



Good Neighbors

San Diego Housing Commission

REPORT

DATE ISSUED: April 7, 2006 REPORT NO: HCR 06-28
ATTENTION: Chair and Members of the Housing Commission ITEM: 100
SUBJECT: Proposed Fiscal Year 2007 Budget

REQUESTED ACTION:

Housing Commission and Housing Authority adoption of the Proposed Fiscal Year 2007 (FY07) Budget and authority for the Housing Commission Board and the President & Chief Executive Officer (CEO) to amend the FY07 Budget under specific circumstances.

Note: The budget schedule allows for consideration of the Budget at today's meeting and approval at the April 26, 2006 Housing Commission meeting to ensure sufficient opportunity for Commissioners to review the proposed Budget.

STAFF RECOMMENDATION:

1. Housing Commission and Housing Authority adoption of the \$275.7 million FY07 Proposed Activity Based Budget (Attachment 1).
2. Housing Authority delegation of authority to the Housing Commission to amend the FY07 Budget for amounts up to \$500,000, as described on Page 3 of this report, consistent with prior delegation of the Housing Authority and with adopted policies, programs and activities.
3. Housing Commission delegation of authority to the President & CEO to amend the FY07 Budget for amounts up to \$100,000, as discussed on Page 3 of this report, consistent with policies, programs and activities approved by the Housing Commission and Housing Authority.

BACKGROUND:

The Housing Commission's FY07 Proposed Budget is prepared as an activity based budget. It contains prior year and proposed year data for comparison by activity. Also, the objectives for each activity shown in Section III of the budget document include the expected performance measures to be achieved in FY07. Available funds have been allocated to support multiple housing activities that address the ongoing critical affordable housing needs in San Diego.

BUDGET SUMMARY:

The proposed FY07 Budget totals \$275,731,563, an increase of \$33.5 million from the current FY06 Budget of \$242,210,913. Most of the increase is one-time related to the office purchase. There are no City General Funds in this budget.



In FY07 the Housing Commission will continue to actively seek ways to better serve the community of San Diego while at the same time continuing to operate an efficient, cost effective organization. There will be several challenges for the Housing Commission in FY07 including rising costs per unit, changing HUD program rules, emphasis on increasing the supply of work force housing, and the continued pursuit of Business Plan goals including completion of the outsourcing of human resources and the implementation of the agency's Succession Plan.

One of the biggest changes for the Housing Commission in FY07 will be the move, in December 2006, to the new office facility at the Smart Corner development. Of the \$33.5 million increase in the FY07 budget, acquisition and preparation of the office facility, approved by the Housing Commission and Housing Authority on July 23, 2003 and July 29, 2003 respectively, accounts for \$27.7 million of this increase. As approved in the development plan, this amount includes loan proceeds to purchase the building; relocation of the Newton Avenue, Ridgehaven and Gateway offices; and most of the furnishings in the new building. Other one-time costs include leasing agents, specialized computer networking equipment and financial and legal consultants for the purchase of Smart Corner and for the completion of the sale of the Newton office facility.

The proposed FY07 Budget shows a \$28.7 million (15%) increase for housing programs, while administrative costs increase by \$4.7 million (19%) and reserves reflect a modest \$153,450 (0.7%) increase. As noted above, most of the additional expenditure is for the Housing Authority approved \$27.7 million development of the new office facility with offsetting revenue from approved borrowed funds and the Newton Avenue sale proceeds. In addition, there is \$4.2 million in carryover and Inclusionary Housing fees targeted for Rental Housing Production pipeline projects. Based on funding in Calendar Year 2006, it is expected there will be an increase of \$2.2 million in the Section 8 Voucher Program to provide for Rental Assistance rent increases through FY07. Also, there is carryover of \$1.3 million of HOME funds for Rental Housing Production due to the timing of pipeline project approvals in FY06. There are \$2 million of combined Capital and Lead Hazard funds from new HUD awards for Asset Management and Rehabilitation. These funds will provide for extraordinary maintenance of Public Housing units and lead abatement efforts respectively. These increases are partially offset by a decline in State funding (Cal Home EAGR, Cal Home, Cal State Housing Trust) and Shelter Plus Care funds due to the expected obligation and/or completion in the current fiscal year of a number of housing projects or programs. This will result in \$3.2 million less in carryover funds from FY06 than occurred from FY05 into FY06.

This is the third year of the three year Memorandum of Understanding (MOU) with the Service Employees International Union (SEIU) that includes the implementation of the salary adjustments (2.5% range adjustment) that were approved by the Board as part of the three-year labor agreement, as well as a provision for employee progression on the seven-step merit pay range. There is the net deletion of one-fifth of one position in FY07 combined with ten reclassifications to better reflect increased workload and responsibilities of certain positions. Flex plan benefits also increase according to the MOU and there is an increase in pension for the defined contributions plan due to the range adjustment and employee progression on the seven-step merit pay range. Overall, these personnel changes provide for a net FY07 Budget increase of 3% in salaries and benefits.

There is a substantial one-time increase in services and supplies primarily for fixtures, furnishings and office equipment for the new office facility. In addition, contract/consulting increased to provide for leasing agent commissions, management firms and the underground parking for the new office facility; consultants for lead based paint inspections, clearance inspections and ongoing construction defect issues at the Golfcrest, Saranac and Fulton sites; a temporary employee to backfill cross training positions, update of the waiting list income verification services; and graphic design for landlord/tenant brochures and communication consulting.

Since 1996, the Housing Commission has strived to maintain overhead expenses at less than 10% of the annual budget. This goal ensures that 90% of funding received by the Housing Commission is utilized for service delivery to eligible clients. The ratio of administration to programs is projected to be less than 6% in the FY07 Budget after discounting the one-time costs of acquiring and preparing the new office facility.

Reserves set aside for future expenditure under multiyear grants increase slightly due to additional Lead Hazard Control grants and continued set aside into the sinking fund to provide for the purchase of State funded units when the loans on these sites become due in 2013 and 2015. Contingency Reserves reflect an increase in office facility reserves to provide for the new office facility and the uncertainty surrounding the timing of leasing of the first two floors. Agency reserves are budgeted at slightly more than one and a half percent of the total budget amount.

It is expected that additional funding will become available during the coming year through grant application cycles not yet completed. Any new funding awards would result in proposed amendments to the FY07 Budget.

Delegation of Budget Authority

As in prior years, the Housing Commission is seeking Housing Authority approval to amend the budget within certain limitations. Specifically, it is recommended that the Housing Authority authorize the Commissioners to amend the budget as follows, provided that the amendments are consistent with the policies, programs and activities approved by the Housing Authority:

- a. Addition of any unanticipated funds not to exceed \$500,000 that is made available during the course of the year;
- b. Transfer of funds of less than \$500,000 among approved activities within the FY07 Budget that do not impact the overall size of the Agency's annual budget;
- c. Addition of funding resulting from applications submitted with the approval of the Housing Authority.

The Housing Commission has previously delegated authority to amend the budget to the President & CEO in order to add or transfer funds among activities. Since FY00, the Housing Commission has annually delegated budget authority up to \$100,000 for the President & CEO, paralleling the President & CEO's authority to expend funds. All budget revisions, including those authorized by the President & CEO, are included in the quarterly budget status report.

This report proposes that the President & CEO's authority to amend the budget be maintained at \$100,000 as follows:

- a. Addition of funds resulting from applications submitted with the approval of the Housing Commission;
- b. Addition of up to \$100,000 available from other sources;
- c. Transfer of funds up to \$100,000 among line items within the FY07 Budget that do not impact the overall size of the Agency's annual budget.

Approval of the staff recommendations will allow this item to be forwarded to the Land Use & Housing Committee and Housing Authority for consideration and, if approved by the Housing Authority, will provide budget authority sufficient to continue implementation of the City's multifaceted strategy for the provision of affordable housing during FY07.

AFFORDABLE HOUSING IMPACT:

The FY07 Proposed Budget allocates resources so that the Housing Commission will continue to serve more than 75,000 San Diegans, approximately 70% of whom are very low-income. In essence, the \$275.7 million FY07 Proposed Budget would enable the San Diego Housing Commission to:

- Assist 12,469 households to rent private housing.
- Subsidize approximately 100 first-time homebuyers.
- Produce 600 additional affordable rental units.
- Oversee physical improvements to 1,726 homes and apartments.
- Manage 1,769 units of publicly owned housing.
- Provide special purpose housing opportunities for 410 persons.
- Aid 500 families toward self-sufficiency.

FISCAL CONSIDERATIONS:

The FY07 Proposed Budget anticipates revenues of \$275,731,563 from almost 70 sources (a net increase of \$33.5 million from FY06). Of these funds, 71% are federal, 1% state, and 28% are locally generated. There are no City general funds in this budget. Approval of the Proposed Budget will appropriate funds for the Agency to pursue the strategies and goals outlined in the FY06-FY08 Business Plan.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

The Housing Commission and Housing Authority approved similar resolutions for the Fiscal Year 2006 Budget on May 20, 2005 and June 14, 2005, respectively.

For the Housing Commission Agenda of April 14, 2006
Proposed Fiscal Year 2007 Budget
Page 5

Following Housing Commission review and direction to staff regarding the proposed FY07 Budget, this item will be presented for review to the City Council Committee on Land Use & Housing, and then to the Housing Authority for consideration. The City's Financial Management staff requested that some information on the Housing Commission's FY07 Budget be submitted on March 30, 2006, in order to include it in the related agencies volume of the City Budget. Also, appropriate sections of the FY07 Budget will be submitted to the funding sources (State, HUD and City Council) for review and action as required.

Respectfully submitted,

Approved by,

**Signature on File
With Original Document**

Tim Sturtevant
Budget Officer

Elizabeth C. Morris
President & Chief Executive Officer

Attachment: Proposed FY07 Budget*

*Distribution of this attachment may be limited. Copies available for review during business hours at the Housing Commission offices at 1625 Newton Avenue.



Good Neighbors

**San Diego
Housing Commission**

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San Diego Housing Commission

Fiscal Year 2007 Budget

HOUSING COMMISSION

**Sal Salas, Chair
Jennifer Adams-Brooks
Todd Gloria
Alice Tumminia
Tony Yip**

**Elizabeth C. Morris
President & Chief Executive Officer**



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Good Neighbors

San Diego Housing Commission

Mission:

We are committed to providing quality housing opportunities to improve the lives of those in need.

Vision:

An affordable home for every San Diegan

Goals:

- **Provide Housing and Career Growth Opportunities:**

Focus our highest priority on assisting San Diegans of very low income with safe and quality housing.

Advocate for and aggressively pursue increased funding for affordable housing programs.

Further resident initiatives including opportunities for self-sufficiency and self-improvement.

- **Advocate, Educate and Build Alliances:**

Inform, educate and guide the public about housing needs, fair housing, and affordable housing opportunities.

Forge partnerships with others in the community to expand housing opportunities and integrated services.

Build communication and alliances among neighborhoods, clients and others to further our mission throughout the City.

- **Foster Respect and Service:**

Create a supportive and innovative work environment which promotes staff's mandate to provide highest quality customer service, both internally and externally.

Conduct business in a manner which effectively uses resources and which respects diversity and promotes dignity, self-reliance and equal opportunity.

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San Diego Housing Commission

Agency Overview

	Original FY06	Current FY06	Proposed FY07	Change
I. ACTIVITY GROUPS				
Housing Services	144,332,539	149,851,386	152,767,600	2,916,214
Housing Finance & Development Operations	50,968,970	61,986,723	64,146,849	2,160,126
Program, Contingency & Agency Reserves	8,220,464	8,512,684	36,803,544	28,290,860
	17,825,158	21,860,120	22,013,570	153,450
Total Activity Groups	221,347,131	242,210,913	275,731,563	33,520,650

II. REVENUES

Restricted Revenues

Section 8	124,574,182	131,863,774	134,126,712	2,262,938
Other HUD	27,217,459	32,533,480	31,626,464	(907,016)
State	5,568,323	5,164,183	3,444,626	(1,719,557)
CDBG	3,236,603	3,271,501	3,422,834	151,333
Restricted Local	14,669,604	15,615,805	16,042,515	426,710
Subtotal	175,266,171	188,448,743	188,663,151	214,408

Unrestricted Revenues

Rental Rehabilitation	286,968	584,832	97,345	(487,487)
Local	15,030,788	16,246,698	43,979,412	27,732,714
Affordable Housing Fund	11,596,832	13,487,515	18,215,073	4,727,558
HOME	19,166,372	23,443,125	24,776,582	1,333,457
Subtotal	46,080,960	53,762,170	87,068,412	33,306,242

Total Revenues

	221,347,131	242,210,913	275,731,563	33,520,650
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III. EXPENDITURES

Salaries & Benefits	16,515,683	16,678,619	17,110,820	432,201
Services & Supplies	7,190,199	7,500,156	11,756,749	4,256,593
Housing Programs	179,816,091	196,172,018	224,850,424	28,678,406
Program, Contingency & Agency Reserves	17,825,158	21,860,120	22,013,570	153,450
Total Expenditures	221,347,131	242,210,913	275,731,563	33,520,650

Continuing Appropriations

	10,717,434	16,975,329	6,708,377	(10,266,952)
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San Diego Housing Commission

Summary of FY07 Budget

Introduction

Fiscal 2007 (FY07) will bring many challenges to the Housing Commission including electronic timekeeping, continued pursuit of Business Plan goals, completion of the outsourcing of human resources and payroll functions and the implementation of the Agency's Succession Plan. However, the single biggest change for the Housing Commission will be the move, in December 2006, to the new office facility at the Smart Corner development. The proposed FY07 budget has increased over the FY06 budget by about \$33.5 million. Completion of the development of the office facility, approved by the Housing Commission and Housing Authority in July, 2003, accounts for \$27.7 million of this increase. As approved in the development plan, this amount includes the loan proceeds to purchase the building and most of the furnishings in the new building. Other one-time costs include leasing agents, specialized computer networking equipment, relocation costs and consultants for the purchase of Smart Corner and for the sale of the Newton Avenue facility.

Summary of Major Budget Assumptions

This \$275.7 million budget is based on certain assumptions. First, at the time of budget preparation there is significant uncertainty about the federal guidelines and funding levels for the Housing Commission's largest program, the Section 8 Voucher. This budget assumes that current Section 8 Voucher Program rules will continue to govern the program into **FY07** with level funding. If major legislative changes occur, amendments to the Rental Assistance budget would likely be needed.

New funding awards already received are included in the proposed budget; awards received after the publication date will be amended into the document when they become certain. Further, the **FY07** Housing Finance and Development budget contains additional carryover of loan funds from the expected obligation and/or completion in the current fiscal year of several pipeline housing projects or programs. This is based on estimates of activity through the end of **FY06**. If funding milestones are not reached by year end, a budget amendment will be prepared to incorporate any additional funds not committed by June 30, 2006. Housing Commission funds are conditionally committed during the year to development projects that are also seeking outside funding and this agency's funds continue to be reflected as available in the budget until the conditions are removed and funds firmly committed.

For the past several years, the Housing Commission has experienced increased program activity but projected insufficient growth of revenues eligible to support related administrative activities. Through pursuit of the Business Plan Strategies and ongoing management actions, this budget proposes a balance of administrative revenues with expenditures. This has been accomplished by maximizing opportunities for new revenues and constraining expenditures. In fact, Housing Program expenditures increase by 15% in **FY07**, yet salaries and benefits costs increase only by 3%.

It is commonly assumed that it is prudent to budget a reserve for unanticipated events with reserves of up to five percent considered optimal. The Housing Commission anticipates having slightly more than one and a half percent of the total budget available in **FY07** in unallocated Agency Reserves.

Lastly, this proposed budget implements the City Council-approved multifaceted strategy (included in the Housing Element of the General Plan and the Consolidated Plan) for providing affordable housing for those in need. This strategy recognizes the varied affordable housing needs of San Diegans living in the City's diverse neighborhoods. The multifaceted approach - build new housing, rehabilitate older housing and help renters and homebuyers to

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San Diego Housing Commission

Summary of FY07 Budget

afford housing - also recognizes that available resources are not sufficient to fully satisfy all of these diverse needs.

Levels of Production

The proposed **FY07** Activity Based Budget allocates resources so that the Housing Commission will continue to serve more than 75,000 San Diegans. Costs, especially those related to property acquisition and construction, continue to rise. In essence, the \$275.7 million proposed **FY07 Budget** would enable the San Diego Housing Commission to:

- * Assist 12,469 households to rent private housing.
- * Subsidize approximately 100 first-time homebuyers.
- * Produce 600 additional affordable rental units.
- * Oversee physical improvements to 1,726 homes and apartments.
- * Manage 1,769 units of publicly owned housing.
- * Provide special purpose housing opportunities for 410 persons.
- * Aid 500 families toward self-sufficiency.

In addition to summary level production goals (Section II), the budget contains specific objectives for each subactivity (i.e., Owner-Occupied Rehabilitation) (Section III). As has been the case in the past, staff will report quarterly on progress towards meeting major production goals. Also, the Housing Commission will continue to refine its activity based management, streamline its processes, ensure program compliance, and seek greater public understanding of housing issues. The Housing Commission is committed to maximizing the value of the resources allocated for each activity, controlling administrative costs, and providing the most affordable housing feasible.

Activities

The Activity Based Budget aggregates expenditures in three Activity Groups (and Reserves) that are displayed in greater detail in the **FY07** Activity Based Budget Section (Section II). The Activity Groups are:

Housing Services covers direct services including Rental Assistance, Property Management (including Management, Routine Maintenance and Asset Management) and Resident Services;

Housing Finance & Development covers all of the loan and grant programs including Rental Housing Production, Homeownership, Rehabilitation, Portfolio Servicing and Occupancy Monitoring, and Special Purpose Housing; and

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San Diego Housing Commission

Summary of FY07 Budget

Operations covers administration including Board and Executive Functions, Support Services (including Human Resources, Information Technology, Financial Services, Facilities Management and Organizational Development & Training), Policy & Governmental Affairs and Communications.

The following chart shows the change from the current **FY06 Budget** to the proposed **FY07 Budget** in dollars and percentage for each of the three Activity Groups and Reserves.

Activity Group	FY06 Current Budget	% of Total Budget	FY07 Proposed Budget	% of Total Budget
Housing Services	\$ 149,851,386	62%	\$ 152,767,600	56%
Housing Finance & Development	61,986,723	25%	64,146,849	23%
Operations	8,512,684	4%	36,803,544	13%
Reserves	21,860,120	9%	22,013,570	8%
Total Budget	\$ 242,210,913	100%	\$ 275,731,563	100%
Continuing Appropriations	\$ 16,975,329		\$ 6,708,377	-60%

Continuing Appropriations represent projects, contracts or activities approved in **FY06** or earlier but not completed to date. As such, these funds are not available for allocation. Estimated Continuing Appropriations of \$6.7 million are not included in the proposed **FY07 Budget** total but are shown on the budget summary charts to give a complete picture of resources and activity levels.

In addition, the following chart shows the proposed **FY07 Budget** for each of the Activity Groups and Reserves. It details staff positions, administrative costs and housing program dollars.

	Number of Staff	Salaries & Benefits	Services & Supplies	Housing Programs	FY07 Proposed Budget	Continuing Appropriations
Housing Services	154.28	\$ 10,126,834	\$ 2,785,354	\$ 139,855,412	\$ 152,767,600	\$ 231,794
Hsg. Fin. & Dev.	37.00	3,125,513	1,455,975	59,565,361	64,146,849	6,088,876
Operations	46.22	3,858,473	7,515,420	25,429,651	36,803,544	387,707
Reserves	0.00	0	0	0	22,013,570	0
Total	237.50	\$17,110,820	\$ 11,756,749	\$ 224,850,424	\$275,731,563	\$6,708,377

With the FY07 Activity Based Budget, comparisons between years are available in Section II. Major changes from **FY06** to **FY07** can be noted in general terms.

In **FY07**, *Housing Services* reflects an overall increase of 1.9% primarily to provide for leasing the authorized Section 8 Voucher units and rent increases for landlords for units leased through **FY07**. As a result, FY07 Rental Assistance increases by \$2.3 million (1.8%) over FY06. There is an \$80,745 (1.4%) increase in Property Management expenditures primarily due to the increase of \$25,290 for wait list update, mail and stuffing services, income verification service, criminal history records, and translation services. In addition,

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San Diego Housing Commission

Summary of FY07 Budget

there is an increase of \$21,705 in general liability, personal and real property, flood and mold insurance based on an estimate from the provider. Also, there is an increase of \$13,709 in collection loss and an increase of \$13,300 in interest on security deposits, both based on actual cost experience. Routine Maintenance and Asset Management increase by a combined \$619,336 (4.2%) primarily due to an increase of \$422,853 in maintenance contracts including an estimated \$150,000 landscaping contract and an expected overall 15% increase in other maintenance contracts in FY07. In addition, there is an expected increase of \$156,619 in water, sewer, gas and electric utilities in FY07 based on cost history. Resident Services decreases by \$106,330 (5.0%) for recreation and contract expenses because significant portions of HUD grants were expended or obligated in FY06. It is expected that additional new awards, when received, will increase the Resident Services budget during FY07. Grant applications will be considered at future Housing Commission/Housing Authority meetings as HUD and other agencies issue notices of the availability of resources.

Housing Finance & Development reflects an overall increase of 3.5% primarily from the timing of approvals for the expected obligation and/or completion of several pipeline housing projects or programs leading to more carryover funds from FY06 than occurred in FY05. It should be noted that the cost of each development and homebuyer loan is expected to be higher in FY07 because market prices and construction costs continue to rise. Rental Housing Production increases by \$6.6 million (19.0%), primarily due to the \$4,193,404 of higher fees expected during the second half of FY06 and FY07 from phasing in the Inclusionary Housing program. In addition, due to the timing of the obligation and/or completion of pipeline projects in the current fiscal year, HOME carryover will increase by \$2,021,116 in FY07. Homeownership decreases by \$1.4 million (19.6%) and is primarily due to a combined decrease of \$1,343,543 in Cal Home and Condo Conversion. Rehabilitation Rental Housing and Owner Occupied reflect decreases of \$1.4 million (20.0%) and \$260,231 (5.8%) respectively and the declines are due to expected decreases in loans, grants and relocation resulting from the obligation and/or expenditure of Affordable Housing Fund, Cal Home EAGR, Lead Hazard Control, HOME and most of the Redevelopment funds on various projects, resulting in less carryover from FY06 than occurred in FY05. Portfolio Servicing and Occupancy Monitoring increase by \$186,503 (7.3%) primarily from a reallocation of staff to better reflect the increased participation of several positions in this activity. Special Purpose Housing shows a decline of \$2.5 million (41%) primarily due to the decrease of \$1,436,500 resulting from the obligation and/or expenditure of Shelter Plus Care funds for rent to owners. In addition, there are decreases in loans & grants of \$1,144,368 due to the reduction of \$445,000 for the Winter Shelter program, completion of the \$402,368 Economic Development Initiative program in FY06 and \$297,000 less Linkage fees due to a smaller allocation of new funds in FY07.

Operations reflects an overall increase of 432.3% primarily due to the increase in Facilities Management of \$25,965,842 for the development of the office building, relocation and fixtures, furnishings and office equipment. In addition, there is an increase of \$1,169,919 for the new office facility mortgage along with \$614,550 for contract consultants to provide for leasing agent commissions, a management firm for the office facility and a management firm for the underground parking. Also, due to the larger new facility, maintenance materials, maintenance contracts and utilities will increase by \$164,314 and \$162,660 for property taxes. There is an increase in Information Technology's equipment of \$503,125 for a new phone system, networking equipment at the new facility, equipment for kiosk, training, conference, lobby and client rooms, security system and printers. Again this year, Operations expenses (less the one-time only costs for the development of the office facility) can be readily distinguished from direct services and are less than 4% of the **FY07 Budget** (down from 5% in the FY04 Budget and 6% in the FY02 Budget). If all expenses associated with supervisory functions in Housing Services and Housing Finance & Development were included with the Operations budget, overhead costs would be approximately 6% of the total budget.

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San Diego Housing Commission

Summary of FY07 Budget

Reserves total \$22.0 million, a slight increase from \$21.9 million in FY06. Most (\$15.2 million) funds are set aside for specific programs. These Program Reserves include the proposed addition of \$500,000 as a sinking fund for the future purchase of State units when the State loan becomes due and payable. \$2.6 million is reserved for litigation, uninsured losses and the office facility purchase contingencies. These Contingency Reserves include the proposed addition of \$484,327 to provide for the new office facility and the uncertainty surrounding the leasing of the first two floors. As leasing efforts prove successful in the future, it is anticipated that this reserve would decline. Slightly more than one and a half percent of the budget (\$4.2 million) is set aside for unanticipated events and future administrative expenses.

