/hour (\$576.88). | Minimum FC is approximately 30% of monthly income with two adults each working 25 hours/week at \$17.75/hour (\$1,153.75). | Minimum FC is approximately 30% of monthly income with three adults each working 25 hours/week at \$17.75/hour (\$1,730.63). |

- Elderly/Disabled FC would increase to 32% of adjusted income instead of 28.5%.
  - No minimum FC for Elderly/Disabled households



# SDHC – FY 2026 MTW Annual Plan Amendment

## Recommended Path to Success Updates – Reproposed Activity 2012-1 (Continued)

# Household Impact Analysis and Hardship Policy



# SDHC – FY 2026 MTW Annual Plan Amendment

## Recommended Path to Success Updates – Reproposed Activity 2012-1

(Continued)

### Household Impact – Elderly/Disabled Households

- Family Contribution (FC) = 32% of adjusted household income (3.5% increase from 28.5%)

| FC Increase Per Month | # of Households |
|-----------------------|-----------------|
| \$0 - \$99            | 8,713           |
| \$100 - \$199         | 617             |
| \$200 - \$299         | 31              |
| \$300 - \$350         | 2               |
| <b>Total</b>          | <b>9,363</b>    |



# SDHC – FY 2026 MTW Annual Plan Amendment

## Recommended Path to Success Updates – Reproposed Activity 2012-1 (Continued)

### Household Impact – Work-Able Households

- Number of Households Subject to Minimum Family Contribution: 1,890
  - Work Able 1 – 876
  - Work Able 2 – 609
  - Work Able 3+ – 405
  
- Number of Households Subject to 40% of Adjusted Income: 3,060
  - Work Able 1 – 2,033
  - Work Able 2 – 769
  - Work Able 3+ – 258



# SDHC – FY 2026 MTW Annual Plan Amendment

## Recommended Path to Success Updates – Reproposed Activity 2012-1 (Continued)

### Household Impact – Work-Able Households (Continued)

#### Work Able Households Paying Minimum FC

| FC Increase Per Month | # of Households |
|-----------------------|-----------------|
| \$100 - \$199         | 847             |
| \$200 - \$299         | 2               |
| \$300 - \$399         | 8               |
| \$400 - \$499         | 125             |
| \$500 - \$599         | 506             |
| \$600 - \$699         | 57              |
| \$700 - \$799         | 57              |
| \$800 - \$899         | 57              |
| \$900 - \$999         | 46              |
| \$1,000+              | 185             |
| <b>Total</b>          | <b>1,890</b>    |

#### Work-Able Households Paying 40% of Income

| FC Increase Per Month | # of Households |
|-----------------------|-----------------|
| \$100 - \$199         | 85              |
| \$200 - \$299         | 499             |
| \$300 - \$399         | 678             |
| \$400 - \$499         | 689             |
| \$500 - \$599         | 518             |
| \$600 - \$699         | 298             |
| \$700 - \$799         | 161             |
| \$800 - \$899         | 73              |
| \$900 - \$999         | 31              |
| \$1,000+              | 28              |
| <b>Total</b>          | <b>3,060</b>    |



# SDHC – FY 2026 MTW Annual Plan Amendment

## Recommended Path to Success Updates – Reproposed Activity 2012-1 (Continued)

### Hardship

#### Eligibility

- Households with 1 Work-Able adult or 2 Work-Able adults
- At least one dependent in the household
- Currently at the minimum FC

#### Terms

- Six-month hardship if the household pays more than 50% of its income per month toward rent.
- Household FC will be adjusted to \$50, their previous FC, or 50% of their adjusted income—whichever is greater.
- While on the hardship, the head of household will be required to sign a document consenting to participate in self-sufficiency activities, which may include:
  - Attending work-readiness classes
  - Applying for benefits
  - Regaining employment, etc.
- The household will be referred to the SDHC Achievement Academy to work with a Work Readiness Specialist during their hardship period.



# SDHC – FY 2026 MTW Annual Plan Amendment

## Recommended Path to Success Updates – Reproposed Activity 2012-1 (Continued)

### Robust Noticing Period

- Obtain approval from the U.S. Department of Housing and Urban Development (HUD).
- First Notice to Housing Choice Voucher families.
- Ongoing notices leading up to implementation.
- Notices will explain updates to the Family Contribution calculation, why the updates were necessary, and how the updates will impact households.
- Notices will include information on resources to help households increase their income in preparation for the updates, such as the SDHC Achievement Academy and partnerships with nonprofit organizations.
- Updates will be applied within Fiscal Year 2027.



# SDHC – FY 2026 MTW Annual Plan Amendment

## Recommended Path to Success Updates – Reproposed Activity 2012-1 (Continued)

### Public Comment

- **October 31 – November 30:** Public Comment Period
  - Public comment information posted on SDHC's website.
  - Public notice published in Voice & Viewpoint, El Latino, and the San Diego Union-Tribune.
  - Letter mailed to random sample of participants, and email sent to all Housing Choice Voucher heads of households for whom SDHC has an email address.
- **November 7, 2025:** SDHC Board of Commissioners Informational Workshop
- **November 17, 2025:** Public hearing held at SDHC's offices.
- **December 11, 2025:** SDHC Board of Commissioners Special Meeting to consider action item



# SDHC – FY 2026 MTW Annual Plan Amendment

## Recommended Path to Success Updates – Reproposed Activity 2012-1 (Continued)

### Remaining Uncertainties

- With unprecedented changing federal priorities, reserves may be at risk.
- Federal funding may be less than what is anticipated.
- Ongoing federal budget uncertainty in coming years.



# SDHC – FY 2026 MTW Annual Plan Amendment

## Recommended Path to Success Updates – Reproposed Activity 2012-1 (Continued)

### Summary

- When a federal Continuing Resolution or Budget is approved, **it will not provide sufficient funding** to resolve the Voucher Funding Deficit SDHC is experiencing.
- Approximately **1,700 families (approximately 6,000 individuals)** currently in the Housing Choice Voucher program **WOULD LOSE** their rental assistance unless recommended updates to Path to Success are implemented.
- SDHC's average Housing Assistance Payment **expenses have risen 80% since Fiscal Year 2020.**
- **Minimum Family Contribution has not been adjusted** since January 2020.
- Recommended updates to Path to Success will produce **Housing Assistance Payment savings** that should enable SDHC to continue to assist current participating rental assistance households.



## Questions & Comments

