



SAN DIEGO  
HOUSING  
COMMISSION

We're About People

San Diego Housing Commission (SDHC)  
Proposed Fiscal Year (FY) 2026 Budget  
Presentation to the SDHC Board of Commissioners  
April 25, 2025

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San Diego Housing Commission



# SDHC – Proposed FY 2026 Budget Introduction

- FY 2026 budget requires SDHC to use diminishing reserves held by the U.S. Department of Housing and Urban Development (HUD) to achieve a balanced budget.
  - Ongoing insufficient annual new funding from HUD to support SDHC’s rental assistance obligations for approximately 17,000 San Diego households with low income
- Fund balances decrease as funds are used.
  - Diminishing reserves available in upcoming years, requiring additional reductions in SDHC’s expenses.
    - Voucher reserves will be depleted in less than two years.
- SDHC continues to draw on local reserves to meet the property maintenance needs of its affordable housing properties in its aging portfolio.
  - Local reserves are insufficient to meet all of the capital needs of the agency's portfolio.



## Rental Assistance



# SDHC – Proposed FY 2026 Budget Rental Housing Voucher Funding

- **2% cut to federal funding for federal rental assistance programs** anticipated in Calendar Year 2025.
  - Impact of Continuing Resolution signed in March 2025 for a six-month term remains unclear.
  - SDHC likely will not receive final award notice from the U.S. Department of Housing and Urban Development (HUD) for Calendar Year 2025 until May — five months after the start of the calendar year.



## SDHC – Proposed FY 2026 Budget Rental Housing Voucher Funding (Continued)

**\$17.8 Million**  
Budgeted gap between  
federal funds allocated  
and SDHC's actual  
rental assistance  
payments\*



**995**  
SDHC will have to  
support nearly 1,000  
families  
with diminishing  
reserves

*\*Includes \$11.5 million in expenses for 571 project-based vouchers, excluding VASH vouchers, projected to come online between May 2025 and June 2026*



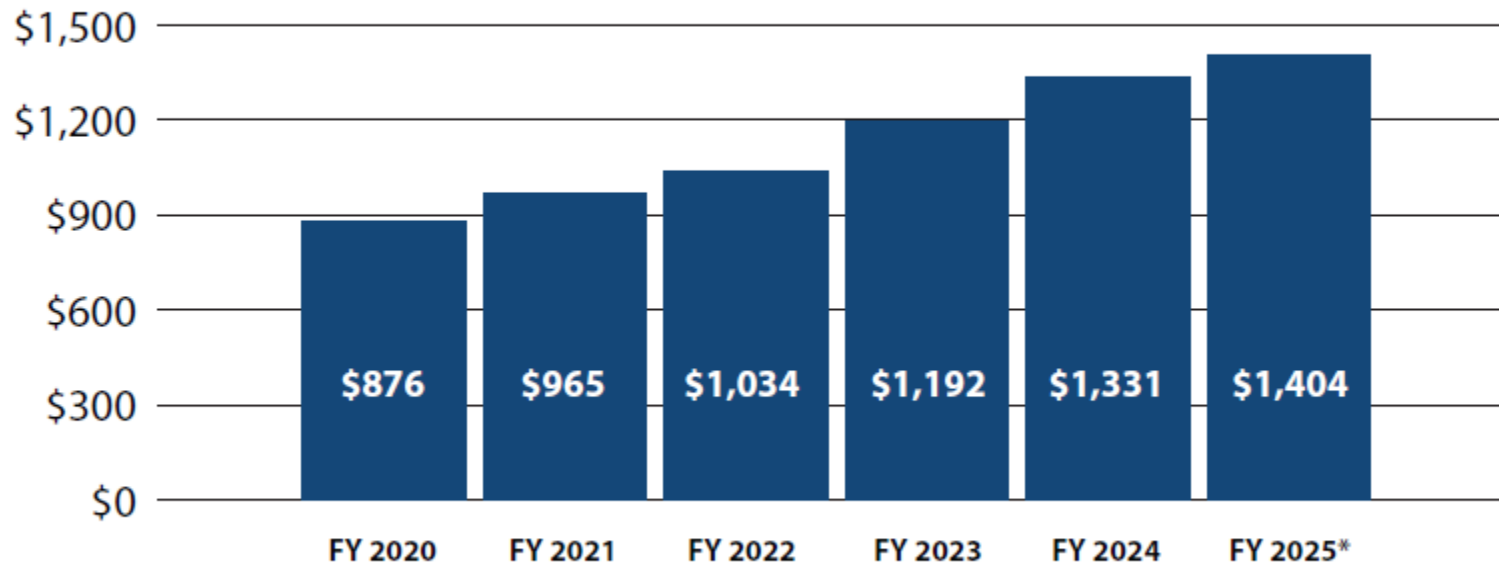
# SDHC – Proposed FY 2026 Budget Rental Housing Voucher Funding (Continued)