Revenues

Housing Commission activities are driven largely by available revenues. The proposed **FY07 Budget** includes \$275.7 million in estimated revenue sources, representing a net increase of \$33.5 million from the current **FY06** revenues. Of this amount, approximately \$188.7 million or 68.4% are restricted revenues that can only be used for the purpose for which they were granted by the funding sources. Conversely, \$87.1 million (31.6%) of revenues are subject to significant local discretion. About one third of the Unrestricted Revenues are allocated to Operations primarily for the one-time development of the new office facility. Of the remaining Unrestricted Revenues, over half are allocated to Rental Housing Production, with significant amounts allocated to Homeownership, Rehabilitation and Special Purpose Housing. Addendum 11 further describes distribution of Unrestricted Revenues.

The net increase in revenues reflects the increase of \$27.7 million from borrowed funds and the Newton Avenue sale proceeds that combine to develop the approved new office facility in FY07. In addition, there is an increase of \$4.2 million in carryover and new Inclusionary Housing fees as this program continues to phase in. It is expected there will be an increase of \$2.2 million in the Section 8 Voucher Program to provide for rent increases through FY07. Also, there is an additional \$1.3 million of HOME funds due to the timing of project approvals and \$2.0 million of Capital Fund and Lead Hazard funds resulting from new awards by HUD.

These increases are partially offset by a decline in Cal Home EAGR, Cal Home, Cal State Housing Trust and Shelter Plus Care funds due to the expected obligation and/or completion in the current fiscal year of a number of housing projects or programs. This will cause \$3.2 million less in carryover funds from **FY06** than occurred from **FY05 into FY06**. All of the other increases and decreases in funds account for the remaining \$700,000 decrease in the FY07 Budget. Finally, staff will continue to refine revenue estimates and advise the Commission through budget status reports and revisions.

Revenues

	FY06 Current Budget	FY07 Proposed Budget	Change
San Diego Revenues	\$ 45,350,018	\$ 78,237,000	\$ 32,886,982
State Revenues	5,164,183	3,444,626	(1,719,557)
Federal Revenues	<u>191,696,712</u>	<u>194,049,937</u>	<u>2,353,225</u>
	\$ 242,210,913	\$ 275,731,563	\$ 33,520,650

FY07 BUDGET

San Diego Housing Commission

Summary of FY07 Budget

San Diego Revenues increase substantially due primarily to the previously mentioned increase of \$27.7 million from borrowed funds and the Newton Avenue sale proceeds that combine to develop the approved new office facility in FY07. In addition, there is an increase of \$4.2 million in carryover and new Inclusionary Housing fees as this program continues to phase in. Additional federal and state grants not yet reflected in this budget are likely to increase available revenues during FY07. It is unlikely that new Section 8 funds will be available, even if actual costs for the authorized number of vouchers grow, and no additional vouchers will become available, except for residents of projects opting out of federal housing agreements. However, it is expected that additional new awards from HUD and other agencies for Resident Services programs will become available in FY07. Most of the State of California funding is from Proposition 46 and awards previously received are expected to be depleted in FY07. This is why the Housing Commission advocates for housing and the proposed State infrastructure bond. Proceeds from Housing Authority bonds for rental development flow directly to projects and not through the Housing Commission's Budget.

It should be noted that the lease-up rate for the Section 8 Voucher Program has been closely monitored and is hovering just above 100%. This is significant and staff has taken action to reduce the lease-up rate slightly because HUD will not fund units above the baseline number. Surplus administrative funds from the Section 8 program, that formerly became Local funds and paid for activities ineligible for many other funding sources, such as homeless shelters, social services, task forces, planning and administrative activities, can no longer be used for this purpose placing an added burden on remaining Local funds.

Expenditures

The proposed FY07 Budget shows a 14% increase in proposed expenditures. However, administrative funds are limited, so significant attention has been given to constraining and reducing administrative expenses. Expenditures are discussed in greater detail in Section III, Addendum 3.

Expenditures

	FY06 Current Budget	FY07 Proposed Budget	Change
Salaries & Benefits	\$ 16,678,619	\$ 17,110,820	\$ 432,201
Services & Supplies	7,500,156	11,756,749	4,256,593
Housing Programs	196,172,018	224,850,424	28,678,406
Reserves	<u>21,860,120</u>	<u>22,013,570</u>	<u>153,450</u>
	\$ 242,210,913	\$ 275,731,563	\$ 33,520,650

Staffing expenditures increase by 3% as described below. The ratio of salaries and benefits to housing program funds is below that of FY06.

Supplies and Services increased by 57% primarily for one-time fixtures, furnishings and office equipment for the new office facility, a new phone system, networking equipment at the new facility, equipment for the lobby kiosk, training, conference, lobby and client rooms, printers and building security system. Contract/consulting increased to provide for leasing agent commissions, a management firm for the new office facility, a management firm for the underground parking, consultants for lead based paint inspections, clearance inspections, and costs for ongoing construction defect issues on the Golfcrest, Saranac and Fulton sites. Also, consultants increased to provide for a

FY07 BUDGET

San Diego Housing Commission

Summary of FY07 Budget

temporary employee to backfill for cross training positions, update to the waiting list, income verification services and communication consulting. Based on the approved labor agreement, partial parking fees for employees at the new office facility will be provided. Based on historical expenditure, the FY07 budget includes costs for additional advertising of vacant positions and background checks, physicals and immunizations. The remaining balance of the increase is due to various increases/decreases in the other line items.

Housing Programs expenses increased by 15% primarily due to a substantial increase in site acquisition for the development of the new office facility and for the related mortgage payments. In addition, Inclusionary Housing loans & grants increased due to higher fees during the second half of FY06 and FY07. Also, there is an increase for rent to owners that will enable the Section 8 Voucher Program to lease the authorized units and allow modest rent increases for units leased through FY07. These increases are partially offset by a reduction in rent to owners resulting from the obligation and/or expenditure of Shelter Plus Care funds in FY06. In addition, Rehabilitation loans and grants are expected to decrease from the obligation and/or expenditure of Affordable Housing Fund, Cal Home EAGR, HOME, Lead Hazard Control and most of the Redevelopment funds on various projects, resulting in less carryover from FY06 than occurred in FY05. The balance of the decrease is due to various increases/decreases in the other Housing Program line items.

Administrative Issues

Based on a 1996 recommendation of the Select Committee on Government Efficiency and Fiscal Reform, the Housing Commission's independent auditor was commissioned to segregate administrative expenses from those associated with service delivery to ensure that overhead constitutes less than 10% of the budget. At that time, this study demonstrated that less than 8% of the Housing Commission's budget was devoted to administration. This ratio of administration to programs is projected to be less than 6% in the [FY07 Budget](#) after discounting the one-time costs of developing the new office facility.

In [FY07](#), overhead will continue to be tightly controlled; initial budget requests for personnel, supplies and services were pared down. Staffing levels are closely scrutinized throughout the year, with resources controlled and redeployed to meet service needs. All other administrative expenditures were reviewed in [FY06](#) and this review led to a net reduction of training, travel and office & building rent for FY07. Completion of one-time consulting contracts and purchase of fixtures, furnishings and office equipment for the new office in [FY07](#) should lead to a reduction in Services and Supplies in FY08. The trend of flattening the organization by reducing management positions from twenty-one (21) to eight (8) has stabilized in FY07.

The agency has been pursuing efforts to support the strategies included in the Business Plan approved by the Housing Commission and Housing Authority in FY06. In FY07, it is expected that the implementation of the Re-Use Plan for the University Canyon site will be completed and the repositioning of some public housing units to provide additional housing for households earning up to 80% of the Area Median Income will be under way.

Salaries and Benefits

The [FY07 Budget](#) proposal includes a net decrease of one-fifth of one position. Because of the salary levels of the positions, deleting 3.7 positions and adding 3.5 positions provides an overall reduction in cost. Specifically the budget proposes the elimination of the Director of Communications, a Policy Advisor, a Senior Maintenance Technician and the remaining 0.35 Human Resources Officer and 0.35 Senior Human Resources Analyst positions. Partially offsetting these decreases would be the addition of a Director of Policy and Governmental

FY07 BUDGET

San Diego Housing Commission

Summary of FY07 Budget

Affairs, a Communications Officer, a Senior Administrative Assistant and 0.50 Building Assistant. In addition, there are ten reclassifications to better reflect increases in workload and responsibilities of certain positions. A summary of staffing changes is included in Section III, Addendum 4.

Summary of FY07 Budgeted Positions

	FY06 Current	FY07 Proposed	Change
Staffing Positions	237.70	237.50	(0.20)

FY07 budgeted salaries reflect the implementation of the salary adjustments (2 .5% range adjustment) that were approved by the Board two years ago as part of a three-year labor agreement, as well as a provision for employee progression on the seven-step merit pay range. Flex plan benefits also increase according to the agreement and there is an increase in pension due to the range adjustment and employee progression on the seven-step merit pay range. Overall, these increases provide for a net FY07 Budget increase of 3% in salaries and benefits. Addendum 7 describes salaries and benefits changes in detail (Section III, Addendum 7).

Beneficiaries

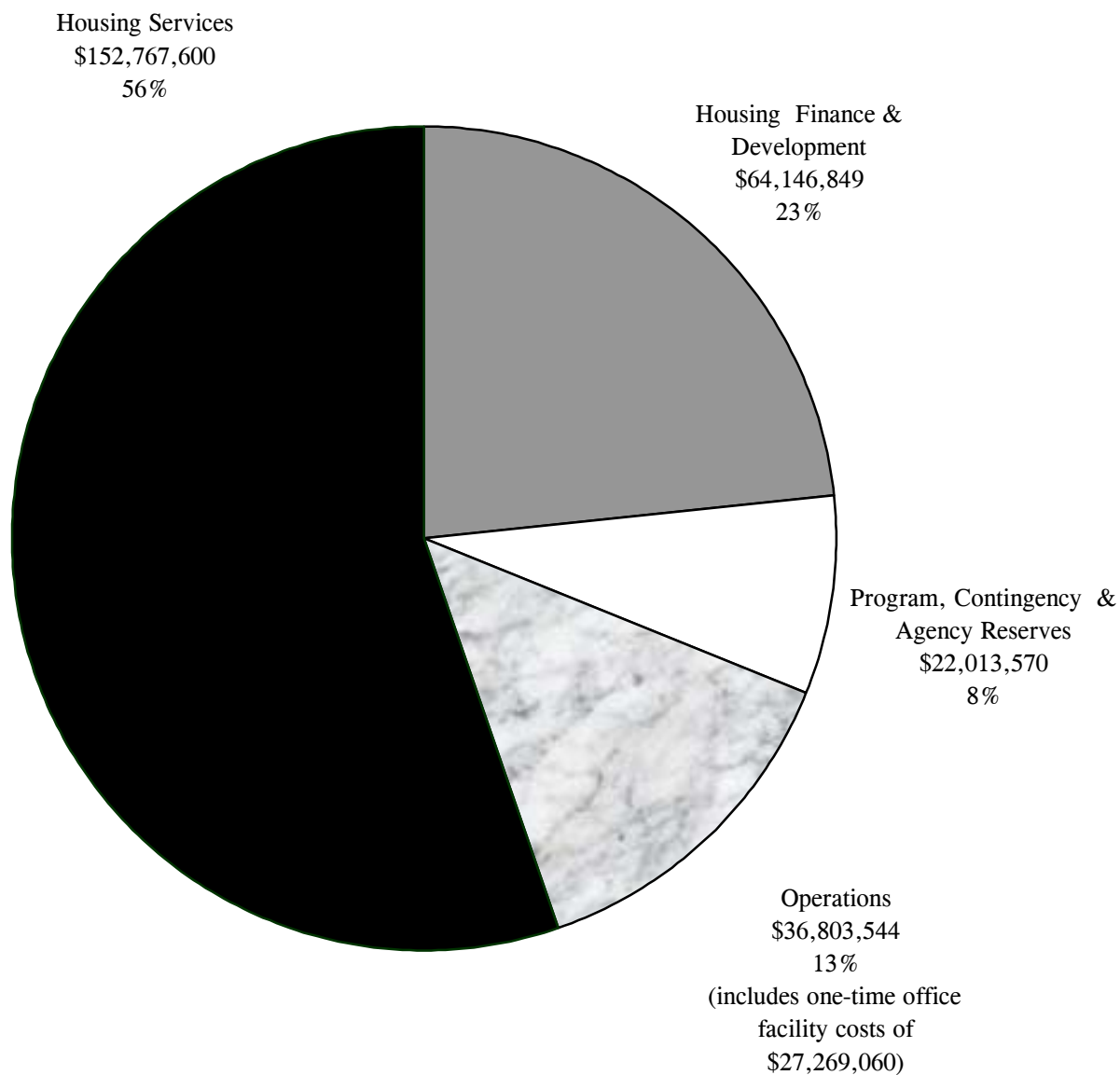
Proposed budget activities are targeted to serve lower income households with the vast majority of the budget targeting the very low-income earning well below 50% of area median income (AMI). After discounting for the one-time development of the new office facility, almost all of the Housing Services programs, which comprise just under two thirds of the budget, serve households with very low-incomes. The average annual income of households served by these programs is \$16,310.

In addition, within the Housing Finance & Development Activity Group, Special Purpose Housing targets those with extremely low-incomes. After discounting for the one-time development of the new office facility, this activity represents an additional 1.5% of the budget for a total of approximately 70% of the budget targeted to serve very low-income groups.

Rental Housing Production, Rehabilitation and Homeownership activities generally serve those at somewhat higher incomes. Rental Housing Production activities typically target households with incomes between 45% and 60% of AMI, while Homeownership activities generally serve those averaging 70% of AMI. Rehabilitation activities may serve households up to 80% of AMI, but the typical beneficiary earns less than 30% AMI (extremely low-income).

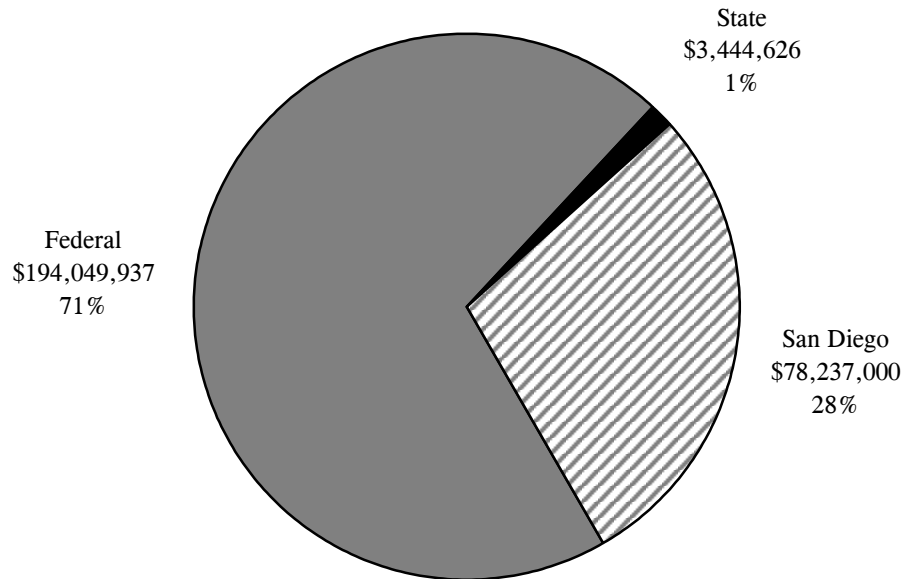
FY07 Budget by Activity Group

Total \$275,731,563*

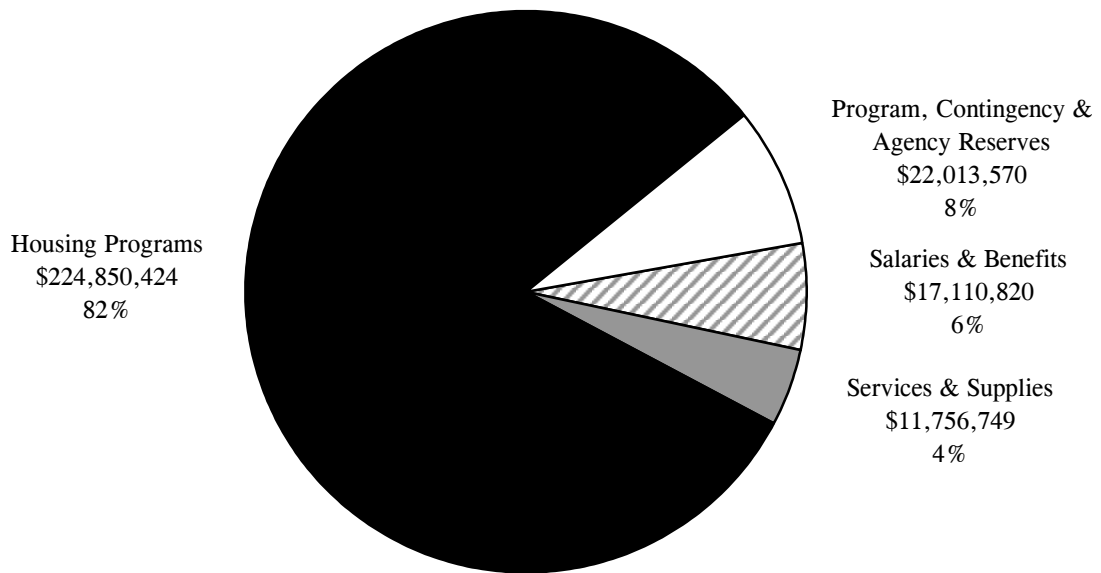


***Note: Does not include Continuing Appropriations of \$6,708,377**

FY07 Revenue by Major Category Total \$275,731,563*

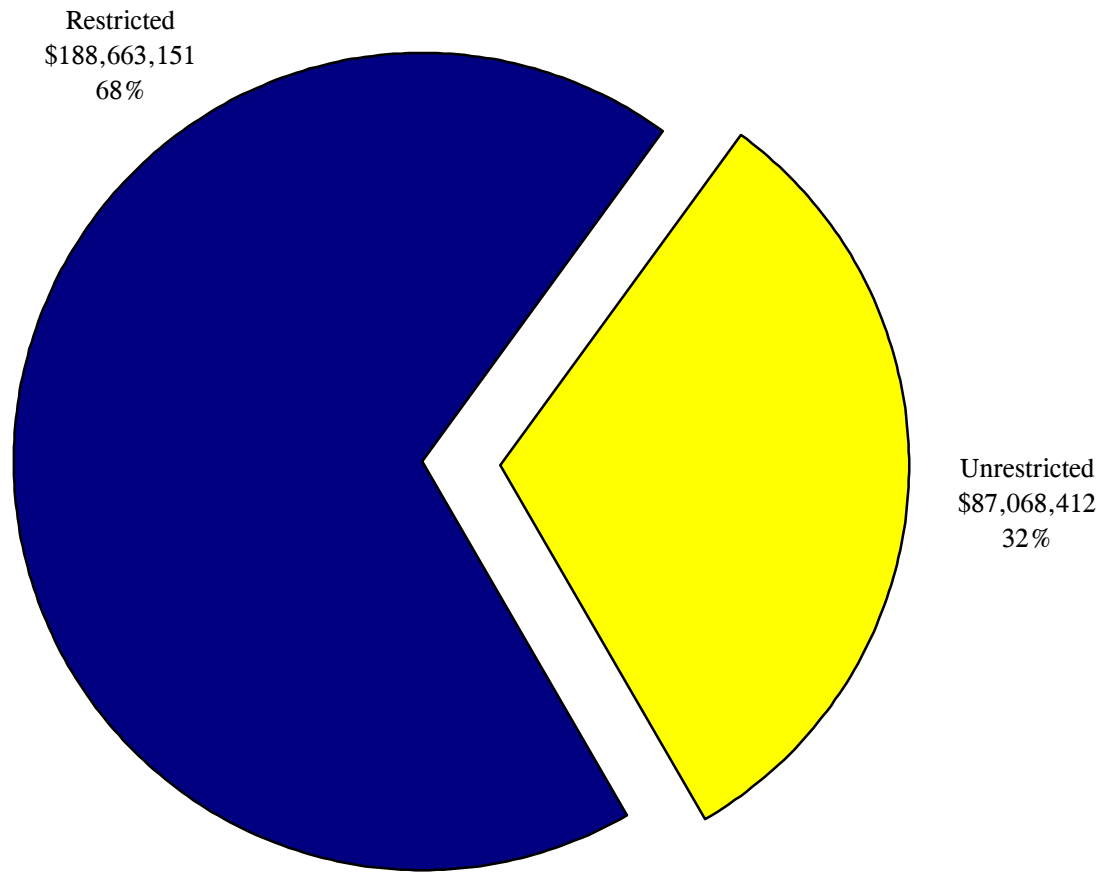


FY07 Expense by Major Category Total \$275,731,563*



*Note: Does not include Continuing Appropriations of \$6,708,377

**FY07 Revenues
Restricted and Unrestricted
Total \$275,731,563***



*** Note: Does not include Continuing Appropriations of \$6,708,377**

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San Diego Housing Commission

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Schedule I

Activity Based Budget Summary

Activities	# of Staff	Salaries & Benefits	Services & Supplies	Housing Programs	Program & Contingency Reserves	Total Proposed Budget	Continuing Appropriations	FY06 Current Budget	FY06 Original Budget
Housing Services	154.28	10,126,834	2,785,354	139,855,412	0	152,767,600	231,794	149,851,386	144,332,539
Rental Assistance	87.50	5,527,241	1,187,256	122,612,595	0	129,327,092	6,400	127,004,629	120,727,262
Property Management	52.63	3,551,736	1,174,924	16,707,359	0	21,434,019	0	20,733,938	21,716,820
Management	25.10	1,481,586	558,948	3,984,921	0	6,025,455	0	5,944,710	5,906,670
Routine Maintenance	20.43	1,428,052	301,772	4,401,935	0	6,131,759	0	5,489,987	5,380,723
Asset Management	7.10	642,098	314,204	8,320,503	0	9,276,805	0	9,299,241	10,429,427
Resident Services	14.15	1,047,857	423,174	535,458	0	2,006,489	225,394	2,112,819	1,888,457
Housing Finance & Development	37.00	3,125,513	1,455,975	59,565,361	0	64,146,849	6,088,876	61,986,723	50,968,970
Rental Housing Production	11.35	1,053,155	484,887	39,403,890	0	40,941,932	1,433,700	34,393,775	29,933,473
Homeownership	2.40	175,394	90,844	5,348,634	0	5,614,872	2,231,228	6,983,791	6,791,225
Rehabilitation	11.70	988,341	522,872	9,726,221	0	11,237,434	250,000	11,908,165	6,175,146
Rental Housing	2.95	250,569	309,973	3,675,405	0	4,235,947	0	4,496,178	713,102
Owner Occupied	8.75	737,772	212,899	6,050,816	0	7,001,487	250,000	7,411,987	5,462,044
Portfolio Servicing & Occupancy Monitoring	9.35	715,613	215,033	1,794,856	0	2,725,502	0	2,538,999	2,632,852
Special Purpose Housing	2.20	193,010	142,339	3,291,760	0	3,627,109	2,173,948	6,161,993	5,436,274
Operations	46.22	3,858,473	7,515,420	25,429,651	0	36,803,544	387,707	8,512,684	8,220,464
Board & Executive Functions	3.70	574,599	273,597	0	0	848,196	10,905	1,120,157	1,103,366
Support Services	36.67	2,776,559	6,978,766	25,429,651	0	35,184,976	376,802	6,956,957	6,689,273
Human Resources	0.65	72,772	467,691	0	0	540,463	0	556,476	523,516
Information Technology	7.65	644,758	1,920,855	0	0	2,565,613	146,752	2,144,114	2,019,816
Financial Services	24.00	1,695,796	596,621	0	0	2,292,417	0	2,145,285	2,062,334
Organizational Development & Training	3.00	240,059	133,718	0	0	373,777	0	320,029	315,922
Facilities Management	1.37	123,174	3,859,881	25,429,651	0	29,412,706	230,050	1,791,053	1,767,685
Policy & Governmental Affairs	5.85	507,315	263,057	0	0	770,372	0	435,570	427,825
Policy & Governmental Affairs	2.50	201,734	126,180	0	0	327,914	0	0	0
Communications	3.35	305,581	136,877	0	0	442,458	0	435,570	427,825
Program, Contingency & Agency Reserves	0.00	0	0	0	22,013,570	22,013,570	0	21,860,120	17,825,158
FY07 Proposed Activity Based Budget	237.50	17,110,820	11,756,749	224,850,424	22,013,570	275,731,563	6,708,377	242,210,913	221,347,131
FY06 Current Budget	237.70	16,678,619	7,500,156	196,172,018	21,860,120	242,210,913	16,975,329		

Activities and Revenues

Activities (A)	Restricted Revenue Sources						Unrestricted Revenue Sources			
	FY07 Proposed Budget	Section 8	Other HUD	State	CDBG	Restricted Local	Rental Rehabilitation	Local	Affordable Housing Fund	HOME
	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Housing Services	152,767,600	129,987,962	12,420,140	2,069,241	0	7,227,477	0	1,062,780	0	0
Rental Assistance	129,327,092	129,327,092	0	0	0	0	0	0	0	0
Property Management	21,434,019	0	11,158,793	2,069,241	0	7,143,205	0	1,062,780	0	0
Management	6,025,455	0	1,926,869	158,039	0	3,932,020	0	8,527	0	0
Routine Maintenance	6,131,759	0	4,874,432	406,202	0	801,280	0	49,845	0	0
Asset Management	9,276,805	0	4,357,492	1,505,000	0	2,409,905	0	1,004,408	0	0
Resident Services	2,006,489	660,870	1,261,347	0	0	84,272	0	0	0	0
Housing Finance & Development	64,146,849	15,000	11,619,801	995,755	3,016,981	5,156,896	97,345	2,857,067	17,706,122	22,681,882
Rental Housing Production	40,941,932	0	5,443,207	853,111	320,981	1,771,238	0	1,946,708	13,655,801	16,950,886
Homeownership	5,614,872	0	0	3,526	142,173	110,012	0	0	1,079,704	4,279,457
Rehabilitation	11,237,434	0	5,351,409	139,118	1,142,537	2,940,828	0	0	411,650	1,251,892
Rental Housing	4,235,947	0	4,037,461	139,118	59,368	0	0	0	0	0
Owner Occupied	7,001,487	0	1,313,948	0	1,083,169	2,940,828	0	0	411,650	1,251,892
Portfolio Servicing & Occupancy Monitoring	2,725,502	0	0	0	1,411,290	334,818	0	700,000	79,747	199,647
Special Purpose Housing	3,627,109	15,000	825,185	0	0	0	97,345	210,359	2,479,220	0
Operations	36,803,544	2,739,618	1,892,960	131,180	405,853	387,944	0	30,733,932	258,951	253,106
Board & Executive Functions	848,196	406,562	217,560	14,369	49,736	52,991	0	1,698	53,241	52,039
Support Services	35,184,976	2,111,827	1,675,400	116,811	192,160	334,953	0	30,347,048	205,710	201,067
Human Resources	540,463	241,915	174,827	12,862	23,464	36,208	0	1,514	25,121	24,552
Information Technology	2,565,613	837,644	481,445	32,493	62,319	94,820	0	924,973	66,713	65,206
Financial Services	2,292,417	861,640	894,696	63,081	91,892	179,857	0	6,735	98,368	96,148
Organizational Development & Training	373,777	170,628	124,432	8,375	14,485	24,068	0	1,120	15,508	15,161
Facilities Management	29,412,706	0	0	0	0	0	0	29,412,706	0	0
Policy & Governmental Affairs	770,372	221,229	0	0	163,957	0	0	385,186	0	0
Policy & Governmental Affairs	327,914	0	0	0	163,957	0	0	163,957	0	0
Communications	442,458	221,229	0	0	0	0	0	221,229	0	0
Program, Contingency & Agency Reserves	22,013,570	1,384,132	5,693,563	248,450	0	3,270,198	0	9,325,633	250,000	1,841,594
FY07 Proposed Budget	275,731,563	134,126,712	31,626,464	3,444,626	3,422,834	16,042,515	97,345	43,979,412	18,215,073	24,776,582
FY06 Current Budget	242,210,913	131,863,774	32,533,480	5,164,183	3,271,501	15,615,805	584,832	16,246,698	13,487,515	23,443,125

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San Diego Housing Commission

ACTIVITY GROUP I: HOUSING SERVICES			
<p>Housing Services encompasses those activities that provide direct housing assistance and supportive services to the agency’s primary clients, approximately 75,000 low-, very low-, and extremely low-income persons. These program activities provide eligible families with Rental Assistance; oversee Property Management and Maintenance of agency-owned and managed complexes and coordinate the provision of Resident Services to assist clients to become independent of assistance.</p>			
POLICY ISSUES:			
<ol style="list-style-type: none"> 1. Pursue alternate sources of funding in Resident Services. 2. Analyze methods to maintain average housing assistance payments to ensure continuing assistance for the maximum number of rental assistance clients within HUD allocation of funds. 3. Plan and implement significant program changes in public housing based on Congressional action. 			
RESOURCE ALLOCATION:		FY06 Current	FY07 Proposed
	Budget	\$ 149,851,386	\$ 152,767,600
	Continuing Appropriations	\$ 2,658,170	\$ 231,794
	Positions	154.78	154.28

The Housing Services Activity Group includes the following Activities:

ACTIVITY IA: RENTAL ASSISTANCE			
<p>PURPOSE AND DESCRIPTION: The Rental Assistance Program (RAP) provides rental subsidies to 12,469 qualified low-income households (35,000 individuals) living in privately owned rental units. The primary program is the federally funded Section 8 Voucher Program; also includes Section 8 Moderate Rehabilitation and New Construction programs. This activity includes maintaining the waiting list and determining eligibility, conducting unit inspections and preparation of yearly program re-certification of families, and ongoing program operations.</p>			
RESOURCE ALLOCATION:		FY06 Current	FY07 Proposed
	Budget	\$ 127,004,629	\$ 129,327,092
	Continuing Appropriations	\$ 76,239	\$ 6,400
	Positions	87.50	87.50

FY07 BUDGET
San Diego Housing Commission

ACTIVITY IB: PROPERTY MANAGEMENT		
PURPOSE AND DESCRIPTION: Property Management is responsible for the operation of all 1,769 Housing Commission-owned and/or managed units. Eligibility maintains the waiting list and selects qualified tenants. Occupancy provides lease-up services and ensures resident compliance with programmatic and lease requirements. Routine Maintenance provides for the daily routine and preventive maintenance functions of all Housing Commission-owned properties. Asset Management ensures the long-term viability of the Housing Commission's housing stock through the completion of capital improvement projects on 806 units.		
RESOURCE ALLOCATION:	FY06 Current	FY07 Proposed
Budget	\$ 20,733,938	\$ 21,434,019
Continuing Appropriations	\$ 2,484,136	\$ 0
Positions	53.28	52.63

ACTIVITY IC: RESIDENT SERVICES		
PURPOSE AND DESCRIPTION: Resident Services promotes the self-sufficiency of residents of assisted housing through the Family Self-Sufficiency Program, Learning Opportunity Centers and Elderly/Disabled Case Management. Services include: 1) <i>FSS Program</i> : Assist up to 500 FSS Program participants in identifying and pursuing careers that offer upward mobility; provide individualized career coaching and referral services; collaborate with community organizations that provide employment-related training, education and supportive services; promote asset building strategies and homeownership opportunities; 2) <i>LOC Program</i> : Provide youth programming to include academic tutoring and mentoring, drug and crime diversion, and leadership skills; 3) <i>Elderly/Disabled Program</i> : Assist residents in maintaining independence through access to supportive services and activities that promote socialization. Current and alternate funding sources are actively pursued including HUD and other government agencies and private and corporate foundations.		
RESOURCE ALLOCATION:	FY06 Current	FY07 Proposed
Budget	\$ 2,112,819	\$ 2,006,489
Continuing Appropriations	\$ 97,795	\$ 225,394
Positions	14.00	14.15

FY07 BUDGET
San Diego Housing Commission

ACTIVITY GROUP II: HOUSING FINANCE & DEVELOPMENT		
<p>Housing Finance & Development activities facilitate the creation of additional affordable housing opportunities by providing financing for development of housing by nonprofits, for-profits and for direct development; support for low-income homebuyers; preservation of existing affordable housing; provision of technical assistance, underwriting and loan servicing.</p>		
POLICY ISSUES:		
<ol style="list-style-type: none"> 1. Preserve and increase rental housing inventory to assure the availability of an array of housing types. 2. Pursue more aggressive development and revenue generation opportunities pursuant to FY06-08 Business Plan including the use of program income to fund SDHC projects. 3. Seek out additional revenues for lending programs. 4. Provide housing rehabilitation loans with deferred payments to preserve housing stock owned and occupied by very low-income families. 5. Provide homebuyer products for workforce up to 120% of Area Median Income. 		
RESOURCE ALLOCATION:	FY06	FY07
	Current	Proposed
Budget	\$ 61,986,723	\$ 64,146,849
Continuing Appropriations	\$ 13,413,092	\$ 6,088,876
Positions	36.15	37.00

The Housing Finance & Development Activity Group includes the following Activities:

ACTIVITY IIA: RENTAL HOUSING PRODUCTION		
<p>PURPOSE AND DESCRIPTION: This activity involves the development and preservation of affordable rental housing units using a variety of financing for acquisition, acquisition with rehabilitation, and new construction. This activity also provides project management support for units in development. Included in this activity is the provision of technical assistance and/or financing to nonprofit and for-profit developers; development of rental housing by the Housing Commission, and development and implementation of policies and programs that promote private sector development of affordable rental housing.</p>		
RESOURCE ALLOCATION:	FY06	FY07
	Current	Proposed
Budget	\$ 34,393,775	\$ 40,941,932
Continuing Appropriations	\$ 4,981,420	\$ 1,433,700
Positions	13.80	11.35

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San Diego Housing Commission

ACTIVITY IIB: HOMEOWNERSHIP		
PURPOSE AND DESCRIPTION: This activity provides for a range of financial products and technical assistance designed to help low- and moderate-income families purchase homes, and improve affordability for existing homeowners with reissued Mortgage Credit Certificates.		
RESOURCE ALLOCATION:	FY06 Current	FY07 Proposed
Budget	\$ 6,983,791	\$ 5,614,872
Continuing Appropriations	\$ 3,179,732	\$ 2,231,228
Positions	2.75	2.40

ACTIVITY IIC: REHABILITATION		
PURPOSE AND DESCRIPTION: The Rehabilitation activity provides financial and technical assistance for the renovation of homes or mobile homes occupied by low-income households, and investor-owned housing occupied by low-income renters. A significant portion of the Rehabilitation activities are focused in designated Redevelopment Areas of the City. Rehabilitation includes lead paint hazard reduction to eliminate and prevent childhood lead poisoning.		
RESOURCE ALLOCATION:	FY06 Current	FY07 Proposed
Budget	\$ 11,908,165	\$ 11,237,434
Continuing Appropriations	\$ 1,010,199	\$ 250,500
Positions	9.80	11.70

ACTIVITY IID: PORTFOLIO SERVICING & OCCUPANCY MONITORING		
PURPOSE AND DESCRIPTION: This activity includes servicing and administration of the Housing Commission's loan portfolio and bond portfolio; monitoring projects for compliance with occupancy and affordability restrictions; managing the Housing Commission's relocation/tenant assistance program; and managing tenant relocation under the City's condominium conversion ordinance. Administration of the Reinvestment Task Force is also included in this activity.		
RESOURCE ALLOCATION:	FY06 Current	FY07 Proposed
Budget	\$ 2,538,999	\$ 2,725,502
Continuing Appropriations	\$ 0	\$ 0
Positions	7.60	9.35

FY07 BUDGET
San Diego Housing Commission

ACTIVITY IIE: SPECIAL PURPOSE HOUSING			
PURPOSE AND DESCRIPTION: Provide funding to support affordable housing or services for persons with special needs. Includes transitional housing and permanent supportive housing or services as well as homeless services.			
RESOURCE ALLOCATION:		FY06 Current	FY07 Proposed
	Budget	\$ 6,161,993	\$ 3,627,109
	Continuing Appropriations	\$ 4,241,741	\$ 2,173,948
	Positions	2.20	2.20

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San Diego Housing Commission

ACTIVITY GROUP III: OPERATIONS			
Operations activities provide support services to carry out housing program mission and goals. Board and Executive Function provides strategic planning, policy direction, leadership, and management to implement housing programs. Support Services include internal operations needed to deliver housing program services and projects.			
RESOURCE ALLOCATION:		FY06 Current	FY07 Proposed
	Budget	\$ 8,512,684	\$ 36,803,544
	Continuing Appropriations	\$ 904,067	\$ 387,707
	Positions	46.77	46.22

The Operations Activity Group includes the following Activities:

ACTIVITY IIIA: BOARD & EXECUTIVE FUNCTIONS			
PURPOSE AND DESCRIPTION: This activity includes strategic planning, policy analysis and development, management, and direction for the agency. The President & Chief Executive Officer and Executive Vice President & Chief Operating Officer and their immediate support staff, as well as support to the Boards of the Housing Commission, Housing Authority, and Model School Development Agency are included.			
RESOURCE ALLOCATION:		FY06 Current	FY07 Proposed
	Budget	\$ 1,120,157	\$ 848,196
	Continuing Appropriations	\$ 67,314	\$ 10,905
	Positions	6.90	3.70

FY07 BUDGET
San Diego Housing Commission

ACTIVITY IIIB: SUPPORT SERVICES			
PURPOSE AND DESCRIPTION: Operations activities of the agency provide direct staff, equipment and contracting services to support housing program functions. These internal operations of the Housing Commission include Human Resources, Information Technology, Financial Services, Facilities Management, and Organizational Development & Training.			
RESOURCE ALLOCATION:		FY06 Current	FY07 Proposed
	Budget	\$ 6,956,957	\$ 35,184,976
	Continuing Appropriations	\$ 836,341	\$ 376,802
	Positions	36.02	36.67

ACTIVITY IIIC: POLICY & GOVERNMENTAL AFFAIRS			
PURPOSE AND DESCRIPTION: To plan, direct and coordinate all Housing Commission public policy and governmental affairs activities by establishing positive, collaborative working relationships with legislators, other agencies, City departments and outside interests to effectuate the goals and mission of the San Diego Housing Commission. Activities include policy and legislative research, collaborating with stakeholders, monitoring activities of interested groups, representing the agency at public affairs and Commission meetings, and facilitating the development of policies that further the mission of the Commission. Discussions with elected officials occur on a local level and center around specific policy initiatives. Communications serves to inform and educate clients and the community about affordable housing issues and programs, provides ombudsman services and provides customer feedback to the Housing Commission.			
RESOURCE ALLOCATION:		FY06 Current	FY07 Proposed
	Budget	\$ 435,570	\$ 770,372
	Continuing Appropriations	\$ 412	\$ 0
	Positions	3.85	5.85

FY07 BUDGET
San Diego Housing Commission

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Activity Based Budget Detail

HOUSING SERVICES

ACTIVITY GROUP

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: HOUSING SERVICES																
ACTIVITY: RENTAL ASSISTANCE																
SUBACTIVITY: Rental Assistance																
Purpose and Description of the Activity:	Provide rental subsidies to approximately 12,469 qualified low-income households (35,000 individuals) living in privately owned rental units. All programs are federally funded. Funding is now provided on a block grant basis and significant rule changes are expected in FY07.															
Objectives:	<ol style="list-style-type: none"> 1. Maximize utilization of housing assistance through maintaining average lease-up rate of 99%-100%. (Business Plan Goal 3.1) 2. Review and evaluate new program opportunity based on anticipated regulatory relief of the flexible voucher program. (Business Plan Goal 3.1b) 3. Continue to evaluate and monitor the Rental Assistance Program call center to ensure its operational success and its self-sufficiency. (Business Plan Goal 3.5a) 4. Build stronger alliance with apartment association and owners to ensure program support during funding or operational change. (Business Plan Goal 4.1) 															
Resource Allocation:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center; color: blue;">FY06</th> <th style="width: 20%; text-align: center; color: blue;">FY07</th> </tr> <tr> <th></th> <th style="text-align: center;">Current</th> <th style="text-align: center;">Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 127,004,629</td> <td style="text-align: right;">\$ 129,327,092</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 76,239</td> <td style="text-align: right;">\$ 6,400</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">87.50</td> <td style="text-align: right;">87.50</td> </tr> </tbody> </table>		FY06	FY07		Current	Proposed	Budget	\$ 127,004,629	\$ 129,327,092	Continuing Appropriations	\$ 76,239	\$ 6,400	Positions	87.50	87.50
	FY06	FY07														
	Current	Proposed														
Budget	\$ 127,004,629	\$ 129,327,092														
Continuing Appropriations	\$ 76,239	\$ 6,400														
Positions	87.50	87.50														

FY07 BUDGET
San Diego Housing Commission

ACTIVITY GROUP:
ACTIVITY:
SUBACTIVITY:

HOUSING SERVICES
RENTAL ASSISTANCE
Rental Assistance

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	5,348,759	5,527,241	3%
Services & Supplies	872,366	1,187,256	36%
Housing Programs			
Rent to Owners	120,783,504	122,612,595	2%
Housing Programs Total	<u>120,783,504</u>	<u>122,612,595</u>	2%
TOTAL EXPENDITURES	127,004,629	129,327,092	2%
REVENUES			
Restricted			
Section 8	126,887,614	129,327,092	2%
Restricted Total	<u>126,887,614</u>	<u>129,327,092</u>	2%
Unrestricted			
Local	117,015	0	-100%
Unrestricted Total	<u>117,015</u>	<u>0</u>	-100%
TOTAL REVENUES	127,004,629	129,327,092	2%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	HOUSING SERVICES
ACTIVITY:	RENTAL ASSISTANCE
SUBACTIVITY:	Rental Assistance

Summary of Major Changes:

Salaries & Benefits: The increase of \$178,482 is due to provisions for salary, benefits and employee pay plan increases in FY07.

Services & Supplies: The increase of \$314,890 is primarily due to the increase of \$224,963 for the reallocation of office space and higher rental rate in the new office facility. In addition, there is an increase of \$87,214 in contract/consultants to provide for a temporary employee to backfill cross training positions, the waiting list update, income verification services and graphic design for landlord and tenant brochures. Also, there is an increase of \$36,706 for employee parking fees at the new office facility, \$5,000 for records storage, \$4,010 for translation services, \$300 for data processing charges and \$278 for general liability insurance based on an estimate from the provider. These increases were partially offset by a decrease of \$26,951 in travel and training based on actual cost experience and stabilization of program changes. There was a decrease of \$8,920 in office equipment due to one-time purchases in FY06 and a \$7,710 decrease in publications, conference events, business expenses, moving, rent processing fees to landlords and paper shredding.

Housing Programs: HUD has provided funds for calendar year 2006 and based on the uncertainty of Congressional action on this program, no increase in program, size or funding is expected in calendar year 2007. However, the FY07 increase of \$1,829,091 should provide for leasing the authorized units and rent increases for units leased through FY07 based on cost history.

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: HOUSING SERVICES													
ACTIVITY: PROPERTY MANAGEMENT													
SUBACTIVITY: Management													
Purpose and Description of the Activity:	Ensure full utilization of existing housing resources through the achievement and maintenance of a 99% occupancy rate.												
Objectives:	<ol style="list-style-type: none"> 1. Analyze impact of HUD's new Asset Management Rule, which eliminates pro-rated staff and general overhead as eligible project expenses, and create a system to bill services directly to projects in order to maximize HUD funding. (Business Plan Goal 3.2) 2. Complete placement of 35 Public Housing units at University Canyon (Business Plan Goal 1.2) 3. Create and implement re-use plan for State funded sites. (Business Plan Goal 1.1). 												
Resource Allocation:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center; color: blue;">FY06 Current</th> <th style="width: 20%; text-align: center; color: blue;">FY07 Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 5,944,710</td> <td style="text-align: right;">\$ 6,025,455</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 8,868</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">25.10</td> <td style="text-align: right;">25.10</td> </tr> </tbody> </table>		FY06 Current	FY07 Proposed	Budget	\$ 5,944,710	\$ 6,025,455	Continuing Appropriations	\$ 8,868	\$ 0	Positions	25.10	25.10
	FY06 Current	FY07 Proposed											
Budget	\$ 5,944,710	\$ 6,025,455											
Continuing Appropriations	\$ 8,868	\$ 0											
Positions	25.10	25.10											

FY07 BUDGET
San Diego Housing Commission

ACTIVITY GROUP:
ACTIVITY:
SUBACTIVITY:

HOUSING SERVICES
PROPERTY MANAGEMENT
Management

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	1,473,751	1,481,586	1%
Services & Supplies	500,866	558,948	12%
Housing Programs			
Rent to Owners	165,870	165,870	0%
Other Housing Programs	3,804,223	3,819,051	0%
Housing Programs Total	<u>3,970,093</u>	<u>3,984,921</u>	0%
TOTAL EXPENDITURES	5,944,710	6,025,455	1%
REVENUES			
Restricted			
Other HUD	1,804,179	1,926,869	7%
State	161,713	158,039	-2%
Restricted Local	3,938,712	3,932,020	0%
Restricted Total	<u>5,904,604</u>	<u>6,016,928</u>	2%
Unrestricted			
Local	40,106	8,527	-79%
Unrestricted Total	<u>40,106</u>	<u>8,527</u>	-79%
TOTAL REVENUES	5,944,710	6,025,455	1%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	HOUSING SERVICES
ACTIVITY:	PROPERTY MANAGEMENT
SUBACTIVITY:	Management

Summary of Major Changes:

Salaries & Benefits: The increase of \$7,835 is due primarily to provisions for salary, benefits and employee pay plan increases in FY07. In addition, there are reclassifications of 2.00 Assistant Housing Property Supervisor positions to 2.00 Housing Supervisors positions, 1.00 Program Analyst position to Senior Program Analyst position and 1.00 Housing Assistant II position to 1.00 Resident Manager position.

Services & Supplies: The increase of \$58,082 is primarily due to the increase of \$25,290 for wait list update, mail and stuffing services, income verification service, criminal history records, and translation services. In addition, there is an increase of \$21,705 in general liability, personal and real property, flood and mold insurance based on an estimate from the provider. Also, there is an increase of \$13,300 in interest on security deposits based on actual cost experience, \$9,172 for the reallocation of office space and higher rental rate in the new office facility, \$6,100 for travel and training related to new HUD asset management requirements and \$3,000 for legal for higher rates and a slight increase in cases involving unlawful detainers or evictions. There are small increases of \$2,691 for employee parking fees at the new office facility and \$1,933 for office supplies based on cost history. These increases are partially offset by a decrease of \$20,370 in consulting due to the expected completion of the ECS software implementation and paper shredding costs moving to Financial Services. There are small decreases in records storage, publications, advertising, fees charged for data processing services and office equipment that total an additional \$4,739.

Housing Programs: The increase of \$14,828 is due to an increase of \$13,709 for collection loss due to actual cost history and a slight increase of \$1,119 in possessory use tax at the Maya project.

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: HOUSING SERVICES																
ACTIVITY: PROPERTY MANAGEMENT																
SUBACTIVITY: Routine Maintenance																
Purpose and Description of the Activity:	Provide for the cost effective daily routine and preventive maintenance of all San Diego Housing Commission-owned and/or managed properties.															
Objectives:	<ol style="list-style-type: none"> 1. Analyze impact of HUD's new Asset Management Rule, which eliminates pro-rated staff and general overhead as eligible project expenses, and create a system to bill services directly to projects in order to maximize HUD funding. (Business Plan Goal 3.2). 2. Maintain all San Diego Housing Commission-owned and managed properties to high standard to promote neighborhood support and asset viability. (Business Plan Goal 3.5) 															
Resource Allocation:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center; color: blue;">FY06</th> <th style="width: 20%; text-align: center; color: blue;">FY07</th> </tr> <tr> <th></th> <th style="text-align: center;">Current</th> <th style="text-align: center;">Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 5,489,987</td> <td style="text-align: right;">\$ 6,131,759</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 231,434</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">21.08</td> <td style="text-align: right;">20.43</td> </tr> </tbody> </table>		FY06	FY07		Current	Proposed	Budget	\$ 5,489,987	\$ 6,131,759	Continuing Appropriations	\$ 231,434	\$ 0	Positions	21.08	20.43
	FY06	FY07														
	Current	Proposed														
Budget	\$ 5,489,987	\$ 6,131,759														
Continuing Appropriations	\$ 231,434	\$ 0														
Positions	21.08	20.43														

FY07 BUDGET
San Diego Housing Commission

ACTIVITY GROUP:
ACTIVITY:
SUBACTIVITY:

HOUSING SERVICES
PROPERTY MANAGEMENT
Routine Maintenance

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	1,438,487	1,428,052	-1%
Services & Supplies	232,305	301,772	30%
Housing Programs			
Other Housing Programs	3,819,195	4,401,935	15%
Housing Programs Total	<u>3,819,195</u>	<u>4,401,935</u>	15%
Reserves	0	0	0%
TOTAL EXPENDITURES	5,489,987	6,131,759	12%
REVENUES			
Restricted			
Other HUD	4,323,213	4,874,432	13%
State	355,300	406,202	14%
Restricted Local	738,635	801,280	8%
Restricted Total	<u>5,417,148</u>	<u>6,081,914</u>	12%
Unrestricted			
Local	72,839	49,845	-32%
Unrestricted Total	<u>72,839</u>	<u>49,845</u>	-32%
TOTAL REVENUES	5,489,987	6,131,759	12%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	HOUSING SERVICES
ACTIVITY:	PROPERTY MANAGEMENT
SUBACTIVITY:	Routine Maintenance

Summary of Major Changes:

Salaries & Benefits: The decrease of \$10,435 is due primarily to the deletion of 1.00 Senior Maintenance Technician position. This decrease was partially offset by the transfer from Facilities Maintenance of 0.15 Maintenance Supervisor and 0.20 Maintenance Technician II to reflect the increased participation of these positions in this activity. In addition, there are provisions for salary, benefits and employee pay plan increases in FY07 and a reclassification of 1.00 Senior Maintenance Technician to 1.00 Maintenance Supervisor.