- Federal funding for Emergency Housing Vouchers (EHV) is significantly uncertain.
  - 460+ households with SDHC EHV's are at risk of homelessness if they do not have rental assistance.
  - HUD notified SDHC in March 2025 that funding will end.
    - Five years earlier than anticipated based on 2021 HUD notice.
  - No alternative funding sources available to replace HUD funds.



# SDHC – Proposed FY 2026 Budget Rental Housing Voucher Expenses

## Housing Voucher Average Rent Subsidy by Fiscal Year



**60%**  
increase since  
FY 2020

*This graph displays the average monthly rent subsidy in each fiscal year.  
\*FY 2025 year to date, as of December 31, 2024*



# SDHC – Proposed FY 2026 Budget Project-Based Voucher (PBV) Pipeline Commitments



May 2025



June 2028

**TOTAL**

**774 PBVs: \$15,603,840**

**105 VASH PBVs: \$2,116,800**

*Approximately \$11.5 million for PBVs is included in the \$17.8 million voucher funding gap budgeted for FY 2026.*





# SDHC – Proposed FY 2026 Budget

## Project-Based Voucher (PBV) Pipeline Commitments (Continued)

### MAY 2025

**TOTAL**

**208 PBVs: \$4,193,280/year**

**15 VASH: \$302,400/year**



### Pacific Village

47 PBVs

15 VASH PBVs

62 TOTAL PBVs: \$1,249,920/year



### Presidio Palms

161 TOTAL PBVs: \$3,245,760/year



# SDHC – Proposed FY 2026 Budget

## Project-Based Voucher (PBV) Pipeline Commitments (Continued)



**FISCAL YEAR (FY) 2026**

**FY 2026 TOTAL**  
**343 PBVs: \$6,914,880**  
**30 VASH: \$604,800**



# SDHC – Proposed FY 2026 Budget

## Project-Based Voucher (PBV) Pipeline Commitments (Continued)



**FY 2027 TOTAL**  
**154 PBVs: \$3,104,640**  
**60 VASH: \$1,209,600**



# SDHC – Proposed FY 2026 Budget

## Project-Based Voucher (PBV) Pipeline Commitments (Continued)



## Homelessness Housing Innovations



# SDHC – Proposed FY 2026 Budget

## Homelessness Shelters and Services Programs

### Fiscal Year 2025

#### 8 SDHC-Operated Programs

Homelessness Prevention

Shelter Diversion

Shallow Subsidy Program

Housing Instability Prevention Program (HIPP)

Moving Home Rapid Rehousing

Rapid Stabilization Program

Landlord Engagement and Assistance Program

Homelessness Navigation Services (HRC)

**1,898 Households Served**

○ **885 Households Housed\***

*\*Excludes SDHC Homelessness Navigation Services*

#### 53 Contracted Programs

11 Permanent Supportive Housing

7 Rapid Rehousing

3 Transitional Housing

19 Shelters

12 Supportive Services

1 Workforce/Education Program

**8,996 Households Served**

○ **857 Households Housed\*\***

*\*\*Households served and housed as of March 31, 2025. Includes SDHC Homelessness Navigation Services.*



# SDHC – Proposed FY 2026 Budget

## City-Funded Homelessness Shelters and Services Programs

- Proposed FY 2026 City funding supports ongoing operations of **1,602 shelter beds** and homelessness services programs, such as:
  - Housing Instability Prevention Program (HIPP)
  - Eviction Prevention Program (EPP)
  - Homelessness Navigation Services (HRC)
  - Day Center
  - Storage Centers, etc.
- SDHC has worked with the City’s Homelessness Strategies and Solutions Department (HSSD) to make thoughtful, careful reductions to program expenses.
  - Includes reducing expenses in many programs while retaining core services.
  - Program wind-down or reorganization.