Services & Supplies: The increase of \$69,467 is primarily due to the increase of \$56,901 for the expected purchase of new maintenance vehicles to replace aging stock in FY07. In addition, there is an increase of \$9,998 in vehicle insurance based on an estimate from the provider, \$7,080 in records storage and a small increase of \$123 in business expenses. These increases are partially offset by a decrease of \$4,635 in mileage and car allowance based on actual cost experience.

Housing Programs: The increase of \$582,740 is primarily due to an increase of \$422,853 in maintenance contracts including a landscaping contract due to the deletion of the Senior Maintenance Technician position and an expected overall 15% increase in other maintenance contracts in FY07. In addition, there is an expected increase of \$156,619 in water, sewer, gas and electric utilities in FY07 based on cost history and a small increase of \$3,268 in dwelling equipment.

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: HOUSING SERVICES													
ACTIVITY: PROPERTY MANAGEMENT													
SUBACTIVITY: Asset Management													
Purpose and Description of the Activity:	Complete capital improvement projects at Housing Commission-owned and managed developments.												
Objectives:	<ol style="list-style-type: none"> 1. Ensure the long-term viability of San Diego Housing Commission-owned developments through the completion of capital improvement projects. (Business Plan Goal 1.1) 2. Analyze impact of HUD's new Asset Management Rule, which eliminates pro-rated staff and general overhead as eligible project expenses, and create a system to bill services directly to projects in order to maximize HUD funding. (Business Plan Goal 3.2) 												
Resource Allocation:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center; color: blue;">FY06 Current</th> <th style="width: 20%; text-align: center; color: blue;">FY07 Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 9,299,241</td> <td style="text-align: right;">\$ 9,276,805</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 2,243,834</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">7.10</td> <td style="text-align: right;">7.10</td> </tr> </tbody> </table>		FY06 Current	FY07 Proposed	Budget	\$ 9,299,241	\$ 9,276,805	Continuing Appropriations	\$ 2,243,834	\$ 0	Positions	7.10	7.10
	FY06 Current	FY07 Proposed											
Budget	\$ 9,299,241	\$ 9,276,805											
Continuing Appropriations	\$ 2,243,834	\$ 0											
Positions	7.10	7.10											

FY07 BUDGET
San Diego Housing Commission

ACTIVITY GROUP:
ACTIVITY:
SUBACTIVITY:

HOUSING SERVICES
PROPERTY MANAGEMENT
Asset Management

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	602,279	642,098	7%
Services & Supplies	203,994	314,204	54%
Housing Programs			
Other Housing Programs	8,492,968	8,320,503	-2%
Housing Programs Total	<u>8,492,968</u>	<u>8,320,503</u>	-2%
TOTAL EXPENDITURES	9,299,241	9,276,805	0%
REVENUES			
Restricted			
Other HUD	4,208,843	4,357,492	4%
State	1,505,000	1,505,000	0%
Restricted Local	2,394,718	2,409,905	1%
Restricted Total	<u>8,108,561</u>	<u>8,272,397</u>	2%
Unrestricted			
Local	1,190,680	1,004,408	-16%
Unrestricted Total	<u>1,190,680</u>	<u>1,004,408</u>	-16%
TOTAL REVENUES	9,299,241	9,276,805	0%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	HOUSING SERVICES
ACTIVITY:	PROPERTY MANAGEMENT
SUBACTIVITY:	Asset Management

Summary of Major Changes:

Salaries & Benefits: The increase of \$39,819 is due to provisions for salary, benefits and employee pay plan increases in FY07 and a reclassification of 1.00 Program Analyst to 1.00 Senior Program Analyst.

Services & Supplies: The increase of \$110,210 is primarily due to the \$108,260 increase in contract/consultants for ongoing construction defects issues on the Golfcrest, Saranac and Fulton sites. Also, there is an increase of \$3,959 for employee parking fees at the new office facility and a small increase of \$550 for printing. These increases are partially offset by a decrease of \$2,544 of office equipment due to one-time purchases in FY06 and a \$15 decrease in rent for the reallocation of office space and higher rental rate in the new office facility.

Housing Programs: The decrease of \$172,465 is primarily due to the \$1,014,731 decrease in extraordinary maintenance for partial completion of the baths, cabinets, counters, flooring, kitchens, courtyards, landscaping and irrigation, paint exteriors and interiors, playgrounds, seal parking lots, site retaining walls and stairways at the Conventional Public Housing units, Maya Apartments, two State projects and University Canyon. In addition, there is a transfer of \$108,260 of the extraordinary maintenance construction defect funds to provide consultants for ongoing construction defects issues on the Golfcrest, Saranac and Fulton sites. These decreases are partially offset by an increase of \$950,526 from the expected new award of Capital Fund for specific work improvements at the Conventional Public Housing units, temporary relocation of residents in occupancy during the completion of the specific work improvements and dwelling equipment.

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: HOUSING SERVICES													
ACTIVITY: RESIDENT SERVICES													
SUBACTIVITY: Resident Services													
Purpose and Description of the Activity:	Coordination of programs, services and strategic partnerships that: 1) Assist adults and youth in achieving economic self-sufficiency and breaking cycles of poverty; and 2) Assist elderly residents and persons with disabilities in maintaining independent living. Activities that promote economic self-sufficiency for adults include education and training; career planning and coaching; referral services; financial fitness; asset building strategies; and homeownership education. Activities for youth include academic tutoring and mentoring; drug and crime diversion; and leadership skills. Services for senior/disabled participants include supportive service referrals and socialization activities.												
Objectives:	<ol style="list-style-type: none"> 1. Coordinate programs, partnerships and supportive services that assist San Diego Housing Commission participants in achieving economic self-sufficiency, educational advancement and personal independence through the administration of the Family Self-Sufficiency Program, Learning Opportunity Centers, and senior/disabled services (Business Plan Goal 2.1). 2. Analyze impact of HUD's new Asset Management Rule which eliminates pro-rated staff and general overhead as eligible project expenses and create system to bill services directly to projects in order to maximize HUD funding (Business Plan Goal 3.2). 3. Aggressively seek new and continued funding sources to support existing services through grant applications to HUD and other government agencies, and to private and corporate foundations (Business Plan Goal 2.1). 												
Resource Allocation:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">FY06 Current</th> <th style="width: 20%; text-align: center;">FY07 Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 2,112,819</td> <td style="text-align: right;">\$ 2,006,489</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 97,795</td> <td style="text-align: right;">\$ 225,394</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">14.00</td> <td style="text-align: right;">14.15</td> </tr> </tbody> </table>		FY06 Current	FY07 Proposed	Budget	\$ 2,112,819	\$ 2,006,489	Continuing Appropriations	\$ 97,795	\$ 225,394	Positions	14.00	14.15
	FY06 Current	FY07 Proposed											
Budget	\$ 2,112,819	\$ 2,006,489											
Continuing Appropriations	\$ 97,795	\$ 225,394											
Positions	14.00	14.15											

FY07 BUDGET
San Diego Housing Commission

ACTIVITY GROUP:
ACTIVITY:
SUBACTIVITY:

HOUSING SERVICES
RESIDENT SERVICES
Resident Services

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	983,116	1,047,857	7%
Services & Supplies	348,205	423,174	22%
Housing Programs			
Other Housing Programs	781,498	535,458	-31%
Housing Programs Total	<u>781,498</u>	<u>535,458</u>	<u>-31%</u>
TOTAL EXPENDITURES	2,112,819	2,006,489	-5%
REVENUES			
Restricted			
Section 8	527,091	660,870	25%
Other HUD	1,481,775	1,261,347	-15%
Restricted Local	82,654	84,272	2%
Restricted Total	<u>2,091,520</u>	<u>2,006,489</u>	<u>-4%</u>
Unrestricted			
Local	21,299	0	-100%
Unrestricted Total	<u>21,299</u>	<u>0</u>	<u>-100%</u>
TOTAL REVENUES	2,112,819	2,006,489	-5%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	HOUSING SERVICES
ACTIVITY:	RESIDENT SERVICES
SUBACTIVITY:	Resident Services

Summary of Major Changes:

Salaries & Benefits: The increase of \$64,741 is primarily due to provisions for salary, benefits and employee pay plan increases in FY07. In addition, there are reclassifications of 2.00 Program Analyst positions to 2.00 Senior Program Analyst positions.

Services & Supplies: The increase of \$74,969 is primarily due to the increase of \$45,883 for contract Resident Initiatives Coordinators for the family self-sufficiency grants and grant writing. In addition, there is an increase of \$23,594 for the reallocation of office space and higher rental rate in the new office facility. Also, there is an increase of \$3,578 for office supplies, \$888 in travel and training for HUD programs, \$526 for vehicle insurance based on an estimate from the provider and \$500 for office equipment for recommended ergonomic changes.

Housing Programs: The decrease of \$246,040 is primarily due to the decrease of \$242,040 in resident services program expenses resulting from the obligation and/or expenditure of significant amounts of funding in FY06 for the ROSS and Capital Fund programs. It is expected that additional new awards to replenish these decreases will occur during FY07. Specific applications for funds will be provided at future Housing Commission meetings for approval as HUD and other agencies notify staff concerning the availability of resources. In addition, there is a \$4,000 decrease in protective service based on cost experience.

FY07 BUDGET

San Diego Housing Commission

Addendum 1

Activity Based Budget Detail

HOUSING FINANCE & DEVELOPMENT

ACTIVITY GROUP

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: HOUSING FINANCE & DEVELOPMENT													
ACTIVITY: RENTAL HOUSING PRODUCTION													
SUBACTIVITY: Rental Housing Production													
Purpose and Description of the Activity:	Provide financing to nonprofit and for-profit entities for production or preservation of affordable rental housing, including special purpose housing, through issuance of bonds, loans, grants, tax credits, inclusionary and density bonus units, contribution of land, land-use regulations and technical assistance. Identify and pursue market opportunities to maintain and expand the City's inventory of rental housing through Housing Commission ownership.												
Objectives:	<ol style="list-style-type: none"> 1. Create or preserve 600 rental units through financing (new construction, acquisition, acquisition with rehabilitation), affordable at/below 60% area median income. (Business Plan Goals 1.1 and 1.4) 2. Provide technical assistance to nonprofits in the form of project development assistance and provide workshops for developers regarding rental housing development issues. (Business Plan Goal 1.1) 3. Provide project management support for 1,050 units in development. (Business Plan Goals 1.1 and 1.3) 4. Actively pursue development of mixed income housing, owned and operated by the San Diego Housing Commission. (Business Plan Goals 1.3, 1.5, 1.6 and 1.7) 5. In collaboration with the City, School District and Redevelopment Agency, continue the planning, financing, and construction of a development that would combine a new elementary school with multifamily housing to replace housing units that have been removed due to the construction of a school. (Business Plan Goals 1.1 and 2.2) 												
Resource Allocation:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">FY06 Current</th> <th style="width: 20%; text-align: center;">FY07 Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 34,393,775</td> <td style="text-align: right;">\$ 40,941,932</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 4,981,420</td> <td style="text-align: right;">\$ 1,433,700</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">13.80</td> <td style="text-align: right;">11.35</td> </tr> </tbody> </table>		FY06 Current	FY07 Proposed	Budget	\$ 34,393,775	\$ 40,941,932	Continuing Appropriations	\$ 4,981,420	\$ 1,433,700	Positions	13.80	11.35
	FY06 Current	FY07 Proposed											
Budget	\$ 34,393,775	\$ 40,941,932											
Continuing Appropriations	\$ 4,981,420	\$ 1,433,700											
Positions	13.80	11.35											

FY07 BUDGET
San Diego Housing Commission

ACTIVITY GROUP: HOUSING FINANCE & DEVELOPMENT
ACTIVITY: RENTAL HOUSING PRODUCTION
SUBACTIVITY: Rental Housing Production

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	1,222,508	1,053,155	-14%
Services & Supplies	509,391	484,887	-5%
Housing Programs			
Loans & Grants	19,914,081	26,656,070	34%
Site Acquisition	12,665,845	12,665,870	0%
Other Housing Programs	81,950	81,950	0%
Housing Programs Total	32,661,876	39,403,890	21%
TOTAL EXPENDITURES	34,393,775	40,941,932	19%
REVENUES			
Restricted			
Other HUD	5,443,207	5,443,207	0%
State	1,178,086	853,111	-28%
CDBG	545,696	320,981	-41%
Restricted Local	1,515,222	1,771,238	17%
Restricted Total	8,682,211	8,388,537	-3%
Unrestricted			
Local	2,070,041	1,946,708	-6%
Affordable Housing Fund	8,674,273	13,655,801	57%
HOME	14,967,250	16,950,886	13%
Unrestricted Total	25,711,564	32,553,395	27%
TOTAL REVENUES	34,393,775	40,941,932	19%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	HOUSING FINANCE & DEVELOPMENT
ACTIVITY:	RENTAL HOUSING PRODUCTION
SUBACTIVITY:	Rental Housing Production

Summary of Major Changes:

Salaries & Benefits: The decrease of \$169,353 is primarily due to the transfer of 1.05 Housing Construction Specialists and 0.20 Director of Housing Finance & Development to Rehabilitation. In addition, there is the transfer of 1.00 Senior Housing Assistant and 0.15 Financial Specialist to Occupancy Monitoring and the transfer of 0.25 Project Manager to Special Purpose Housing. The transfers reflect the increased participation of these positions in these activities. The decreases were partially offset by an increase from a transfer of 0.20 Senior Program Analyst from Rehabilitation, Portfolio Servicing and Special Purpose Housing to reflect the increased participation in this activity. Also, there is provision for salary, benefits and employee pay plan increases in FY07.

Services & Supplies: The decrease of \$24,504 is due primarily to a \$51,764 decrease in contract/consultant for Model Schools and consulting during peak workload periods based on past experience. In addition, there is a \$1,050 decrease in paper shredding and office equipment. These decreases are partially offset by an increase of \$22,276 for the reallocation of office space and higher rental rate in the new office facility. Also, there is an increase of \$4,226 for employee parking fees at the new office facility and an increase of \$1,808 to provide for small increases in office supplies, postage, ergonomic appraisal and online real estate information.

Housing Programs: The increase of \$6,742,014 is due entirely to an increase in loans and grants. The increase results primarily from the \$4,950,344 of higher fees expected during the second half of FY06 and FY07 from phasing in the Inclusionary Housing program. In addition, due to the timing of the obligation and/or completion in the current fiscal year, HOME carryover will increase by \$2,021,116 in FY07. These increases are partially offset by an overall combined decrease of \$229,446 in Cal State Housing Trust Fund, CDBG, Coastal, Condo Conversion, and NCFUA housing projects or programs.

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: HOUSING FINANCE & DEVELOPMENT													
ACTIVITY: HOMEOWNERSHIP													
SUBACTIVITY: Homeownership													
Purpose and Description of the Activity:	Provide financial and technical assistance to homebuyers and to private entities operating homeownership programs. Also provide housing programs and/or incentives to developers of affordable homeownership opportunities.												
Objectives:	<ol style="list-style-type: none"> 1. Administer first-time homebuyer programs for 100 homebuyers including deferred second trust deed loans, down payment/closing cost assistance grants, and mortgage credit certificates with particular emphasis on those within 80% of area median income. (Business Plan Goal 1.7) 2. Underwrite, process and fund all first-time homebuyer program loans and grants in accordance with San Diego Housing Commission policies, guidelines and regulations. (Business Plan Goal 1.7) 3. Determine buyer eligibility for the various affordable for-sale housing programs. (Business Plan Goal 1.7) 												
Resource Allocation:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">FY06 Current</th> <th style="width: 20%; text-align: center;">FY07 Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 6,983,791</td> <td style="text-align: right;">\$ 5,614,872</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 3,179,732</td> <td style="text-align: right;">\$ 2,231,228</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">2.75</td> <td style="text-align: right;">2.40</td> </tr> </tbody> </table>		FY06 Current	FY07 Proposed	Budget	\$ 6,983,791	\$ 5,614,872	Continuing Appropriations	\$ 3,179,732	\$ 2,231,228	Positions	2.75	2.40
	FY06 Current	FY07 Proposed											
Budget	\$ 6,983,791	\$ 5,614,872											
Continuing Appropriations	\$ 3,179,732	\$ 2,231,228											
Positions	2.75	2.40											

FY07 BUDGET

San Diego Housing Commission

ACTIVITY GROUP:

ACTIVITY:

SUBACTIVITY:

HOUSING FINANCE & DEVELOPMENT**HOMEOWNERSHIP****Homeownership**

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	206,211	175,394	-15%
Services & Supplies	85,403	90,844	6%
Housing Programs			
Loans & Grants	6,692,177	5,348,634	-20%
Housing Programs Total	<u>6,692,177</u>	<u>5,348,634</u>	<u>-20%</u>
TOTAL EXPENDITURES	6,983,791	5,614,872	-20%
REVENUES			
Restricted			
State	1,084,760	3,526	-100%
CDBG	141,839	142,173	0%
Restricted Local	177,751	110,012	-38%
Restricted Total	<u>1,404,350</u>	<u>255,711</u>	<u>-82%</u>
Unrestricted			
Local	4,474	0	-100%
Affordable Housing Fund	1,083,842	1,079,704	0%
HOME	4,491,125	4,279,457	-5%
Unrestricted Total	<u>5,579,441</u>	<u>5,359,161</u>	<u>-4%</u>
TOTAL REVENUES	6,983,791	5,614,872	-20%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	HOUSING FINANCE & DEVELOPMENT
ACTIVITY:	HOMEOWNERSHIP
SUBACTIVITY:	Homeownership

Summary of Major Changes:

Salaries & Benefits: The decrease of \$30,817 is primarily due to a transfer of 0.30 Financial Specialist to Occupancy Monitoring in FY07 to reflect the increased participation of this position in this activity. This decrease was partially offset by an increase from provisions for salary, benefits and employee pay plan increases in FY07.

Services & Supplies: The increase of \$5,441 is due to an increase of \$4,524 for the reallocation of office space and higher rental rate in the new office facility. In addition, there is an increase of \$917 to provide for employee parking fees at the new office facility.

Housing Programs: The decrease of \$1,343,543 is primarily due to a combined decrease of \$2,082,866 in Cal Home, Condo Conversion and HOME American Dream due to the expected obligation and/or completion in the current fiscal year of various projects. This decrease is partially offset by the provision of \$739,323 of HOME funds for this activity in FY07.

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: HOUSING FINANCE & DEVELOPMENT																										
ACTIVITY: REHABILITATION																										
SUBACTIVITY: Rental Housing																										
Purpose and Description of the Activity:	The provision of technical and financial assistance for the rehabilitation of privately owned housing occupied by low-income renters.																									
Objectives:	Provide lead based paint reduction grants for 140 rental housing units. (Business Plan Goal 2.2)																									
Resource Allocation:	<table border="1"> <thead> <tr> <th></th> <th colspan="2">FY06</th> <th colspan="2">FY07</th> </tr> <tr> <th></th> <th colspan="2">Current</th> <th colspan="2">Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td>\$</td> <td>4,496,178</td> <td>\$</td> <td>4,235,947</td> </tr> <tr> <td>Continuing Appropriations</td> <td>\$</td> <td>0</td> <td>\$</td> <td>0</td> </tr> <tr> <td>Positions</td> <td></td> <td>1.10</td> <td></td> <td>2.95</td> </tr> </tbody> </table>		FY06		FY07			Current		Proposed		Budget	\$	4,496,178	\$	4,235,947	Continuing Appropriations	\$	0	\$	0	Positions		1.10		2.95
	FY06		FY07																							
	Current		Proposed																							
Budget	\$	4,496,178	\$	4,235,947																						
Continuing Appropriations	\$	0	\$	0																						
Positions		1.10		2.95																						

FY07 BUDGET

San Diego Housing Commission

ACTIVITY GROUP:

ACTIVITY:

SUBACTIVITY:

HOUSING FINANCE & DEVELOPMENT

REHABILITATION

Rental Housing

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	95,895	250,569	161%
Services & Supplies	50,366	309,973	515%
Housing Programs			
Loans & Grants	3,872,812	3,230,405	-17%
Other Housing Programs	477,105	445,000	-7%
Housing Programs Total	4,349,917	3,675,405	-16%
TOTAL EXPENDITURES	4,496,178	4,235,947	-6%
REVENUES			
Restricted			
Other HUD	4,022,561	4,037,461	0%
State	418,536	139,118	-67%
CDBG	0	59,368	0%
Restricted Total	4,441,097	4,235,947	-5%
Unrestricted			
Local	2,065	0	-100%
HOME	53,016	0	-100%
Unrestricted Total	55,081	0	-100%
TOTAL REVENUES	4,496,178	4,235,947	-6%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	HOUSING FINANCE & DEVELOPMENT
ACTIVITY:	REHABILITATION
SUBACTIVITY:	Rental Housing

Summary of Major Changes:

Salaries & Benefits: The increase of \$154,674 is primarily due to the addition of 0.75 Senior Administrative Assistant to assist with the two new Lead Hazard Control awards. This position will handle the increased workload resulting from higher phone volume on the various programs. In addition, there is the transfer of 1.00 Housing Construction Specialist from Rental Housing Production and 0.10 Senior Program Analyst from Rehabilitation Owner Occupied to reflect the increased participation of these positions in this activity. Also, there are provisions for salary, benefits and employee pay plan changes in FY07.

Services & Supplies: The increase of \$259,607 is primarily due to the increase of \$242,188 in contract/consultants for the two Board approved direct hire Housing Construction Specialists for the new Lead Hazard Control programs and the consultants for lead based paint inspections and clearance inspections required under these programs. In addition, there is an increase of \$15,608 for the reallocation of office space and higher rental rate in the new office facility. Also, there is an increase of \$1,811 to provide for employee parking fees at the new office facility.

Housing Programs: The decrease of \$674,512 is due to an expected decrease in loans, grants and relocation resulting from the obligation and/or expenditure of Cal Home EAGR, Lead Hazard Control and HOME funds on various projects, resulting in less carryover from FY06 than occurred in FY05. No new funds are provided this activity in FY07.

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: HOUSING FINANCE & DEVELOPMENT													
ACTIVITY: REHABILITATION													
SUBACTIVITY: Owner Occupied													
Purpose and Description of the Activity:	The provision of financial and technical assistance to low-income owners wishing to rehabilitate their owner-occupied housing and to nonprofit entities that assist such owners.												
Objectives:	<ol style="list-style-type: none"> 1. Provide financial assistance in the rehabilitation of 280 owner-occupied residences consisting of: <ul style="list-style-type: none"> • Loans for 78 low-income single family homeowners; • Deferred loans and grants to 112 very low-income single family homeowners; • Grants for 50 very low-income mobile home owners; • Lead based paint reduction grants for 40 single family owner-occupied homes. (Business Plan Goal 2.2) 2. Monitor CDBG-financed nonprofit rehabilitation for 500 residential units. (Business Plan Goal 2.2) 												
Resource Allocation:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">FY06 Current</th> <th style="width: 20%; text-align: center;">FY07 Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 7,411,987</td> <td style="text-align: right;">\$ 7,001,487</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 1,010,199</td> <td style="text-align: right;">\$ 250,000</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">8.70</td> <td style="text-align: right;">8.75</td> </tr> </tbody> </table>		FY06 Current	FY07 Proposed	Budget	\$ 7,411,987	\$ 7,001,487	Continuing Appropriations	\$ 1,010,199	\$ 250,000	Positions	8.70	8.75
	FY06 Current	FY07 Proposed											
Budget	\$ 7,411,987	\$ 7,001,487											
Continuing Appropriations	\$ 1,010,199	\$ 250,000											
Positions	8.70	8.75											

FY07 BUDGET
San Diego Housing Commission

ACTIVITY GROUP: HOUSING FINANCE & DEVELOPMENT
ACTIVITY: REHABILITATION
SUBACTIVITY: Owner Occupied

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	717,707	737,772	3%
Services & Supplies	122,085	212,899	74%
Housing Programs			
Loans & Grants	6,417,055	5,900,816	-8%
Other Housing Programs	155,140	150,000	-3%
Housing Programs Total	6,572,195	6,050,816	-8%
TOTAL EXPENDITURES	7,411,987	7,001,487	-6%
REVENUES			
Restricted			
Other HUD	1,344,143	1,313,948	-2%
CDBG	930,049	1,083,169	16%
Restricted Local	3,539,304	2,940,828	-17%
Restricted Total	5,813,496	5,337,945	-8%
Unrestricted			
Local	15,506	0	-100%
Affordable Housing Fund	254,662	411,650	62%
HOME	1,328,323	1,251,892	-6%
Unrestricted Total	1,598,491	1,663,542	4%
TOTAL REVENUES	7,411,987	7,001,487	-6%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	HOUSING FINANCE & DEVELOPMENT
ACTIVITY:	REHABILITATION
SUBACTIVITY:	Owner Occupied

Summary of Major Changes:

Salaries & Benefits: The increase of \$20,065 is primarily due to the addition of 0.25 Senior Administrative Assistant to assist with the two new Lead Hazard Control awards. This position will handle the increased workload resulting from higher phone volume on the various programs. There is an upgrade of an Office Assistant II to a Senior Administrative Assistant. In addition, there is a transfer of 0.20 Director of Housing Finance & Development and 0.35 Housing Construction Specialist from Rental Housing Production to reflect the increased participation of these positions in this activity. Also, there is a provision for salary, benefits and employee pay plan increases in FY07. These increases were partially offset by a decrease from the transfer of 0.30 Financial Specialist to Occupancy Monitoring, 0.30 Housing Construction Officer to Rehabilitation Rental Housing and 0.15 Senior Program Analyst to Rental Housing Production to reflect the increased participation of these positions in those activities.

Services & Supplies: The increase of \$90,814 is primarily due to an increase of \$80,729 in contract/consultants for the two approved direct hire Housing Construction Specialists for the two new Lead Hazard Control programs and the consultants for lead based paint inspections and clearance inspections required under these programs. In addition, there is an increase of \$5,262 to provide for employee parking fees at the new office facility. Also, there is an increase of \$4,667 for the reallocation of office space and higher rental rate in the new office facility and an increase of \$166 for general liability insurance based on the estimate from the provider. There is a small \$10 decrease in office equipment.

Housing Programs: The decrease of \$521,379 is primarily due to the decrease of \$820,371 resulting from the obligation and/or expenditure of HOME, Affordable Housing Fund, Lead Hazard Control and most of the Redevelopment funds on various projects that will lead to less carryover from FY06 than occurred in FY05. In addition, there is a decrease of \$5,140 in relocation due to the anticipated use of Lead Hazard Control funds in FY06. These decreases are partially offset by an increase of \$304,132 in carryover and new CDBG and Redevelopment funds for City Heights and Southcrest areas.

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: HOUSING FINANCE & DEVELOPMENT								
ACTIVITY: PORTFOLIO SERVICING & OCCUPANCY MONITORING								
SUBACTIVITY: Portfolio Servicing & Occupancy Monitoring								
Purpose and Description of the Activity:	Servicing of the San Diego Housing Commission's \$144 million loan portfolio and \$375 million bond portfolio, and contract monitoring for compliance with loan terms and conditions. Monitoring projects for compliance with occupancy and affordability restrictions and managing tenant relocation under the City's condominium conversion ordinance. The \$190,000 budget for the City & County Reinvestment Task Force is included in this subactivity.							
Objectives:	<ol style="list-style-type: none"> 1. Provide servicing for the loans in the San Diego Housing Commission's portfolio to ensure that all loans are in compliance with the loan terms and conditions. (Business Plan Goal 3.5) 2. Develop and enhance electronic database to provide better external and internal customer service. (Business Plan Goal 3.4) 3. Provide compliance monitoring for 453 projects and 13,100 units with occupancy and affordability restrictions. (Business Plan Goals 3.3, 3.4 and 3.5) 4. Manage the tenant relocation requirement for the City of San Diego's condominium conversion ordinance. (Business Plan Goals 3.3, 3.4 and 3.5) 							
Resource Allocation:								
		<table border="0"> <tr> <td></td> <td style="text-align: center;">FY06</td> <td style="text-align: center;">FY07</td> </tr> <tr> <td></td> <td style="text-align: center;">Current</td> <td style="text-align: center;">Proposed</td> </tr> </table>		FY06	FY07		Current	Proposed
	FY06	FY07						
	Current	Proposed						
	Budget	\$ 2,538,999						
	Continuing Appropriations	\$ 0						
	Positions	7.60						
		9.35						

FY07 BUDGET
San Diego Housing Commission

ACTIVITY GROUP: HOUSING FINANCE & DEVELOPMENT
ACTIVITY: PORTFOLIO SERVICING & OCCUPANCY MONITORING
SUBACTIVITY: Portfolio Servicing & Occupancy Monitoring

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	566,879	715,613	26%
Services & Supplies	225,588	215,033	-5%
Housing Programs			
Site Acquisition	1,746,532	1,794,856	3%
Housing Programs Total	1,746,532	1,794,856	3%
TOTAL EXPENDITURES	2,538,999	2,725,502	7%
REVENUES			
Restricted			
Section 8	154,309	0	-100%
CDBG	1,359,896	1,411,290	4%
Restricted Local	125,000	334,818	168%
Restricted Total	1,639,205	1,746,108	7%
Unrestricted			
Local	712,443	700,000	-2%
Affordable Housing Fund	45,000	79,747	77%
HOME	142,351	199,647	40%
Unrestricted Total	899,794	979,394	9%
TOTAL REVENUES	2,538,999	2,725,502	7%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	HOUSING FINANCE & DEVELOPMENT
ACTIVITY:	PORTFOLIO SERVICING & OCCUPANCY MONITORING
SUBACTIVITY:	Portfolio Servicing & Occupancy Monitoring

Summary of Major Changes:

Salaries & Benefits: The increase of \$148,734 is primarily due to the transfer of 1.00 Senior Housing Assistant and 0.80 Financial Specialist from Rental Housing Production, Homeownership and Rehabilitation to reflect the increased participation of these positions in this activity. In addition, there are provisions for salary, benefits and employee pay plan increases in FY07. These increases were partially offset by a decrease from the transfer of 0.05 Senior Program Analyst to Rental Housing Production to reflect the increased participation of this position in that activity.

Services & Supplies: The decrease of \$10,555 is primarily due to the decrease of \$35,413 in legal, travel, training, consulting, sundry and office equipment resulting from less funding available for the Reinvestment Task Force in FY07. In addition, there is a decrease of \$15,000 in facilities financing fees charged by the City of San Diego on the collection of linkage fees based on actual cost experience. This decrease is partially offset by an increase of \$18,000 in legal for issues related to condo conversion. Also, there is an increase of \$15,748 for the reallocation of office space and higher rental rate in the new office facility and an increase of \$6,110 to provide for office supplies, employee parking fees at the new office facility, printing and records storage.

Housing Programs: The increase of \$48,324 is primarily due to a strong loan portfolio with loans current which results in \$48,324 of estimated interest earnings in FY06 and FY07 that enhance the size of the foreclosure fund.

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: HOUSING FINANCE & DEVELOPMENT													
ACTIVITY: SPECIAL PURPOSE HOUSING													
SUBACTIVITY: Special Purpose Housing													
Purpose and Description of the Activity:	Provide transitional and permanent supportive housing for individuals and families in the City of San Diego with special needs, identified as specific disabilities, e.g., mental illness, homeless, HIV AIDS, chronic substance abuse and victims of domestic violence.												
Objectives:	<ol style="list-style-type: none"> 1. Fund the development of at least one 20-bed special purpose housing facility. (Business Plan Goals 1.1 and 2.4) 2. Provide a portion of the funding for at least 400 beds in transitional housing programs throughout the City. (Business Plan Goal 2.4) 3. Provide a minimum of 175 units of permanent supportive housing for 190 homeless, disabled individuals and families. (Business Plan Goals 1.1, 2.1 and 2.4) 												
Resource Allocation:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">FY06 Current</th> <th style="width: 20%; text-align: center;">FY07 Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 6,161,993</td> <td style="text-align: right;">\$ 3,627,109</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 4,241,741</td> <td style="text-align: right;">\$ 2,173,948</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">2.20</td> <td style="text-align: right;">2.20</td> </tr> </tbody> </table>		FY06 Current	FY07 Proposed	Budget	\$ 6,161,993	\$ 3,627,109	Continuing Appropriations	\$ 4,241,741	\$ 2,173,948	Positions	2.20	2.20
	FY06 Current	FY07 Proposed											
Budget	\$ 6,161,993	\$ 3,627,109											
Continuing Appropriations	\$ 4,241,741	\$ 2,173,948											
Positions	2.20	2.20											

FY07 BUDGET

San Diego Housing Commission

ACTIVITY GROUP:

ACTIVITY:

SUBACTIVITY:

HOUSING FINANCE & DEVELOPMENT

SPECIAL PURPOSE HOUSING

Special Purpose Housing

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	185,940	193,010	4%
Services & Supplies	137,563	142,339	3%
Housing Programs			
Rent to Owners	2,102,318	753,866	-64%
Loans & Grants	3,736,172	2,537,894	-32%
Housing Programs Total	5,838,490	3,291,760	-44%
TOTAL EXPENDITURES	6,161,993	3,627,109	-41%
REVENUES			
Restricted			
Section 8	15,000	15,000	0%
Other HUD	2,659,898	825,185	-69%
Restricted Total	2,674,898	840,185	-69%
Unrestricted			
Rental Rehabilitation	286,968	97,345	-66%
Local	513,676	210,359	-59%
Affordable Housing Fund	2,686,451	2,479,220	-8%
Unrestricted Total	3,487,095	2,786,924	-20%
TOTAL REVENUES	6,161,993	3,627,109	-41%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	HOUSING FINANCE & DEVELOPMENT
ACTIVITY:	SPECIAL PURPOSE HOUSING
SUBACTIVITY:	Special Purpose Housing

Summary of Major Changes:

Salaries & Benefits: The increase of \$7,070 is due to the transfer of 0.25 Project Manager from Rental Housing Production to reflect the increased participation of this position in this activity. In addition, there are provisions for salary, benefits and employee pay plan changes in FY07. These increases were partially offset by a decrease for the transfer of 0.05 Assistant Director of Housing Programs to Resident Services, 0.10 Senior Program Analyst to Rehabilitation and 0.10 Program Analyst to Resident Services to reflect the increased participation of these positions in those activities.

Services & Supplies: The increase of \$4,776 is primarily due to an increase of \$2,909 for the reallocation of office space and higher rental rate in the new office facility. In addition, there is an increase of \$1,000 for mediation consulting due to higher rates, an increase of \$839 for employee parking fees at the new office facility and a \$28 increase in office equipment.

Housing Programs: The decrease of \$2,546,730 is primarily due to the decrease of \$1,436,500 resulting from the obligation and/or expenditure of Shelter Plus Care funds for rent to owners in FY06. In addition, there are decreases in loans and grants of \$1,144,368 due to the reduction of \$445,000 for the Winter Shelter program, completion of the \$402,368 Economic Development Initiative program in FY06 and \$297,000 less Linkage fees due to a smaller allocation of new funding in FY07. These decreases have been partially offset by an increase of \$34,138 for contract renewals of existing Shelter Plus Care projects.

Activity Based Budget Detail

OPERATIONS

ACTIVITY GROUP

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: OPERATIONS													
ACTIVITY: BOARD & EXECUTIVE FUNCTIONS													
SUBACTIVITY: Board & Executive Functions													
Purpose and Description of the Activity:	Responsible for providing effective policy direction to the agency, developing efficient programs and practices, assuring implementation in a manner that carries out the Strategies and Goals of the Business Plan. Perform periodic evaluation of program and organizational effectiveness and efficiency. Provides direct support to the Board of Commissioners. President & Chief Executive Officer, Executive Vice President & Chief Operating Officer, immediate support staff and docket support are included.												
Objectives:	<ol style="list-style-type: none"> 1. Continue to provide strong agency leadership to deliver quality housing programs. (Business Plan Goals 3.3 and 3.5) 2. Continue to build community support for affordable housing by taking a leadership role in these efforts with the business, civic and public sectors of San Diego. (Business Plan Goal 1.1) 3. Continue to provide analysis, options and recommendations for local housing policies, including new revenues and development incentives. (Business Plan Goal 2.1) 4. Provide affordable housing leadership in community policy and education. (Business Plan Goal 4) 5. Coordinate with other City agencies and departments regarding programs, legislation, etc., to further affordable housing goals. (Business Plan Goal 4.1) 												
Resource Allocation:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center; color: blue;">FY06 Current</th> <th style="width: 20%; text-align: center; color: blue;">FY07 Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 1,120,157</td> <td style="text-align: right;">\$ 848,196</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 67,314</td> <td style="text-align: right;">\$ 10,905</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">6.90</td> <td style="text-align: right;">3.70</td> </tr> </tbody> </table>		FY06 Current	FY07 Proposed	Budget	\$ 1,120,157	\$ 848,196	Continuing Appropriations	\$ 67,314	\$ 10,905	Positions	6.90	3.70
	FY06 Current	FY07 Proposed											
Budget	\$ 1,120,157	\$ 848,196											
Continuing Appropriations	\$ 67,314	\$ 10,905											
Positions	6.90	3.70											

FY07 BUDGET

San Diego Housing Commission

ACTIVITY GROUP:

ACTIVITY:

SUBACTIVITY:

OPERATIONS

BOARD & EXECUTIVE FUNCTIONS

Board & Executive Functions

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	817,500	574,599	-30%
Services & Supplies	302,657	273,597	-10%
TOTAL EXPENDITURES	1,120,157	848,196	-24%
REVENUES			
Restricted			
Section 8	454,176	406,562	-10%
Other HUD	248,869	217,560	-13%
State	18,930	14,369	-24%
CDBG	87,736	49,736	-43%
Restricted Local	47,991	52,991	10%
Restricted Total	857,702	741,218	-14%
Unrestricted			
Local	99,175	1,698	-98%
Affordable Housing Fund	73,837	53,241	-28%
HOME	89,443	52,039	-42%
Unrestricted Total	262,455	106,978	-59%
TOTAL REVENUES	1,120,157	848,196	-24%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	OPERATIONS
ACTIVITY:	BOARD & EXECUTIVE FUNCTIONS
SUBACTIVITY:	Board & Executive Functions

Summary of Major Changes:

Salaries & Benefits: The decrease of \$242,901 is primarily due to the transfer of 1.00 Policy Advisor and 1.00 Program Analyst to the new Policy & Governmental Affairs activity. Also, 1.00 Senior Administrative Assistant is transferred to Human Resources, Information Technology and Organizational Development & Training while 0.20 of a Senior Program Analyst is transferred to Human Resources. These transfers reflect the increased participation of these positions in those activities. These decreases are partially offset by provisions for salary, bonus, benefits and employee pay plan increases in FY07.

Services & Supplies: The decrease of \$29,060 is due primarily to the transfer of \$54,300 of legal, training, consultants and sundry to Policy & Governmental Affairs. Also, there is a decrease of \$4,426 for the reallocation of office space and higher rental rate at the new office facility and a small decrease in office equipment of \$838. These decreases were partially offset by an increase of \$27,412 primarily for a new membership in the Council of Large Public Housing Authorities and an increase of \$3,092 in car allowance, mileage and employee parking fees at the new office facility.

Housing Programs: N/A

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: OPERATIONS																					
ACTIVITY: SUPPORT SERVICES																					
SUBACTIVITY: Human Resources																					
Purpose and Description of the Activity:	Monitor the contract and reinforce partnership with Full Time Solutions Inc., to ensure the appropriate selection, staffing, classification, and compensation of personnel to support San Diego Housing Commission's needs in the area of human capital management and labor relations in accordance with employment regulations and practices.																				
Objectives:	<ol style="list-style-type: none"> 1. Assess results of HR Outsourcing to ensure effectiveness in support of agency mission. (Business Plan Goal 3.5) 2. Conduct specific classification and job compensation studies to enhance operational and staffing resources. (Business Plan Goal 3.3) 3. Implement appropriate Human Resources recommendations made by Full Time Solutions in order to streamline processes and improve employment outcomes. (Business Plan Goal 3.5) 																				
Resource Allocation:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center; color: blue;">FY06</th> <th style="width: 20%;"></th> <th style="width: 20%; text-align: center; color: blue;">FY07</th> </tr> <tr> <td></td> <td style="text-align: center;">Current</td> <td></td> <td style="text-align: center;">Proposed</td> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 556,476</td> <td style="text-align: center;">\$</td> <td style="text-align: right;">540,463</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 206,238</td> <td style="text-align: center;">\$</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">1.05</td> <td></td> <td style="text-align: right;">.65</td> </tr> </tbody> </table>		FY06		FY07		Current		Proposed	Budget	\$ 556,476	\$	540,463	Continuing Appropriations	\$ 206,238	\$	0	Positions	1.05		.65
	FY06		FY07																		
	Current		Proposed																		
Budget	\$ 556,476	\$	540,463																		
Continuing Appropriations	\$ 206,238	\$	0																		
Positions	1.05		.65																		

FY07 BUDGET

San Diego Housing Commission

ACTIVITY GROUP:
ACTIVITY:
SUBACTIVITY:

OPERATIONS
SUPPORT SERVICES
Human Resources

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	110,978	72,772	-34%
Services & Supplies	445,498	467,691	5%
TOTAL EXPENDITURES	556,476	540,463	-3%
REVENUES			
Restricted			
Section 8	292,679	241,915	-17%
Other HUD	124,830	174,827	40%
State	9,204	12,862	40%
CDBG	21,087	23,464	11%
Restricted Local	22,345	36,208	62%
Restricted Total	470,145	489,276	4%
Unrestricted			
Local	45,066	1,514	-97%
Affordable Housing Fund	17,747	25,121	42%
HOME	23,518	24,552	4%
Unrestricted Total	86,331	51,187	-41%
TOTAL REVENUES	556,476	540,463	-3%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	OPERATIONS
ACTIVITY:	SUPPORT SERVICES
SUBACTIVITY:	Human Resources

Summary of Major Changes:

Salaries & Benefits: The decrease of \$38,206 is primarily due to the deletion of 0.35 Human Resources Officer and 0.35 of a Senior Human Resources Analyst as a result of outsourcing this function. This decrease was partially offset by the transfer of 0.20 of a Senior Program Analyst and 0.10 of a Senior Administrative Assistant from Board & Executive Functions to coordinate and monitor the outsourcing contract. In addition, there are provisions for salary, benefits and employee pay plan increases in FY07.

Services & Supplies: The increase of \$22,193 is primarily due to the increase of \$34,675 for additional advertising of vacant positions, background checks, physicals and immunizations. In addition, there is an increase of \$12,000 for legal based on past cost experience. These increases were partially offset by a decrease of \$9,943 in office rent due to the reduction in staff. There is an expected decrease of \$7,645 in contract/consultants for the administration of group benefits as the Human Resources consultants include these services. In addition, there is a decrease of \$2,713 in office supplies, printing, publications, business expenses, ergonomic appraisals and paper shredding in this activity. Also, fiduciary insurance is expected to decrease by \$2,065 based on an estimate from the provider while training, travel and office equipment decrease by \$2,116.

Housing Programs: N/A

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: OPERATIONS																
ACTIVITY: SUPPORT SERVICES																
SUBACTIVITY: Information Technology																
Purpose and Description of the Activity:	Provide information technology and telecommunication services to internal and external customers. Services include acquisition and implementation of commercial off-the-shelf technology, application maintenance, developing and maintaining systems and security policies, database management, custom report development, network and user support, and computer training.															
Objectives:	<ol style="list-style-type: none"> 1. Continue implementation of a multi-year document-imaging project to reduce paper storage requirements and enhance the ability to search documents such as Section 8 client information. (Business Plan Goal 3.5) 2. Complete a cost benefit analysis of telephone system lease buy out and relocation of existing telephone system versus installation of new system as part of relocation to new office facility. (Business Plan Goal 3.5) 3. Complete implementation of Emphasys Elite Maintenance Work Order module with interfaces to inventory and purchasing. (Business Plan Goal 3.5) 4. Develop IT employee technical skills to enhance performance and customer service capabilities. (Business Plan Goal 3.3) 5. Partner with other departments to achieve a higher degree of organizational effectiveness through identification and implementation of technological solutions to accomplish Housing Commission objectives. (Business Plan Goal 3.5) 															
Resource Allocation:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center; color: blue;">FY06</th> <th style="width: 20%; text-align: center; color: blue;">FY07</th> </tr> <tr> <th></th> <th style="text-align: center;">Current</th> <th style="text-align: center;">Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 2,144,114</td> <td style="text-align: right;">\$ 2,565,613</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 272,540</td> <td style="text-align: right;">\$ 146,752</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">7.35</td> <td style="text-align: right;">7.65</td> </tr> </tbody> </table>		FY06	FY07		Current	Proposed	Budget	\$ 2,144,114	\$ 2,565,613	Continuing Appropriations	\$ 272,540	\$ 146,752	Positions	7.35	7.65
	FY06	FY07														
	Current	Proposed														
Budget	\$ 2,144,114	\$ 2,565,613														
Continuing Appropriations	\$ 272,540	\$ 146,752														
Positions	7.35	7.65														

FY07 BUDGET

San Diego Housing Commission

ACTIVITY GROUP:
ACTIVITY:
SUBACTIVITY:

OPERATIONS
SUPPORT SERVICES
Information Technology

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	601,214	644,758	7%
Services & Supplies	1,542,900	1,920,855	24%
TOTAL EXPENDITURES	2,144,114	2,565,613	20%
REVENUES			
Restricted			
Section 8	833,456	837,644	1%
Other HUD	830,316	481,445	-42%
State	32,329	32,493	1%
CDBG	71,457	62,319	-13%
Restricted Local	75,146	94,820	26%
Restricted Total	1,842,704	1,508,721	-18%
Unrestricted			
Local	163,162	924,973	467%
Affordable Housing Fund	60,137	66,713	11%
HOME	78,111	65,206	-17%
Unrestricted Total	301,410	1,056,892	251%
TOTAL REVENUES	2,144,114	2,565,613	20%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	OPERATIONS
ACTIVITY:	SUPPORT SERVICES
SUBACTIVITY:	Information Technology

Summary of Major Changes:

Salaries & Benefits: The increase of \$43,544 is primarily due to the transfer of 0.30 of a Senior Administrative Assistant from Board & Executive Functions to reflect the increased participation of this position in this activity. In addition, there are provisions for salary, benefits and employee pay plan increases in FY07.

Services & Supplies: The increase of \$377,955 is primarily due to an increase of \$503,125 for a new phone system, networking equipment at the new facility, equipment for kiosk, training, conference, lobby and client rooms, security system and printers. In addition, there is an increase of \$20,492 for the reallocation of office space and higher rental rate in the new office facility. Also, there is an increase of \$4,000 for legal for upcoming projects including copier leases, document imaging and telephone issues. It is expected there will be a small increase of \$1,414 for temporary agency employees and \$93 for computer equipment insurance based on an estimate from the provider. These increases were partially offset by a decrease of \$78,500 in various consulting services and \$65,401 for a direct hire contractor due to completion of certain work efforts in FY06. Office supplies and answering service decrease by \$7,268 based on actual cost experience.