*Experienced homelessness in a shelter before a caseworker and SDHC helped them secure an apartment of their own*



## Affordable Housing





## SDHC – Proposed FY 2026 Budget Create and Preserve Affordable Housing

- Award up to \$22.8 million through a competitive NOFA to create approximately 228 new permanent affordable housing units.
- \$45.4 million toward the acquisition of affordable housing properties through the State of California’s Homekey program with City and County support.
- Continue to own and/or manage more than 4,300 affordable housing units in the City of San Diego.
- \$13.9 million to address immediate needed maintenance at SDHC’s aging portfolio.
- \$3.9 million to help approximately 30 households become first-time homebuyers.



*SDHC Affordable Housing Property – Via Las Cumbres*



## Budget and Fiscal Challenges



# SDHC – Proposed FY 2026 Budget Funding Sources

	FY25 Budget	FY26 Budget	FY26 vs FY25 Budget	
			\$ Variance	% Variance
<b>FEDERAL</b>				
Section 8/MTW Rental Assistance	\$347,203,000	\$370,689,000	\$23,486,000	7%
HOME	25,232,000	28,594,000	3,362,000	13%
Housing Innovation Funds	10,340,000	9,990,000	(350,000)	(3%)
CDBG	1,072,000	75,000	(997,000)	(93%)
Other Federal Funds	59,416,000	1,594,000	(57,822,000)	(97%)
<b>TOTAL FEDERAL</b>	<b>443,263,000</b>	<b>410,942,000</b>	<b>(32,321,000)</b>	<b>(7%)</b>
<b>LOCAL</b>				
SDHC Real Estate	49,814,000	56,022,000	6,208,000	12%
Affordable Housing Fund	6,282,000	5,152,000	(1,130,000)	(18%)
City General Funds and Other Local Funds	35,253,288	44,117,000	8,863,712	25%
Homekey Acquisition - City Local	1,100,000	11,400,000	10,300,000	936%
Homekey Acquisition - County Local	23,727,712	7,000,000	(16,727,712)	(70%)
Bond and Other Discretionary Local Funds	4,698,000	5,148,000	450,000	10%
<b>TOTAL LOCAL</b>	<b>120,875,000</b>	<b>128,839,000</b>	<b>7,964,000</b>	<b>7%</b>
<b>STATE</b>				
Homekey Acquisition - State	5,000,000	27,000,000	22,000,000	440%
Other State Funds	36,020,000	36,878,000	858,000	2%
<b>TOTAL STATE</b>	<b>41,020,000</b>	<b>63,878,000</b>	<b>22,858,000</b>	<b>56%</b>
<b>TOTAL NEW REVENUE</b>	<b>605,158,000</b>	<b>603,659,000</b>	<b>(1,499,000)</b>	<b>(0%)</b>
<b>CONTINGENCY RESERVES *</b>	<b>20,918,000</b>	<b>21,128,000</b>	<b>210,000</b>	<b>1%</b>
<b>PROGRAM, OPERATING AND PROPERTY RESERVES</b>	<b>92,839,000</b>	<b>90,833,000</b>	<b>(2,006,000)</b>	<b>(2%)</b>
<b>TOTAL BEGINNING FUND BALANCE</b>	<b>113,757,000</b>	<b>111,961,000</b>	<b>(1,796,000)</b>	<b>(2%)</b>
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$718,915,000</b>	<b>\$715,620,000</b>	<b>(\$3,295,000)</b>	<b>(0%)</b>