Housing Programs: N/A

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: OPERATIONS																
ACTIVITY: SUPPORT SERVICES																
SUBACTIVITY: Financial Services																
Purpose and Description of the Activity:	Provide financial services to stakeholders of the San Diego Housing Commission. Includes accounting services such as accounts payable, accounts receivable, revenue and expense analysis, budget development, monitoring, enforcement and financial reporting, audit, cash management and investment, financial systems and internal control. Provide safety and risk management services, procurement services, contract monitoring, inventory control, disposition management, and postal services management.															
Objectives:	<ol style="list-style-type: none"> 1. Provide timely, accurate and relevant financial information, reporting tools and services to Housing Commission program areas to assist in the successful administration of agency programs and overall mission. (Business Plan Goal 3.5) 2. Develop an annual activity based budget that includes internal budget planning strategies designed to meet organizational goals and objectives. (Business Plan Goal 3.3) 3. Continue an annual risk control program that provides a safe operational environment and protects the organization's assets. (Business Plan Goal 3.5) 															
Resource Allocation:	<table border="0"> <thead> <tr> <th></th> <th style="text-align: center;">FY06</th> <th style="text-align: center;">FY07</th> </tr> <tr> <th></th> <th style="text-align: center;">Current</th> <th style="text-align: center;">Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 2,145,285</td> <td style="text-align: right;">\$ 2,292,417</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">24.00</td> <td style="text-align: right;">24.00</td> </tr> </tbody> </table>		FY06	FY07		Current	Proposed	Budget	\$ 2,145,285	\$ 2,292,417	Continuing Appropriations	\$ 0	\$ 0	Positions	24.00	24.00
	FY06	FY07														
	Current	Proposed														
Budget	\$ 2,145,285	\$ 2,292,417														
Continuing Appropriations	\$ 0	\$ 0														
Positions	24.00	24.00														

FY07 BUDGET

San Diego Housing Commission

ACTIVITY GROUP:
ACTIVITY:
SUBACTIVITY:

OPERATIONS
SUPPORT SERVICES
Financial Services

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	1,630,535	1,695,796	4%
Services & Supplies	514,750	596,621	16%
TOTAL EXPENDITURES	2,145,285	2,292,417	7%
REVENUES			
Restricted			
Section 8	717,915	861,640	20%
Other HUD	744,577	894,696	20%
State	56,098	63,081	12%
CDBG	98,542	91,892	-7%
Restricted Local	136,601	179,857	32%
Restricted Total	1,753,733	2,091,166	19%
Unrestricted			
Local	205,419	6,735	-97%
Affordable Housing Fund	82,928	98,368	19%
HOME	103,205	96,148	-7%
Unrestricted Total	391,552	201,251	-49%
TOTAL REVENUES	2,145,285	2,292,417	7%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	OPERATIONS
ACTIVITY:	SUPPORT SERVICES
SUBACTIVITY:	Financial Services

Summary of Major Changes:

Salaries & Benefits: The increase of \$65,621 is due primarily to provisions for salary, benefits and employee pay plan increases in FY07. In addition, there is a reclassification of 1.00 Financial Specialist to 1.00 Purchasing Supervisor.

Services & Supplies: The increase of \$81,871 is primarily due to the increase of \$60,239 for the reallocation of office space and higher rental rate in the new office facility. In addition, there is an increase of \$12,728 for postage due to increased postal rates and higher volume for the new condo conversion program; centralizing paper shredding costs for the Newton facility in this activity; and additional records storage for files previously stored on-site. Also, there is an increase of \$10,670 for mileage, auto allowance and employee parking fees at the new office facility. Audit is expected to increase by \$3,000 based on the Consumer Price Index and crime and honesty insurance will increase by \$225 based on an estimate from the provider. These increases are offset by a decrease of \$4,991 for office equipment due to one-time purchases in FY06.

Housing Programs: N/A

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: OPERATIONS			
ACTIVITY: SUPPORT SERVICES			
SUBACTIVITY: Facilities Management			
Purpose and Description of the Activity:	Maintain a safe, secure and healthy operational environment for staff, clients and visitors of the San Diego Housing Commission.		
Objectives:	<ol style="list-style-type: none"> 1. Complete the sale of the Newton Avenue office facility. 2. Transition centralized Housing Commission operations to new Smart Corner office facility. (Business Plan Goal 2.3) 		
Resource Allocation:		FY06	FY07
		Current	Proposed
	Budget	\$ 1,791,053	\$ 29,412,706
	Continuing Appropriations	\$ 357,563	\$ 230,050
	Positions	1.22	1.37

FY07 BUDGET
San Diego Housing Commission

ACTIVITY GROUP:
ACTIVITY:
SUBACTIVITY:

OPERATIONS
SUPPORT SERVICES
Facilities Management

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	120,793	123,174	2%
Services & Supplies	1,206,687	3,859,881	220%
Housing Programs			
Site Acquisition	0	23,421,660	0%
Other Housing Programs	463,573	2,007,991	333%
Housing Programs Total	463,573	25,429,651	5386%
TOTAL EXPENDITURES	1,791,053	29,412,706	1542%
REVENUES			
Unrestricted			
Local	1,791,053	29,412,706	1542%
Unrestricted Total	1,791,053	29,412,706	1542%
TOTAL REVENUES	1,791,053	29,412,706	1542%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	OPERATIONS
ACTIVITY:	SUPPORT SERVICES
SUBACTIVITY:	Facilities Management

Summary of Major Changes:

Salaries & Benefits: The increase of \$2,381 is due to the addition of 0.50 Building Assistant at the new office facility and provisions for salary, benefits and employee pay plan increases in FY07. These increases are offset by the transfer of 0.15 Maintenance Supervisor and 0.20 Maintenance Technician II to Routine Maintenance to reflect the increased participation of these positions in that activity.

Services & Supplies: The increase of \$2,653,194 is primarily due to the approved development plan for the new office facility of \$2,449,182 for fixtures, furnishings and office equipment. In addition, there is an increase of \$614,550 for contract consultants to provide for leasing agent commissions, a management firm for the office facility and a management firm for the underground parking. Also, there is an increase of \$30,000 for legal to provide for costs of review of agreements and leases, an increase of \$24,189 in insurance for the new office facility and \$13,961 for moving costs from the three current office facilities to Smart Corner, business expenses and on-site office supplies. These increases are partially offset by a decrease of \$478,688 in building rent as the planned leaseback of the Newton facility for \$408,000 did not occur and the leases on the current Ridgehaven and Gateway office facilities will expire in January, 2007.

Housing Programs: The \$24,966,078 increase is primarily due to the approved development plan for the new office facility of \$23,516,660 for site acquisition and relocation. In addition, there is an increase of \$1,169,919 for the new office facility mortgage and \$162,660 for property taxes. Due to the larger new facility, maintenance materials, maintenance contracts and utilities will increase by \$164,314. These increases are partially offset by decreases of \$34,000 in extraordinary maintenance as this will not be required in the new facility, \$7,475 in protective services due to the consolidation of staff within one facility and \$6,000 in dwelling equipment.

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: OPERATIONS																
ACTIVITY: SUPPORT SERVICES																
SUBACTIVITY: Organizational Development & Training																
Purpose and Description of the Activity:	Responsible for providing continued improvement and technological innovation for the effective organizational development of the agency's human capital. Developing and equipping management and staff with the tools necessary to carry out the vision, mission and goals of the agency. Administer an equal opportunity program that promotes staff respect, dignity, and worth.															
Objectives:	<ol style="list-style-type: none"> 1. Maintain an environment conducive to the development of highly effective work teams through focused training and coaching for an overall improvement of departmental productivity and communication. (Business Plan Goal 3.3) 2. Review agency's Succession Plan to ensure effectiveness and efficiency of program implementation in addressing succession of key agency staff. (Business Plan Goal 3.3) 3. Evaluate agency's Equal Opportunity Employment / Contracting Programs to maintain an inclusive environment, which stimulates productivity. (Business Plan Goal 3.3) 															
Resource Allocation:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center; color: blue;">FY06</th> <th style="width: 20%; text-align: center; color: blue;">FY07</th> </tr> <tr> <th></th> <th style="text-align: center;">Current</th> <th style="text-align: center;">Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 320,029</td> <td style="text-align: right;">\$ 373,777</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">2.40</td> <td style="text-align: right;">3.00</td> </tr> </tbody> </table>		FY06	FY07		Current	Proposed	Budget	\$ 320,029	\$ 373,777	Continuing Appropriations	\$ 0	\$ 0	Positions	2.40	3.00
	FY06	FY07														
	Current	Proposed														
Budget	\$ 320,029	\$ 373,777														
Continuing Appropriations	\$ 0	\$ 0														
Positions	2.40	3.00														

FY07 BUDGET

San Diego Housing Commission

ACTIVITY GROUP:**ACTIVITY:****SUBACTIVITY:****OPERATIONS****SUPPORT SERVICES****Organizational Development & Training**

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	191,683	240,059	25%
Services & Supplies	128,346	133,718	4%
TOTAL EXPENDITURES	320,029	373,777	17%
REVENUES			
Restricted			
Section 8	133,623	170,628	28%
Other HUD	83,607	124,432	49%
State	6,304	8,375	33%
CDBG	15,199	14,485	-5%
Restricted Local	15,114	24,068	59%
Restricted Total	253,847	341,988	35%
Unrestricted			
Local	37,171	1,120	-97%
Affordable Housing Fund	12,791	15,508	21%
HOME	16,220	15,161	-7%
Unrestricted Total	66,182	31,789	-52%
TOTAL REVENUES	320,029	373,777	17%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	OPERATIONS
ACTIVITY:	SUPPORT SERVICES
SUBACTIVITY:	Organizational Development & Training

Summary of Major Changes:

Salaries & Benefits: The increase of \$48,376 is primarily due to the transfer of 0.60 Senior Administrative Assistant from Board & Executive Functions to reflect the increased participation of this position in this activity. In addition, there are provisions for salary, benefits and employee pay plan increases in FY07.

Services & Supplies: The increase of \$5,372 is primarily due to an increase of \$10,097 for the reallocation of office space and higher rental rate in the new office facility. In addition, there is an increase of \$10,000 in legal based on past cost experience. Also, there is an increase of \$1,800 in training related travel. There is an increase of \$1,232 for mileage, auto allowance and employee parking fees at the new office facility and small increases of \$880 for business expense for the employee awards and cultural events and \$100 for postage. These increases are partially offset by a decrease of \$15,000 in consulting, a decrease of \$1,765 in office supplies and printing, \$1,495 in Agency computer training and \$477 in office equipment.

Housing Programs: N/A

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: OPERATIONS																										
ACTIVITY: POLICY & GOVERNMENTAL AFFAIRS																										
SUBACTIVITY: Policy & Governmental Affairs																										
Purpose and Description of the Activity:	<p>Plans, directs and coordinates all Housing Commission public policy and governmental affairs activities by establishing positive, collaborative working relationships with legislators, other agencies, City departments and outside interests to effectuate the goals and mission of the Housing Commission.</p> <p>Activities include policy and legislative research, collaborating with stakeholders, monitoring activities of interested groups, representing the agency at public affairs and Commission meetings, and facilitating the development of policies that further the mission of the Commission. Discussions with elected officials occur on a local level and center around specific policy initiatives.</p>																									
Objectives:	<ol style="list-style-type: none"> 1. Identifies and facilitates the establishment of short and long-range Commission legislative goals and priorities for legislative support on the municipal, state and federal levels. (Business Plan Goal 4.2) 2. Studies, analyzes and makes recommendations to the Board of Commissioners, various City boards and committees and City Council regarding proposed local legislation and the possible impacts on the local housing market. (Business Plan Goals 4.1 and 4.2) 3. Contacts and confers with elected and appointed officials to represent the Commission's position with primary concentration on local and regional issues affecting the affordable housing industry's interests. (Business Plan Goal 3.6a) 4. Identifies and coordinates alliance relationships with individuals, groups and other associations with similar interests in the furtherance of identified Commission goals and objectives. (Business Plan Goal 4.1a) 5. Supervises all Commission activities relating to the political, legislative, regulatory or policy-making process. 																									
Resource Allocation:	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%;"></th> <th style="width: 10%; text-align: center; color: blue;">FY06</th> <th style="width: 10%;"></th> <th style="width: 10%; text-align: center; color: blue;">FY07</th> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">Current</td> <td></td> <td style="text-align: center;">Proposed</td> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$</td> <td style="text-align: center;">0</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">327,914</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$</td> <td style="text-align: center;">0</td> <td style="text-align: right;">\$</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Positions</td> <td></td> <td style="text-align: center;">0</td> <td></td> <td style="text-align: center;">2.50</td> </tr> </tbody> </table>			FY06		FY07			Current		Proposed	Budget	\$	0	\$	327,914	Continuing Appropriations	\$	0	\$	0	Positions		0		2.50
		FY06		FY07																						
		Current		Proposed																						
Budget	\$	0	\$	327,914																						
Continuing Appropriations	\$	0	\$	0																						
Positions		0		2.50																						

FY07 BUDGET

San Diego Housing Commission

ACTIVITY GROUP:

ACTIVITY:

SUBACTIVITY:

OPERATIONS

POLICY & GOVERNMENTAL AFFAIRS

Policy & Governmental Affairs

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	0	201,734	-
Services & Supplies	0	126,180	-
TOTAL EXPENDITURES	0	327,914	-
REVENUES			
Restricted			
CDBG	0	163,957	-
Restricted Total	0	163,957	-
Unrestricted			
Local	0	163,957	-
Unrestricted Total	0	163,957	-
TOTAL REVENUES	0	327,914	-

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	OPERATIONS
ACTIVITY:	POLICY & GOVERNMENTAL AFFAIRS
SUBACTIVITY:	Policy & Governmental Affairs

Summary of Major Changes:

Salaries & Benefits: The increase of \$201,734 is due primarily to the addition of 1.00 Director of Policy & Governmental Affairs. In addition, there is the transfer of 1.00 Program Analyst from Board & Executive Functions and 0.50 Senior Administrative Assistant from Communications to reflect the increased participation of these positions in this activity. It should be noted that there was a transfer of 1.00 Policy Advisor from Board & Executive Functions and this position is deleted for FY07. There are provisions for salary, benefits and employee pay plan increases in FY07.

Services & Supplies: The increase of \$126,180 is primarily due to the transfer of \$53,300 of legal, consultant, office supplies, postage, printing, publications and advertising from Board & Executive Functions resulting from the transfer of staff to this activity. There is an increase of \$45,000 for consulting on the FY06 and FY07 CAPER and the FY08 Action Plan. In addition, there is \$16,995 for the reallocation of office space and higher rental rate in the new office facility. Also, there is an increase of \$5,535 for mileage, auto allowance and employee parking fees at the new office facility and \$5,000 for travel and training for two seminars and two conferences. There are modest provisions for office equipment of \$300 and \$50 for business expenses.

Housing Programs: N/A

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: OPERATIONS																										
ACTIVITY: POLICY & GOVERNMENTAL AFFAIRS																										
SUBACTIVITY: Communications																										
Purpose and Description of the Activity:	<p>Helps open channels of communication between the Housing Commission and its internal and external publics – including clients, Commissioners, government officials, the media, the community at large, and agency staff.</p> <p>Activities include media relations, production of printed and multimedia materials, ombudsmanship, advertising, marketing, and other forms of educational activities, and responding to requests for public information.</p>																									
Objectives:	Inform the agency’s internal and external publics about affordable housing issues and Housing Commission programs and roles, building support for new initiatives. (Business Plan Goal 4.2)																									
Resource Allocation:	<table border="0"> <thead> <tr> <th></th> <th></th> <th style="text-align: center;">FY06</th> <th></th> <th style="text-align: center;">FY07</th> </tr> <tr> <th></th> <th></th> <th style="text-align: center;">Current</th> <th></th> <th style="text-align: center;">Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">435,570</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">442,458</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">412</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Positions</td> <td></td> <td style="text-align: right;">3.85</td> <td></td> <td style="text-align: right;">3.35</td> </tr> </tbody> </table>			FY06		FY07			Current		Proposed	Budget	\$	435,570	\$	442,458	Continuing Appropriations	\$	412	\$	0	Positions		3.85		3.35
		FY06		FY07																						
		Current		Proposed																						
Budget	\$	435,570	\$	442,458																						
Continuing Appropriations	\$	412	\$	0																						
Positions		3.85		3.35																						

FY07 BUDGET

San Diego Housing Commission

ACTIVITY GROUP:
ACTIVITY:
SUBACTIVITY:

OPERATIONS
POLICY & GOVERNMENTAL AFFAIRS
Communications

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Salaries & Benefits	364,384	305,581	-16%
Services & Supplies	71,186	136,877	92%
TOTAL EXPENDITURES	435,570	442,458	2%
REVENUES			
Restricted			
Section 8	213,912	221,229	3%
Restricted Total	<u>213,912</u>	<u>221,229</u>	3%
Unrestricted			
Local	221,658	221,229	0%
Unrestricted Total	<u>221,658</u>	<u>221,229</u>	0%
TOTAL REVENUES	435,570	442,458	2%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	OPERATIONS
ACTIVITY:	POLICY & GOVERNMENTAL AFFAIRS
SUBACTIVITY:	Communications

Summary of Major Changes:

Salaries & Benefits: The decrease of \$58,803 is primarily due to the deletion of 1.00 Director of Communications and the transfer of 0.50 Senior Administrative Assistant to Policy & Governmental Affairs to reflect the increased participation of this position in that activity. These decreases are partially offset by an addition of 1.00 Communications Officer and provisions for salary, benefits and employee pay plan increases in FY07.

Services & Supplies: The increase of \$65,691 is primarily due to an increase of \$65,000 for communication consulting. In addition, there is an increase of \$6,264 for the reallocation of office space and higher rental rate in the new office facility. Also, there is an increase of \$1,307 for employee parking fees at the new office facility and \$400 postage. These increases are partially offset by a decrease of \$4,880 for printing, \$2,200 for travel and \$200 for advertising based on actual cost experience

Housing Programs: N/A

Activity Based Budget Detail

PROGRAM, CONTINGENCY & AGENCY

RESERVES

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP: PROGRAM, CONTINGENCY & AGENCY RESERVES													
ACTIVITY: PROGRAM, CONTINGENCY & AGENCY RESERVES													
SUBACTIVITY: Program, Contingency & Agency Reserves													
Purpose and Description of the Activity:	<p>The Program, Contingency & Agency Reserves are funds budgeted in the current year to provide for a future event.</p> <ul style="list-style-type: none"> • The Program Reserves provide for future personnel, services and supplies or housing expenditures on specific housing programs. • The Contingency Reserves include amounts to provide for potential litigation, uninsured losses and building reserves. • The Agency Reserves include amounts that are available for any unanticipated housing purpose. <p>A detailed list of these Reserves and uses is at the end of Addendum 1.</p>												
Resource Allocation:	<table> <thead> <tr> <th></th> <th style="text-align: center;">FY06 Current</th> <th style="text-align: center;">FY07 Proposed</th> </tr> </thead> <tbody> <tr> <td>Budget</td> <td style="text-align: right;">\$ 21,860,120</td> <td style="text-align: right;">\$ 22,013,570</td> </tr> <tr> <td>Continuing Appropriations</td> <td style="text-align: right;">\$ 0</td> <td style="text-align: right;">\$ 0</td> </tr> <tr> <td>Positions</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">0.00</td> </tr> </tbody> </table>		FY06 Current	FY07 Proposed	Budget	\$ 21,860,120	\$ 22,013,570	Continuing Appropriations	\$ 0	\$ 0	Positions	0.00	0.00
	FY06 Current	FY07 Proposed											
Budget	\$ 21,860,120	\$ 22,013,570											
Continuing Appropriations	\$ 0	\$ 0											
Positions	0.00	0.00											

FY07 BUDGET
San Diego Housing Commission

ACTIVITY GROUP: PROGRAM, CONTINGENCY & AGENCY RESERVES
ACTIVITY: PROGRAM, CONTINGENCY & AGENCY RESERVES
SUBACTIVITY: Program, Contingency & Agency Reserves

	FY06 Current Budget	FY07 Proposed Budget	% Change
EXPENDITURES			
Reserves	21,860,120	22,013,570	1%
TOTAL EXPENDITURES	21,860,120	22,013,570	1%
REVENUES			
Restricted			
Section 8	1,633,999	1,384,132	-15%
Other HUD	5,213,462	5,693,563	9%
State	337,923	248,450	-26%
Restricted Local	2,806,612	3,270,198	17%
Restricted Total	9,991,996	10,596,343	6%
Unrestricted			
Rental Rehabilitation	297,864	0	-100%
Local	8,923,850	9,325,633	5%
Affordable Housing Fund	495,847	250,000	-50%
HOME	2,150,563	1,841,594	-14%
Unrestricted Total	11,868,124	11,417,227	-4%
TOTAL REVENUES	21,860,120	22,013,570	1%

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	PROGRAM, CONTINGENCY & AGENCY RESERVES
ACTIVITY:	PROGRAM, CONTINGENCY & AGENCY RESERVES
SUBACTIVITY:	Program, Contingency & Agency Reserves

Summary of Major Changes:

Salaries & Benefits: N/A

Services & Supplies: N/A

Housing Programs: N/A

Reserves: The increase in total Reserves is \$153,450. This is due to the increase in Contingency Reserves of \$484,327 and Program Reserves of \$251,668. These increases are partially offset by a decrease in Agency Reserves of \$582,545.

The *Program Reserves* provide for future personnel, services and supplies or housing expenditures. The Program Reserves have increased by \$251,668 from \$14,936,269 in FY06 to \$15,187,937 in FY07. The increase is due to the increase of \$963,361 from the recent multi-year HUD award of two Lead Hazard control programs and this reserve will provide for administration of these programs in FY08 and FY09; an increase of \$515,418 in University Canyon reserves due to an increase in rental income resulting from opting out of the HUD Section 8 New Construction contract; and a staff recommendation to provide an additional \$500,000 for a sinking fund for the future payoff of a \$4.5 million loan from the State of California in the early 1980's with balloon payments due in 2013 and 2015; These increases are partially offset by the decrease from the draw down of \$599,634 of Conventional Public Housing, Maya and State Rental reserves to provide for substantial extraordinary maintenance on units in FY06; a decrease of \$308,968 in HOME reserves as the new HUD award and shared equity loan payoffs in FY07 are expected to diminish and provide less administrative funds than in FY06; a decrease of \$297,864 in Rental Rehabilitation reserves that provided support for City of San Diego projects in FY06; a decrease of \$236,395 in Inclusionary reserves that will provide for staff efforts on anticipated housing projects in Rental Housing Production in FY07; a decrease of \$202,867 in Section 8 Surplus Admin fees due to HUD not providing an increase in the administrative fee level to cover normal salary, benefits, supplies and service increases in FY07; and smaller increases and decreases in the other Program Reserves explain the balance of the decrease of \$363,351.

FY07 BUDGET
San Diego Housing Commission

Addendum 1

ACTIVITY GROUP:	PROGRAM, CONTINGENCY & AGENCY RESERVES
ACTIVITY:	PROGRAM, CONTINGENCY & AGENCY RESERVES
SUBACTIVITY:	Program, Contingency & Agency Reserves

Reserves:

It is expected that new awards will replenish some of this decrease in Program Reserves during FY07. Specific applications for funds will be presented at future Housing Commission meetings for approval as HUD and other agencies notify staff concerning the availability of resources.

FY07 *Contingency Reserves* are recommended to increase by \$484,327 to provide for the new office facility and the uncertainty surrounding the leasing of the first two floors. As leasing efforts prove successful in the future, it is anticipated that this reserve would decline. The Contingency Reserves include litigation reserves to provide for unexpected legal issues, insurance reserves to provide for coverage of deductibles, and building reserves to provide for any potential shortfall in the Smart Corner transaction.

The *Agency Reserves* include amounts that are available for any unanticipated housing purpose. The Agency Reserves have decreased by \$582,450 from \$4,808,178 in FY06 to \$4,225,663 in FY07 primarily due to the proposed use of \$500,000 to provide additional funds for the State sinking fund. The Agency Reserves of \$4.2 million proposed for FY07 are a little more than one and a half percent of the FY07 Agency Budget and staff recommends that the Agency Reserves be retained as a sound business practice.

FY07 BUDGET

San Diego Housing Commission

Addendum 1

Type of Reserve	FY07 Proposed Use	FY06 Amount	FY07 Amount	Change
I Program Reserves				
The Program Reserves provide for future personnel, services and supplies or housing expenditures on specific housing programs. These funds are generally restricted and must be used in support of each program or returned to the funding source. This reserves also includes a sinking fund for the future purchase of State units.				
CAL HOME Program	Administration for FY08	27,150	22,770	(4,380)
CAL HOME EAGR Program	Administration for FY07	50,000	0	(50,000)
Capital Fund	Administration for FY08 & FY09	358,262	384,607	26,345
CCDC L&MIH Set Aside - HO	Administration for FY08	48,356	46,000	(2,356)
City Heights Redevelopment	Administration for FY08 & FY09	178,729	246,769	68,040
City Properties Mgmt	Administration for FY07	5,957	0	(5,957)
Coastal, Condo & NCFUA	Administration for FY08 & FY09	446,500	440,995	(5,505)
Conventional Operating Mgmt	Future Extraordinary Maintenance	4,704,231	4,252,577	(451,654)
FSS Coordinator - Section 8	Administration for FY08	141,500	157,500	16,000
HCV FSS Homeownership Coordinator	Administration for FY07	63,000	0	(63,000)
HOME	Administration for FY08 & FY09	2,150,562	1,841,594	(308,968)
HTF CDBG	Administration for FY07	9,452	0	(9,452)
Inclusionary Housing Fund	Administration for FY08	486,395	250,000	(236,395)
Lead Hazard Control Grant	Administration for FY08 & FY09	0	963,361	963,361
Linda Vista Redevelopment	Administration for FY08	19,565	39,039	19,474
Local Funds	Provide Sinking Fund for State Units	500,000	1,000,000	500,000
Market Street Redevelopment	Administration for FY08	28,307	2,779	(25,528)
Maya Apartments	Future Extraordinary Maintenance	796,405	684,393	(112,012)
Redevelopment Crossroads HELP	Administration for FY08	73,557	82,211	8,654
Rental Rehabilitation	Administration for FY07	297,864	0	(297,864)
ROSS Neighborhood Networks	Administration for FY07	35,000	0	(35,000)
ROSS RSDM	Administration for FY08	60,000	58,542	(1,458)
SD Association of Realtors	Administration for FY08	700	700	0
Section 8 Surplus Admin Fees	Administration for FY08 & FY09	1,429,499	1,226,632	(202,867)
Local Section 8 Support	Admin & Hsg Prg for FY08 & FY09	1,500,000	1,500,000	0
SEDC Mt Hope Rehabilitation	Administration for FY08	14,341	7,624	(6,717)
SEDC Southcrest Redevelopment	Administration for FY08	5,845	15,920	10,075
Shelter Plus Care	Admin for FY08 to FY09	55,969	34,476	(21,493)
State Rental	Future Extraordinary Maintenance	241,027	205,059	(35,968)
State REO	Admin & Hsg Prg for FY08 & FY09	19,746	20,621	875
University Canyon Management	Future Extraordinary Maintenance	1,188,350	1,703,768	515,418
	Subtotal	14,936,269	15,187,937	251,668
II Contingency Reserves				
The Contingency Reserves include amounts to provide for potential litigation, uninsured losses and building reserves. The unexpended Contingency Reserves will be re-budgeted in the following year.				
Local Funds	Provide for potential litigation	300,000	300,000	0
Local Funds	Provide for uninsured losses	300,000	300,000	0
Local Funds	Provide for office facility	1,515,673	2,000,000	484,327
	Subtotal	2,115,673	2,600,000	484,327
III Agency Reserves				
The Agency Reserves include amounts that are available for any unanticipated housing purpose.				
Local Funds	Unanticipated Needs	4,808,178	4,225,633	(582,545)
Total Program, Contingency & Agency Reserves		21,860,120	22,013,570	153,450

FY07 BUDGET

San Diego Housing Commission

Addendum 2

Revenues

The proposed FY07 Budget includes \$275,731,563 in estimated revenue sources identified to date, representing an increase of \$33.5 million from the current FY06 revenues. This increase in revenues is due primarily to the increase of \$27.7 million from borrowed funds and the Newton Avenue sale proceeds that combine to acquire and prepare the approved new office facility in FY07. In addition, there is an increase of \$4.2 million in carryover and new Inclusionary Housing fees as this program continues to phase in. It is expected there will be an increase of \$2.2 million in the Section 8 Voucher Program to provide for rent increases through FY07. Also, there is an additional \$1.3 million of HOME funds due to the timing of project approvals and \$2.0 million of Capital Fund and Lead Hazard funds resulting from new awards by HUD and the State of California.

These increases are partially offset by a decline of \$3.2 million in Cal Home EAGR, Cal Home, Cal State Housing Trust and Shelter Plus Care funds due to the expected obligation and/or completion in the current fiscal year of a number of housing projects or programs. All of the other funds experience modest increases or decreases to account for the remaining \$700,000 net decrease in the FY07 Budget. Finally, staff will continue to refine revenue estimates and advise the Commission through budget status reports and revisions.

Of the \$275.7 million in identified revenues in FY07, \$188.7 million are Restricted Revenues that can only be expended for specific purposes defined by the funding sources. Restricted Revenues include Section 8 rental assistance and public housing operating subsidies from the U.S. Department of Housing and Urban Development (HUD), State funds, specific grants for programs administered by Resident Services, and other sources.

The FY07 Budget includes \$87.1 million in Unrestricted Revenues. The Commission has discretion over these less restricted revenues that include Rental Rehabilitation loan repayments, Local funds (bond fees, lease/sale revenue, loan repayments, etc.), Housing Trust Funds and HOME funds.

	FY06 Current	FY07 Proposed	Change
Restricted Revenues			
Section 8	\$131,863,774	\$134,126,712	2%
Other HUD	32,533,480	31,626,464	-3%
State	5,164,183	3,444,626	-33%
CDBG	3,271,501	3,422,834	5%
Restricted Local	15,615,805	16,042,515	3%
Subtotal	\$188,448,743	\$188,663,151	0%
Unrestricted Revenues			
Rental Rehab	\$584,832	\$97,345	-83%
Local	16,246,698	43,979,412	171%
Affordable Housing Fund	13,487,515	18,215,073	35%
HOME	23,443,125	24,776,582	6%
Subtotal	\$53,762,170	\$87,068,412	62%
Total Revenues	\$ 242,210,913	\$ 275,731,563	14%

FY07 BUDGET

San Diego Housing Commission

Addendum 2

Revenues

Most of the increase in funding is the financing of the office facility transaction.

Federal funding for Section 8 and public housing has been changed from multiple contract years to a calendar year system. Funding for calendar year 2006 has been established and appears to be sufficient funding to provide for the authorized units and modest rent increases in the Section 8 Voucher Program during the first half of the Housing Commission's fiscal year. Funding for Federal Fiscal Year 2007 is not yet established, so flat revenues are projected. Administrative fees paid by HUD based on the 2006 calendar year declined slightly.

The 3% decrease in Other HUD funds is primarily due to the obligation of \$1.9 million of rent to owners on a Shelter Plus Care project and the completion of a Economic Development Initiative grant in FY06. Also, there is a decrease of \$600,000 due to extraordinary maintenance improvements on several Conventional public housing complexes in FY06. This results in less carryover of funds from FY06 than occurred in FY05. All of the ROSS funds for Resident Services show a cumulative decrease of \$200,000. These decreases are offset by an increase of \$1.8 million for the new awards of Capital Fund and Lead Hazard Control.

State funds decrease by 33% primarily due to the expected obligation and/or completion in the current fiscal year of a number of housing projects or programs funded by Cal Home, Cal Home EAGR and Cal State Housing Trust Fund programs in FY06. This results in \$1.7 million less carryover of these funds from FY06 than occurred in FY05. This decrease is partially offset by small increases in the State rental projects, State REO and CalHFA HELP programs.

Community Development Block Grant (CDBG) funds increase by 5% due primarily to carryover. Also, due to limited foreclosure activity, the foreclosure revolving pool has increased carryover due to interest earnings. New funds from the [FY07](#) application submitted to the City for Housing Commission activities are likely to be less than the amount received in FY06 because of the overall drop in CDBG funding received by the City. At this time, the FY07 budget includes the same amount of funds received in [FY06](#); [should the funding award be different than proposed in the FY07 budget, an adjustment will be reflected in the Fall budget revision](#). The City Council stated its intent in 1996 to allocate 20% of the CDBG funds to affordable housing. This amount includes estimated funding for Housing Commission administration of programs, district allocations to Commission-administered projects, commitments to nonprofit entities for housing programs and the balance to be placed in the Housing Trust Fund. The allocation for affordable housing in FY06 was 12% of the City's total CDBG.

Restricted Local funds are expected to increase by 3% primarily due to the expected \$500,000 increase in fees from Coastal, Condo Conversion and NCFUA. Also, it is expected that University Canyon will achieve a \$500,000 surplus from operation that will enhance reserves for future extraordinary maintenance at the site. These increases have been partially offset by the expected obligation and/or completion in FY06 of \$600,000 of loans on the various Redevelopment funds for Rehabilitation and Housing Rehabilitation Trust Funds and this results in less carryover of these funds from FY06 than occurred in FY05.

Rental Rehabilitation loan payoffs are expected to decrease by 83% due to the decreasing size of the loan portfolio. In addition, carryover of funds from [FY06](#) will not occur due to the expected expenditure and/or obligation of funds in [FY06](#).

FY07 BUDGET

San Diego Housing Commission

Addendum 2

Revenues

Local funds are expected to increase by 171% due to the substantial increase of \$27.7 million from borrowed funds and the Newton Avenue sale proceeds that combine to finance the approved new office facility in FY07. There are various other much smaller increases and decreases in revenues that are offsetting.

The Affordable Housing Fund is expected to increase by 35% due to the substantial increase of \$4.7 million of carryover and new Inclusionary Housing and Linkage fees, loan payments and payoffs .

HOME funds are expected to increase by \$1.3 million due to the expected timing of project approvals for the obligation and/or expenditure of \$2.7 million of Rental Housing Production, Homeownership and Rehabilitation projects in [FY06](#) resulting in more carryover from FY06 than occurred in FY05. This increase is partially offset by a decrease of new HOME funds from HUD and fewer shared equity loan payoffs in FY07, with the decline in the loan refinancing boom that occurred last year and leads to a combined decrease of \$1.4 million.

FY07 BUDGET

San Diego Housing Commission

Addendum 2

Agency Summary of Revenues

	FY06 Current			FY07 Proposed			% of Chg Curr/Prop
	Carryover	New	Total	Carryover	New	Total	
REVENUES							
Cal Home EAGR Program	480,000	0	480,000	150,121	0	150,121	-69%
Cal Home Program	110,825	1,001,085	1,111,910	27,150	0	27,150	-98%
Cal State Housing Trust Fund	720,000	0	720,000	395,000	0	395,000	-45%
CalHFA HELP Program	458,086	0	458,086	458,111	0	458,111	0%
Capital Fund	1,064,266	1,896,351	2,960,617	1,182,320	2,618,039	3,800,359	28%
CCDC L&M IHSA - Homeownership	68,356	0	68,356	68,356	0	68,356	0%
CDBG	1,071,197	2,200,304	3,271,501	1,063,076	2,359,758	3,422,834	5%
City Heights Redevelopment	1,057,030	548,593	1,605,623	1,102,345	637,949	1,740,294	8%
City Properties Management	3,090	85,949	89,039	1,421	98,683	100,104	12%
Coastal Housing	732,509	259,250	991,759	432,993	1,021,495	1,454,488	47%
Community Outreach Partnership Centers	2,791	0	2,791	2,191	0	2,191	-21%
Condo Conversion	350,251	6,070	356,321	349,744	334,384	684,128	92%
Conventional Operating Management	6,556,614	8,442,786	14,999,400	5,617,645	8,768,306	14,385,951	-4%
County CDBG RTF	0	75,000	75,000	0	50,000	50,000	-33%
Family Health Centers of SD	11,936	10,318	22,254	23,872	0	23,872	7%
HOME	12,083,176	11,437,142	23,520,318	14,756,832	10,019,750	24,776,582	5%
Housing Rehabilitation Trust Fund	738,153	290,965	1,029,118	513,976	195,765	709,741	-31%
HTF - CDBG	228,737	40,348	269,085	106,771	34,310	141,081	-48%
HTF - Linkage Fees	2,100,191	2,845,399	4,945,590	2,627,240	2,970,551	5,597,791	13%
HTF - Redevelopment Agency	14,182	775	14,957	13,896	0	13,896	-7%
HTF - Transient Occupancy Tax	11,996	0	11,996	23,014	0	23,014	92%
HUD Development	5,443,207	0	5,443,207	5,443,207	0	5,443,207	0%
HUD Economic Development Initiative	0	402,368	402,368	0	0	0	-100%
HUD Lead Hazard Control Grant	450,611	4,956,370	5,406,981	6,383,174	0	6,383,174	18%
Inclusionary Housing Fund	4,669,041	3,576,846	8,245,887	6,294,945	6,144,346	12,439,291	51%
Local Funds	12,352,121	3,971,693	16,323,814	13,265,939	30,713,473	43,979,412	169%
Market Street Redevelopment	260,444	7,652	268,096	137,676	4,780	142,456	-47%
Maya Apartments	634,792	1,456,202	2,090,994	530,897	1,456,313	1,987,210	-5%
National City CDBG - RTF	50,000	0	50,000	50,000	0	50,000	0%
North County Future Urbanizing Area	496,031	257,950	753,981	352,110	116,732	468,842	-38%
Redevelopment Agency - Crossroads HELP	471,816	92,113	563,929	346,122	88,793	434,915	-23%
Redevelopment Agency - Linda Vista	52,066	203,290	255,356	90,525	25,775	116,300	-54%
Rental Rehabilitation	358,117	226,715	584,832	0	97,345	97,345	-83%
ROSS Neighborhood Networks	83,104	200,000	283,104	93,637	0	93,637	-67%
ROSS RSDM	278,800	350,000	628,800	167,800	350,000	517,800	-18%
ROSS PH Service Coordinator	9,565	63,000	72,565	0	130,000	130,000	79%
SD Association of Realtors	18,497	0	18,497	18,011	390	18,401	-1%
Section 8 Programs	7,771,503	123,937,962	131,709,465	6,800,231	127,326,481	134,126,712	2%
SEDC Mt Hope Rehabilitation Project	42,183	43,736	85,919	10,357	11,881	22,238	-74%
SEDC Southcrest Redevelopment Agency	30,768	40,810	71,578	167,722	13,849	181,571	154%
Shea Homes	5,480	3,543	9,023	11,534	8,202	19,736	119%
Shelter Plus Care	59,329	2,274,318	2,333,647	55,969	814,176	870,145	-63%
State Rental Housing	222,255	2,152,186	2,374,441	183,287	2,210,336	2,393,623	1%
State REO	19,412	334	19,746	20,020	601	20,621	4%
University Canyon Management	813,379	6,397,583	7,210,962	1,281,224	6,488,639	7,769,863	8%
Total Budget	62,455,907	179,755,006	242,210,913	70,620,461	205,111,102	275,731,563	14%
Less: Interfund Transfers						0	
a) University Canyon			(5,000,000)			(5,000,000)	0%
b) Data Processing			(175,746)			(175,836)	0%
c) Facilities Management			(947,700)			(1,370,864)	45%
Net Total Budget			236,087,467			269,184,863	14%
Continuing Appropriations			16,975,329			6,708,377	-60%

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San Diego Housing Commission

Addendum 2

Summary of Housing Commission Revenue Changes

Cal Home EAGR Program	The decrease of 69% is due to the expected obligation/expenditure for Rental Housing Rehabilitation in FY06. No new funds are expected in FY07.
Cal Home Program	The decrease of 98% is due to the expected obligation/expenditure for Homeownership in FY06. No new funds are expected in FY07.
Cal State Housing Trust Fund	The decrease of 45% is due to the expected obligation/expenditure for Rental Housing Production in FY06. No new funds are expected in FY07.
CalHFA HELP Program	The small increase of less than 1% is due to a small amount of interest earnings from FY06. It is expected that a project will utilize these funds in FY07. No new funds are expected in FY07.
Capital Fund	The increase of 28% is primarily due to new funds awarded in FY07, on this multiyear program, will be higher than the award amount in FY06. Also, it is expected that the timing of executing contracts for extraordinary maintenance leads to higher carryover from FY06 than occurred in FY05.
CCDC L&M IHSA - Homeownership	There is no change in funds available for FY07 and it is expected that these funds will be utilized for Homeownership in FY07. No new funds are expected in FY07.
CDBG	The increase of 5% is primarily due to slightly more new district project funds expected from the FY07 application submitted to the City for non-Housing Commission activities than the award amount in FY06. Also, it should be noted that the FY07 Budget includes the same amount of City-wide funds for Housing Commission activities as were received in FY06. However, this may not occur. Finally, carryover of district project funds from FY06 is slightly less than the amount that occurred in FY05.
City Heights Redevelopment	The increase of 8% is primarily due to the expected new award of funds in FY07 will be greater than the award of funds received in FY06. Also, due to the timing of executing contracts for Rehabilitation, this leads to slightly higher carryover from FY06 than occurred in FY05.
City Properties Management	The increase of 12% primarily reflects additional funds to be made available from the City of San Diego for higher maintenance costs expected in FY07 along with a slight increase in the actual rents charged on the 10 City-owned units managed by the Housing Commission. This is partially offset by less carryover of funds from FY06 than occurred in FY05.

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San Diego Housing Commission

Addendum 2

Summary of Housing Commission Revenue Changes

Coastal Housing	The increase of 47% is due to much higher in lieu fees expected to be received from developers in FY07. This is partially offset by less carryover of funds from FY06 than occurred in FY05 as Rental Housing Production projects are funded in the second half of FY06.
Community Outreach Partnership Centers	The decrease of 21% is due to the expected obligation/expenditure of these funds for Resident Services in FY06. No new funds are expected in FY07.
Condo Conversion	The increase of 92% is due to greater new funds anticipated in FY07 than occurred in FY06. This is partially offset by a slight decrease in carryover of funds from FY06 than occurred in FY05.
Conventional Operating Management	The decrease of 4% is primarily due to the obligation and/or completion of extraordinary maintenance on the Fulton, Golfcrest and Saranac units in FY06 resulting in less carryover from FY06 than occurred in FY05. This decrease is partially offset by expected higher resident rent in FY06.
County CDBG RTF	The decrease of 33% reflects the expectation that the new award of funds in FY06 will be \$25,000 less than FY06.
Family Health Centers of SD	The increase of 7% reflects the anticipated use in FY06 and all of the current funding and expected interest earnings is expected to carryover in FY06 for Resident Services. No new funds are expected in FY07.
HOME	The increase of 5% is due to the timing of the expected obligation and/or completion of various Rental Housing Production projects in FY06 resulting in almost \$2.7 million more carryover from FY06 than occurred in FY05. This increase is partially offset by new funds that are expected to decrease by over \$1.4 million due to a lower new award and less shared equity loan payoffs in FY07.
Housing Rehabilitation Trust Fund	The decrease of 31% is due to less carryover from FY06 than occurred in FY05 and less new funds from loan payoffs are expected in FY07.
HTF-CDBG	The decrease of 48% is primarily due to the expected completion/obligation of various Housing Rehabilitation projects during FY06 and this will result in much less carryover funding than occurred in FY05. Also, it is expected there will be slightly less loan payoffs in FY07 than occurred in FY06.
HTF-Linkage Fees	The increase of 13% is due to the timing of the expected obligation and/or completion of various Special Purpose Housing projects in FY06 resulting in over \$600,000 more carryover from FY06 than occurred in FY05. Also, there is a slight increase in new funds from fees and loan payoffs expected in FY07.

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San Diego Housing Commission

Addendum 2

Summary of Housing Commission Revenue Changes

HTF-Redevelopment Agency	The decrease of 7% reflects a slight amount of funds expected to be expended in FY06 and this will result in less carryover funding in FY07 than occurred in FY06. No new funds are expected in FY07.
HTF-TOT	The increase of 92% is due to a small loan payoff in FY06 and it is expected that the remaining balance of funds will be utilized in FY07. No new funds are expected in FY07.
HUD Development	There is no increase and these funds will be utilized in FY07 to purchase 35 units upon HUD approval to replace the 35 units taken by eminent-domain by San Diego City Schools. No new funds are expected in FY07.
HUD Economic Development Initiative	The decrease of 100% is due to the expected obligation and/or completion of a Special Purpose Housing project in FY06 on this one-time source. No new funds are expected in FY07.
HUD Lead Hazard Control Grant	The increase of 18% is due to the inclusion of the balance of funds from two projects awarded in FY06 in the FY07 Budget. This increase is partially offset by a decrease due to the completion of the first award of funds and the expected obligation and/or completion of Rehabilitation activities in FY06.
Inclusionary Housing Fund	The 51% increase is due to substantially higher fees expected in FY07 than occurred in FY06. Also, the increase is due to the timing of the expected obligation and/or completion of various Rental Housing Production projects in FY06 resulting in over \$1.6 million more carryover from FY06 than occurred in FY05.
Local Funds	The increase of 169% is due primarily to the expected one-time receipt of borrowed funds and sale proceeds from the existing office facility to purchase the new office facility. Also, carryover funds are higher due to an accounting reclassification of a prior year expense to a deposit, greater interest earnings and other income received in FY06.
Market Street Redevelopment	The decrease of 47% is due primarily to the expected completion/obligation of various rehabilitation projects during FY06, resulting in far less carryover of funds from FY06 than occurred in FY05. Also, it is expected that there will be less new funds in FY07 resulting from loan payments and payoffs.
Maya Apartments	The decrease of 5% is due to expected greater extraordinary maintenance and a greater expected withdrawal of surplus funds that will be transferred to HOME and Local Funds in FY06. This will lead to less carryover from FY06 than occurred in FY05. New income from resident rent, legal, maintenance and late charges are expected to be approximately the same as in FY06.

FY07 BUDGET

San Diego Housing Commission

Addendum 2

Summary of Housing Commission Revenue Changes

National City CDBG – RTF	There is no change in the estimated funds and they are expected to be expended in FY07.
North County Future Urbanizing Area	The decrease of 38% is due primarily to the expected completion/obligation of various Rental Housing Production projects during FY06, resulting in less carryover funding than occurred in FY05. Also, there is an expected decrease in new fees in FY07.
Redevelopment Agency-Crossroads HELP	The decrease of 23% is due primarily to the expected completion/obligation of Rehabilitation projects during FY06, resulting in less carryover funding than occurred in FY05. Also, new loan payments, payoffs and interest earnings are expected to decline slightly in FY07.
Redevelopment Agency-Linda Vista	The decrease of 54% is due to a decrease in new loan payments, payoffs and interest earnings that are expected to decline in FY07. This is partially offset by an increase in carryover funding due to the expected completion/obligation of Rehabilitation projects during FY06, resulting in more carryover funding than occurred in FY05.
Rental Rehabilitation	The 83% decrease reflects less carryover of funds from FY06 than occurred in FY05, due to the expenditure and/or obligation of funds in FY06. Also, there is a decrease in new funds anticipated in FY07 from loan payments and interest income.
ROSS Neighborhood Networks	The 67% decrease is primarily because no new funds are expected in FY07. The remaining funds are expected to be expended in FY07.
ROSS RSDM	The decrease of 18% is due primarily to less carryover of funds from FY06 than occurred in FY05, due to the expenditure and/or obligation of funds in FY06. In addition, no new funds are expected to be awarded in FY07.
ROSS PH Service Coordinator	The increase of 79% is due to the expected new award of funds in FY07. All existing funds are expected to be expended in FY06 and this explains the decrease in carryover funds from FY06.
SD Association of Realtors	The decrease of 1% is due to expected interest earnings which are less than anticipated for FY06 for this one-time source. Only a small amount of new interest earnings is expected in FY07 and all funds are expected to be expended in FY07.
Section 8 Programs	The 2% increase in the award of funds from HUD will provide for rent increases on units leased through FY07. As HUD funding is now calendar year based, it is possible for the amount of new funds to change when HUD provides calendar year 2007 funding information on this program.

FY07 BUDGET

San Diego Housing Commission

Addendum 2

Summary of Housing Commission Revenue Changes

SEDC Mt Hope Rehabilitation	The decrease of 74% reflects the expected completion/obligation of various rehabilitation projects during FY06 that will result in far less carryover of funds from FY06 than occurred in FY05. Also, no new award of funds in FY07 for Housing Rehabilitation is expected and loan payments and payoffs are expected to be less than FY06.
SEDC Southcrest Redevelopment	The increase of 154% is due primarily to an expected new award of funds late in FY06 that will provide higher carryover funding from FY06 than occurred in FY05. This is partially offset by a decrease in new funds due to lower loan payments and payoffs in FY07 for Housing Rehabilitation than occurred in FY06.
Shea Homes	The increase of 119% in this one-time fund reflects a small loan payoff in FY06 that will be utilized with higher loan payoffs in FY07.
Shelter Plus Care	The decrease of 63% is primarily due to the one-time award of funds in FY06 for a five year contract with a service provider. Also, there is a small decrease in carryover funds due to the expenditure of funds for administration in FY06 on older projects leading to less carryover funding in FY06 than occurred in FY05.
State Rental Housing	The increase of 1% is primarily due to the anticipated approval of a small amount of additional annuity funds from the State of California on the Otay Villas and Scattered Site projects in FY07. This is partially offset by a slightly smaller amount of carryover funds from FY06 than occurred in FY05.
State REO	The increase of 4% is primarily due to a small amount of interest earnings expected in FY06 and FY07. Loan repayments have been placed in Reserves pending the State's determination of uses.
University Canyon Management	The increase of 8% is primarily due to the expected surplus income generated by this project in FY06 that will be held in reserves and utilized for improvements at the property. In addition, it is expected that rental income will increase slightly in FY07.

FY07 Budget

San Diego Housing Commission

Addendum 3

Expenditures

The proposed FY07 Budget shows a 14% increase in expenditures and reserves. Salaries and benefits increased primarily due to employee movement along the seven-step merit pay plan, a 2.5 % negotiated salary increase, additional flex plan benefits and increased pension contributions resulting from employee movement along the seven-step merit pay plan and the 2.5% salary increase. There was a decrease of one-fifth of one position, and the salary and benefits for the three and seven-tenths deleted positions exceeded the increase for the three and one-half additional positions. Also, Services and Supplies increased primarily for fixtures, furnishings and office equipment for the new office facility and a new phone system, networking equipment at the new facility, equipment for kiosk, training, conference, lobby and client rooms, security system and printers. In addition, consulting increased to provide for leasing agent commissions, a management firm for the new office facility, a management firm for the underground parking, consultants for lead based paint inspections, clearance inspections and ongoing construction defect issues. Housing Programs increased primarily to provide for the new office facility, mortgage on the new office facility and anticipated new Inclusionary funds for Rental Housing Production loans & grants.

	FY06 Current	FY07 Proposed	Change
Salaries & Benefits	\$ 16,678,619	\$ 17,110,820	\$ 432,201
Services & Supplies	7,500,156	11,756,749	4,256,593
Housing Programs	196,172,018	224,850,424	28,678,406
Program, Contingency & Agency Reserves	21,860,120	22,013,570	153,450
Total	\$ 242,210,913	\$ 275,731,563	\$ 33,520,650
Continuing Appropriations	\$ 16,975,329	\$ 6,708,377	\$ (10,266,952)

The FY07 Budget proposal includes a net decrease of one-fifth of one position. This is the result of deleting three and seven-tenths positions and adding three and one-half positions for a net reduction in salaries. These changes continue to reflect the declining availability of Federal and Local sources of administrative funding and the President & CEO's commitment to responding to this decline by restructuring and reassigning staff as necessary.

FY07 budgeted salaries reflect the implementation of the classification and compensation study approved in FY99, as well as a provision for employee progression on the seven-step merit pay range. A salary contingency for FY07 is also included in the salaries and benefits line item to accommodate salary adjustments that resulted from the meet and confer process. These negotiations occurred two years ago and the agreement was ratified by the Housing Commission and Housing Authority. Estimated benefits are included and pension and flex plan benefits for employees increased from FY06. Addendum 7 describes the changes in salary and benefit costs in detail (Section III, Addendum 7).

Supplies and Services have increased by 57%, due primarily to the approved development plan for the new office facility of \$2,449,182 for fixtures, furnishings and office equipment. In addition, there is an increase of \$503,125 for a new phone system, networking equipment at the new facility, equipment for kiosk, training, conference, lobby and client rooms, security system and printers. Also, there is an increase of \$614,550 in Facilities Management to provide for leasing agent commissions, a management firm for the new office facility and a management firm for the underground parking; \$322,917 in Rehabilitation for the two new Lead Hazard Control programs and the consultants for lead based paint inspections and clearance inspections required under these programs; and \$108,260 in Asset

FY07 Budget

San Diego Housing Commission

Addendum 3

Expenditures

Management for ongoing construction defect issues on the Golfcrest, Saranac and Fulton sites. There are increases of \$87,214 in Rental Assistance to provide for a temporary employee to backfill training positions, waiting list update, income verification services and graphic design for landlord and tenant brochures; \$65,000 in Communications to provide for communication consulting; \$79,275 provided in the labor agreement for parking fees for employees at the new office facility and \$34,675 in Human Resources for additional advertising of vacant positions and background checks, physicals and immunizations. The remaining balance of the decrease of \$7,605 is due to various increases/decreases in the other line items.

Housing Programs expenses increased by 15% primarily due to an increase of \$23,421,660 in site acquisition for the development of the new office facility. In addition, Inclusionary Housing loans & grants increased by \$4,950,344 due to higher fees expected during the second half of FY06 and FY07 from phasing in the program. Also, there is an increase of \$1,829,091 in Rental Assistance funds for rent to owners that will enable the Section 8 Voucher Program to lease the authorized units and allow modest rent increases for units leased through FY07. Mortgage payments for the new office facility increased by \$1,169,919.

These increases are partially offset by a reduction in rent to owners of \$1,436,500 resulting from the obligation and/or expenditure of Shelter Plus Care funds in FY06. In addition, Rehabilitation loans and grants are expected to decrease by \$1,158,646 from the obligation and/or expenditure of Affordable Housing Fund, CalHome EAGR, HOME, Lead Hazard Control and most of the Redevelopment funds on various projects, resulting in less carryover from FY06 than occurred in FY05. The balance of the \$97,462 decrease is due to various increases/decreases in the other Housing Program line items.

Continuing Appropriations of \$6.7 million are expenditures that were committed in FY06 or earlier for multiyear projects or programs. While funds are not available for reallocation in this FY07 budget process, they are shown to fully reveal activity and workload during FY07.

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San Diego Housing Commission

Addendum 3

Agency Summary of Expenditures

	FY06 Current	FY07 Proposed	% of Chg Curr/Prop
Staffing	237.70	237.50	0%
EXPENDITURES			
Salaries & Benefits	16,678,619	17,110,820	3%
Services & Supplies			
Legal	593,416	668,666	13%
Training	192,172	170,862	-11%
Travel	108,927	107,754	-1%
Audit	95,758	98,758	3%
Contract/Consultant	2,044,678	3,086,371	51%
Office & Building Rent	1,529,721	1,474,197	-4%
Data Processing	175,746	175,836	0%
Sundry	1,712,222	1,886,718	10%
Insurance	316,770	371,885	17%
Office Equipment	730,746	3,715,702	408%
Total Services & Supplies	7,500,156	11,756,749	57%
Housing Programs			
Resident Services Expenses	740,798	498,758	-33%
Maintenance Expenses	2,439,965	2,918,385	20%
Utilities	1,585,574	1,850,940	17%
PILOT & Property Taxes	27,081	190,860	605%
Collection Loss	46,205	59,914	30%
Mortgage Payments	3,611,227	4,781,146	32%
Protective Services	347,982	336,507	-3%
Rent to Owners	123,051,692	123,532,331	0%
Loans & Grants	40,632,297	43,673,819	7%
Relocation	868,294	1,036,500	19%
Site Acquisition & Housing Development	14,412,377	37,882,386	163%
Extraordinary Maintenance	8,222,396	7,886,028	-4%
Dwelling Equipment	186,130	202,850	9%
Total Housing Programs	196,172,018	224,850,424	15%
Program, Contingency & Agency Reserves	21,860,120	22,013,570	1%
Total Budget	242,210,913	275,731,563	14%
Less: Interfund Transfers			
a) University Canyon	(5,000,000)	(5,000,000)	0%
b) Data Processing	(175,746)	(175,836)	0%
c) Facilities Management	(947,700)	(1,370,864)	45%
Net Total Budget	236,087,467	269,184,863	14%
Continuing Appropriations	16,975,329	6,708,377	-60%

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San Diego Housing Commission

Addendum 3

Summary of Housing Commission Expenditure Changes

Salaries & Benefits	<p>The \$432,201 increase in salaries and benefits is primarily the result of a combined increase of \$369,671 for employee movement along the seven-step merit pay plan and the 2.5% salary increase for the third year of the three-year labor agreement. In addition, there is an increase of \$114,385 in flex plan benefits for employees that are part of the three-year labor agreement. Also, there is an increase in pension contributions of \$61,508 resulting from employee movement along the seven-step merit pay plan and the 2.5% salary increase. These increases are partially offset by a decrease of \$137,857 in Worker Compensation due to rate decreases and actual experience factors. Other small increases for Medicare, state unemployment insurance, long term disability, life insurance and overtime account for the remaining increase of \$24,494.</p> <p>There is an overall decrease of 0.20 positions that includes the addition of three and one-half positions and a deletion of three and seven-tenths positions resulting in an overall decrease in salaries and benefits. In addition, there were reclassifications of 10.00 positions and no range adjustments for FY07. A detailed explanation of staffing changes and the changes in salaries and benefits is included in Section III, Addenda 4 and 7.</p>
Legal	<p>The \$75,250 increase in legal is primarily due to the \$30,000 increase in Facilities Management to provide for costs of review of agreements and leases, \$18,000 in Portfolio Servicing & Occupancy Monitoring for issues related to condo conversion, \$12,000 in Human Resources for various personnel matters based on cost experience and \$10,000 in Organizational Development & Training based on cost experience. The remaining net increase of \$5,250 is in Information Technology for copier leases, document imaging, and telephone issues and Property Management for cases involving unlawful detainers or evictions.</p>
Training	<p>There is a decrease of \$21,310 in training due primarily to a \$21,287 decrease in Rental Assistance due to the completion of major training on program changes in FY06. The remaining net decrease of \$23 is due to small increases and decreases in Board & Executive Functions, Policy & Governmental Affairs, Human Resources, Organizational Development & Training, Property Management, Resident Services and Portfolio Services & Occupancy Monitoring.</p>
Travel	<p>The slight decrease of \$1,173 is due primarily to a \$5,664 decrease in Rental Assistance that corresponds with the completion of major training on program changes in FY06. Most of this decrease is offset by an increase of \$5,000 in Property Management for flexible voucher, income verification system and limited English proficiency regulation training. The remaining net decrease of \$509 is due to small increases and decreases in Board & Executive Functions, Policy & Governmental Affairs, Communications & Strategy, Human Resources, Organizational Development & Training, Resident Services and Portfolio Services & Occupancy Monitoring.</p>

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San Diego Housing Commission

Addendum 3

Summary of Housing Commission Expenditure Changes

Audit	The increase in audit of \$3,000 is contractually based on the increase in the Consumer Price Index.
Contract/Consultant	The increase of \$1,041,693 in contract/consultant is primarily due to a variety of increases/decreases in most activities. The increases include \$614,550 in Facilities Management to provide for leasing agent commissions, a management firm for the new office facility and a management firm for the underground parking, \$322,917 in Rehabilitation for the two new Lead Hazard Control programs and the consultants for lead based paint inspections and clearance inspections required under these programs, \$108,260 in Asset Management for ongoing construction defect issues on the Golfcrest, Saranac and Fulton sites, \$87,214 in Rental Assistance to provide for a temporary employee to backfill training positions, waiting list update, income verification services and graphic design for landlord and tenant brochures and \$65,000 in Communications to provide for communication consulting. These increases are partially offset by a decrease of \$142,487 in Information Technology in various consulting services and \$65,401 in a direct hire contractor due to completion of certain work efforts in FY06. The remaining decrease of \$13,761 is due to smaller increases and decreases in Human Resources, Organizational Development & Training, Property Management, Resident Services, Rental Housing Production, Portfolio Servicing & Occupancy Monitoring and Special Purpose Housing.
Office & Building Rent	The \$55,524 decrease is primarily due to the \$478,688 decrease in building rent as the planned leaseback of the Newton facility for \$408,000 in FY06 did not occur and the leases on the current Ridgehaven and Gateway office facilities will expire in January, 2007. This decrease is partially offset by an increase in office rent of \$423,164 for programs and activities occupying space in the new office facility due to increased rent charges.
Data Processing	The modest \$90 increase is due to charges for the additional units expected to be under lease in FY07 in Rental Assistance and Property Management. The charges are for the maintenance of records for residents and landlords.
Sundry	The \$174,496 increase in sundry is primarily due to the increase as provided in the labor agreement of \$79,275 for parking fees for employees at the new office facility. In addition, there is an increase of \$34,675 in Human Resources for additional advertising of vacant positions, background checks, physicals and immunizations based on actual costs experience. Also, there is an increase of \$27,927 in memberships primarily for a new membership in the Council of Large Public Housing Authorities and a \$13,300 increase for interest on tenant security deposits based on actual cost experience. Small increases/decreases in translation services, record storage, printing, postage and office supplies in most other activities account for the remaining increase of \$19,319.

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San Diego Housing Commission

Addendum 3

Summary of Housing Commission Expenditure Changes

Insurance	The increase of \$55,115 is primarily due to our providers estimating a combined increase of \$55,306 for real property, vehicles, and general liability insurance. Other insurance including lead hazard, terrorism, crime and honesty, fiduciary, personal property and mold and fungi and flood insurance show modest increases and decreases, netting a decrease of \$191. A reserve of \$300,000 has been proposed to cover potential uninsured losses.
Office Equipment	The increase of \$2,984,956 is primarily due to the approved development plan for the new office facility of \$2,449,182 for fixtures, furnishings and office equipment. In addition, there is an increase of \$503,125 for a new phone system, networking equipment at the new facility, equipment for kiosk, training, conference, lobby and client rooms, security system and printers. Also, there is an increase of \$56,901 for the expected purchase of new maintenance vehicles to replace aging stock in FY07. These increases are partially offset by a decrease of \$24,252 due to one-time purchases of office equipment in FY07 by Board & Executive Functions, Human Resources, Financial Services, Organizational Development & Training, Rental Assistance, Property Management, Asset Management, Rental Housing Production, and Rehabilitation.
Resident Services Expenses	The decrease of \$242,040 is due to the obligation and/or expenditure of significant amounts of funding in FY06 for the ROSS and Capital Fund programs. It is expected that additional new awards to replenish these decreases will occur during FY07. Specific applications for funds will be provided at future Housing Commission meetings for approval as HUD and other agencies notify staff concerning the availability of resources.
Maintenance Expenses	The increase of \$478,420 is primarily due to an increase of \$422,853 in maintenance contracts in Routine Maintenance including a landscaping contract due to the deletion of the Senior Maintenance Technician position and an expected overall 15% increase in other maintenance contracts in FY07. In addition, due to the larger new office facility, maintenance materials and maintenance contracts will increase by \$55,567.
Utilities	The increase of \$265,366 is primarily due to the expected blended increase of \$156,619 in FY07 rates for water, sewer, gas and electric utilities for agency managed units. It should be noted that utility costs did increase more rapidly than forecast in FY06 and causes the increase for FY07 to be larger. In addition, due to the larger new office facility, utilities will increase by \$108,747.
PILOT & Property Tax	The increase of \$163,779 is due primarily to the increase of \$162,660 for the new office facility. In addition, there is a small increase of \$1,119 in possessory use tax at the Maya project.
Collection Loss	There is an increase of \$13,709 for collection loss due to actual cost history.

FY07 BUDGET

San Diego Housing Commission

Addendum 3

Summary of Housing Commission Expenditure Changes

Mortgage Payments	The increase of \$1,169,919 will provide for the new office facility mortgage.
Protective Services	The decrease of \$11,475 is primarily due to the decrease of \$7,475 due to the consolidation of staff within one facility and a decrease of \$4,000 at the Learning Opportunity Centers based on actual cost experience.
Rent to Owners	The increase of \$480,639 is primarily due to an increase of \$1,829,091 to provide for leasing the authorized Voucher units and rent increases for units leased through FY07. HUD has provided funds for the Voucher program for calendar year 2006 and based on the uncertainty of Congressional action on this program, no increase in rent to owners is assumed in calendar year 2007. In addition, there is an increase \$88,048 for contract renewals of existing Shelter Plus Care projects. This increase is partially offset by a decrease of \$1,436,500 resulting from the obligation and/or expenditure of Shelter Plus Care funds in FY06.
Loans & Grants	<p>The increase of \$3,041,522 is due to increased carryover and new funding for various activities. These increases and decreases include:</p> <p>Rental Housing Production increases by \$6,741,989 due primarily to an increase of \$4,950,344 of higher fees expected during the second half of FY06 and FY07 from phasing in the Inclusionary Housing program. In addition, due to the timing of the obligation and/or completion in the current fiscal year, HOME carryover will increase by \$2,021,116 in FY07. These increases are partially offset by an overall combined decrease of \$229,471 in Cal State Housing Trust Fund, CDBG, Coastal, Condo Conversion, and NCFUA housing projects or programs.</p> <p>In Homeownership, there is a decrease of \$1,343,543 primarily due to a combined decrease of \$2,082,866 in Cal Home, Condo Conversion and HOME American Dream due to the expected obligation and/or completion in the current fiscal year of various projects. This increase is partially offset by the provision of \$739,323 of new HOME funds for this activity in FY07.</p> <p>Rehabilitation Rental Housing decreases by \$642,407 and is due to an expected decrease in loans and grants resulting from the obligation and/or expenditure of CalHome EAGR, Lead Hazard Control and HOME funds on various projects, resulting in less carryover from FY06 than occurred in FY05. No new funds are provided this activity in FY07.</p> <p>Rehabilitation Owner Occupied decreases by \$516,239 primarily due to the decrease of \$820,371 resulting from the obligation and/or expenditure of HOME, Affordable Housing Fund, Lead Hazard Control and most of the Redevelopment funds on various projects that will lead to less carryover from FY06 than occurred in FY05. This decrease is partially offset by an increase of \$304,132 in carryover and new CDBG and Redevelopment funds for City Heights and Southcrest areas.</p> <p>Special Purpose Housing decreases \$1,198,278 due to the reduction of \$445,000 for the Winter Shelter program, completion of the \$402,368</p>

FY07 BUDGET

San Diego Housing Commission

Addendum 3

Summary of Housing Commission Expenditure Changes

	<p>Economic Development Initiative program in FY06 and \$297,000 less Linkage fees due to a smaller allocation of new funds in FY07. In addition, there is a decrease of \$53,910 for contract renewals of existing Shelter Plus Care projects.</p>
Relocation	<p>The increase of \$168,206 is due primarily to the \$110,451 increase for temporary relocation of residents during the completion of specific Capital Fund work improvements at the Conventional public housing units. In addition, there is an increase of \$95,000 for the move from the current office facility to the new office facility in FY07. This increase is partially offset by a decrease of \$37,245 in temporary relocation during lead paint abatement for the multi-year HUD Lead Hazard Control program in Rehabilitation that is expected to be completed in FY08.</p>
Site Acquisition & Housing Development	<p>The increase of \$23,470,009 is due primarily to an increase of \$23,421,660 for the development of the new office facility. Also, with the strong loan portfolio, it is expected that \$48,324 of interest earnings in FY05 and FY06 will enhance the size of the foreclosure fund. In addition, there are \$25 of interest earnings on CalHFA HELP funds that are available for site acquisition.</p>
Extraordinary Maintenance	<p>The decrease of \$336,368 is primarily due to the \$1,014,731 decrease in extraordinary maintenance for partial completion of the baths, cabinets, counters, flooring, kitchens, courtyards, landscaping and irrigation, paint exteriors and interiors, playgrounds, seal parking lots, site retaining walls and stairways at the Conventional Public Housing units, Maya Apartments, two State projects and University Canyon. In addition, there is a transfer of \$108,260 of the extraordinary maintenance construction defect funds to provide consultants for ongoing issues on the Golfcrest, Saranac and Fulton sites. Also, due to the move to the new facility, \$34,000 of extraordinary maintenance will no longer be required at the current office facilities. These decreases are partially offset by an increase of \$820,623 from the expected new award of Capital Fund for specific work improvements at the Conventional Public Housing units</p>
Dwelling Equipment	<p>The increase of \$16,720 is primarily due to an increase of \$19,452 from the new award of Capital Funds for dwelling equipment for Conventional Public Housing units. In addition, there is an increase of \$3,268 in Routine Maintenance for replacement of refrigerators and stoves. These increases are partially offset by a decrease of \$6,000 in dwelling equipment for existing office facilities due to the move to the new office facility that will contain such items.</p>
Program, Contingency & Agency Reserves	<p>The increase in total Reserves is \$153,450. This is due to the increase in Contingency of \$484,327 and Program Reserves of \$251,668. These increases are partially offset by a decrease in Agency Reserves of \$582,545.</p> <p>The <i>Program Reserves</i> provide for future personnel, services and supplies or</p>

FY07 BUDGET

San Diego Housing Commission

Addendum 3

Summary of Housing Commission Expenditure Changes

housing expenditures. The Program Reserves have increased by \$251,668 from \$14,936,269 in FY06 to \$15,187,937 in FY07. The increase is due to the increase of \$963,361 from the recent multi year HUD award of two Lead Hazard control programs and this reserve will provide for administration of these programs in FY08 and FY09; an increase of \$515,418 in University Canyon reserves due to an increase in rental income resulting from opting out of the HUD Section 8 New Construction contract; and a staff recommendation to provide an additional \$500,000 for a sinking fund for the future payoff of a \$4.5 million loan from the State of California in the early 1980's with balloon payments due in 2013 and 2015; These increases are partially offset by the decrease from the draw down of \$599,634 of Conventional Public Housing, Maya and State Rental reserves to provide for substantial extraordinary maintenance on units in FY06; a decrease of \$308,968 in HOME reserves as the new HUD award and shared equity loan payoffs in FY07 are expected to diminish and provide less administrative funds than in FY06; a decrease of \$297,864 in Rental Rehabilitation reserves that provided support for City of San Diego projects in FY06; a decrease of \$236,395 in Inclusionary reserves that will provide for staff efforts on anticipated housing projects in Rental Housing Production in FY07; a decrease of \$202,867 in Section 8 Surplus Admin fees due to HUD not providing an increase in the administrative fee level to cover normal salary, benefits, supplies and service increases in FY07; and smaller increases and decreases in the other Program Reserves explain the balance of the decrease of \$363,351.

It is expected that new awards will replenish some of this decrease in Program Reserves during FY07. Specific applications for funds will be presented at future Housing Commission meetings for approval as HUD and other agencies notify staff concerning the availability of resources.

FY07 *Contingency Reserves* are recommended to increase by \$484,327 to provide for the new office facility and the uncertainty surrounding the leasing of the first two floors. As leasing efforts prove successful in the future, it is anticipated that this reserve would decline. The Contingency Reserves include litigation reserves to provide for unexpected legal issues, insurance reserves to provide for coverage of deductibles, and building reserves to provide for any potential shortfall in the Smart Corner transaction.

The *Agency Reserves* include amounts that are available for any unanticipated housing purpose. The Agency Reserves have decreased by \$582,450 from \$4,808,178 in FY06 to \$4,225,663 in FY07 primarily due to the proposed use of \$500,000 to provide additional funds for the State sinking fund. The Agency Reserves of \$4.2 million proposed for FY07 are a little more than one and a half percent of the FY07 Agency Budget and staff recommends that the Agency Reserves be retained as a sound business practice.

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San Diego Housing Commission

Addendum 4

Summary of Staffing Changes From FY06 TO FY07

	Housing Services	Housing Finance & Development	Operations	Total
FY06 Staff	154.78	36.15	46.77	237.70
Proposed FY07 Changes:				
Adds	0.00	1.00	2.50	3.50
Deletes	(1.00)	0.00	(2.70)	(3.70)
Annualize	0.00	0.00	0.00	0.00
Transfers	0.50	(0.15)	(0.35)	0.00
Change	(0.50)	0.85	(0.55)	(0.20)
Upgrades	7.00	1.00	1.00	9.00
Downgrades	1.00	0.00	0.00	1.00
Proposed FY07 Staff	154.28	37.00	46.22	237.50

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San Diego Housing Commission

Addendum 5

Classification and Pay Plan

Effective July 1, 2006 (Start of Pay Period)

(Start of Pay Period in which the first day of the fiscal year begins)

"M" SCHEDULE

Range	OC	OT/BU	Classification	Type	Minimum	Maximum
M 50	A	Ex/M	President & Chief Executive Officer	Hrly. Rate	55.44	82.71
				BiWk. Equiv.	4,435.20	6,616.80
				Ann. Equiv.	115,315.20	172,036.80
M48	A	Ex/M	Executive Vice President & Chief Operating Officer	Hrly. Rate	50.04	70.70
				BiWk. Equiv.	4,003.20	5,656.00
				Ann. Equiv.	104,083.20	147,056.00
M47	--	--	--	Hrly. Rate	44.64	61.47
				BiWk. Equiv.	3,571.20	4,917.60
				Ann. Equiv.	92,851.20	127,857.60
M44	A	Ex/M	Director of Business Services	Hrly. Rate	33.42	51.24
			Director of Communication & Strategy	BiWk. Equiv.	2,673.60	4,099.20
			Director of Facilities	Ann. Equiv.	69,513.60	106,579.20
			Director of Financial Services			
			Director of Housing Finance & Development			
			Director of Rental Assistance			
M 39	--	--	--	Hrly. Rate	27.59	33.57
				BiWk. Equiv.	2,207.20	2,685.60
				Ann. Equiv.	57,387.20	69,825.60
M 34	C	Ex/M	Secretary to the President & Chief Executive Officer	Hrly. Rate	21.61	30.94
				BiWk. Equiv.	1,728.80	2,475.20
				Ann. Equiv.	44,948.80	64,355.20

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San Diego Housing Commission

Addendum 5

"S" SCHEDULE

Range	OC	OT/BU	Classification	Type	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
S42	B	Ex/S	Asst Director of Housing Programs *	Hrly. Rate	31.94	33.53	35.22	36.10	36.99	37.94	38.87
				BiWk. Equiv.	2,555.20	2,682.40	2,817.60	2,888.00	2,959.20	3,035.20	3,109.60
	B	Ex/S	Budget Officer *	Ann. Equiv.	66,435.20	69,742.40	73,257.60	75,088.00	76,939.20	78,915.20	80,849.60
	B	Ex/S	Housing Construction Officer *								
	B	Ex/S	Human Resources Officer *								
	B	Ex/S	Information Technology Officer *								
S41	B	Ex/A	Financial Specialist *	Hrly. Rate	30.42	31.94	33.53	34.38	35.23	36.11	37.01
	B	