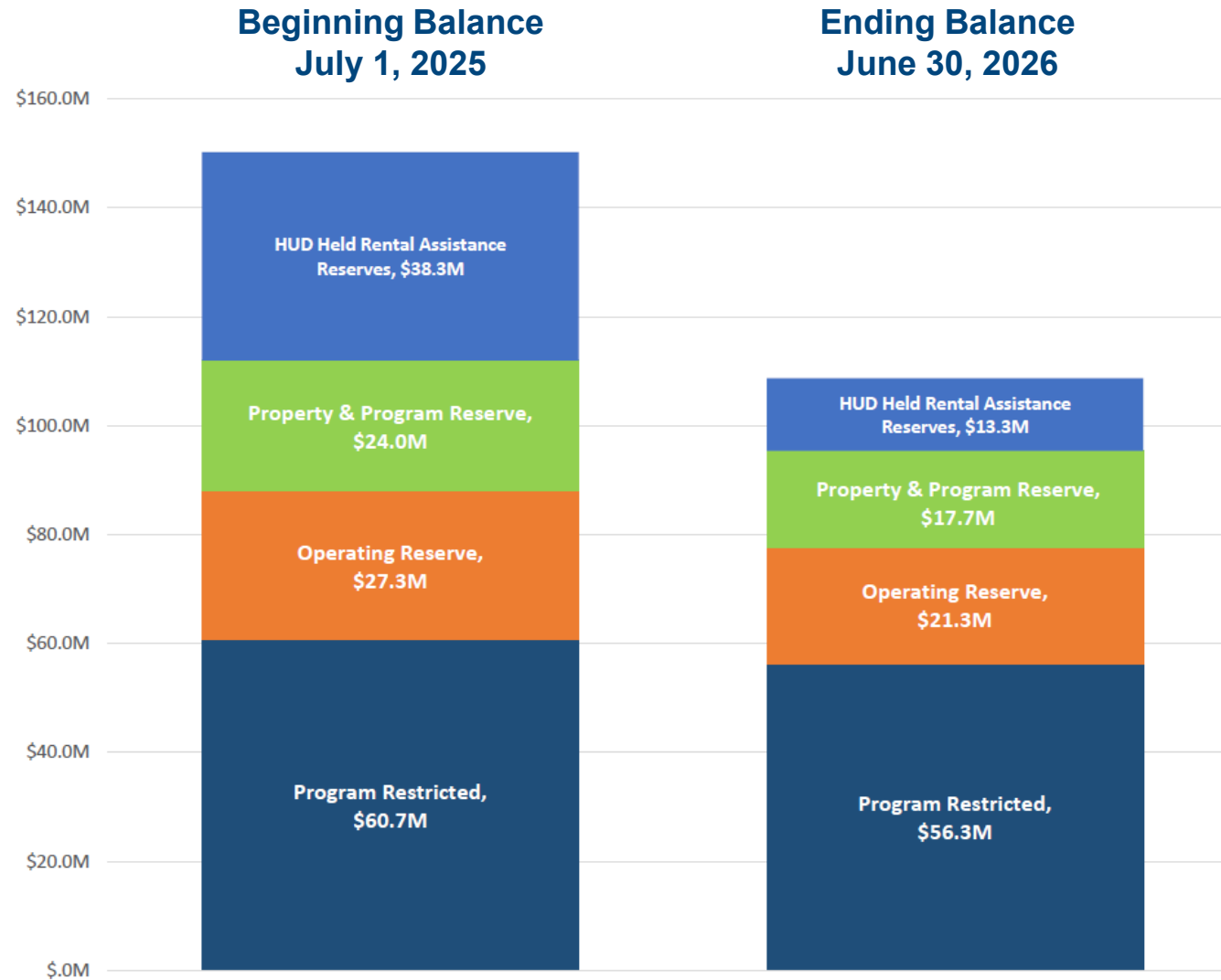


# SDHC – Proposed FY 2026 Budget Funding Uses

	FY25 Budget	FY26 Budget	\$ Change	% Change
<b>Personnel Costs</b>	58,591,000	60,348,000	\$1,757,000	3%
<b>Non-Personnel Costs</b>				
Housing Program Expense	425,060,000	443,325,000	18,265,000	4%
Property Expense, Professional Services, Supplies and Other	45,962,000	48,915,000	2,953,000	6%
Capital Expenditures	101,909,000	67,646,000	(34,263,000)	(34%)
<b>Non-Personnel Costs Total</b>	<b>572,931,000</b>	<b>559,886,000</b>	<b>(13,045,000)</b>	<b>(2%)</b>
<b>Total Uses</b>	<b>\$631,522,000</b>	<b>\$620,234,000</b>	<b>(\$11,288,000)</b>	<b>(2%)</b>



# SDHC – Proposed FY 2026 Budget Reserve Fund Balances



# SDHC – Proposed FY 2026 Budget Cost Containment and Reduction

- SDHC continues to not pull new families from the waiting list to receive rental assistance.
- SDHC continues to not issue new project-based housing vouchers through Notices of Funding Availability (NOFAs).
- SDHC will continue to identify areas to reduce current and future costs.
  - Identify opportunities to increase revenue.
  - Explore whether to continue programs and services that are not required core programs or fully grant-funded.
  - Attrition / staff vacancies, consideration of other reductions.
  - Goal is as little impact as possible on frontline staff.



# SDHC – Proposed FY 2026 Budget

## Questions & Comments

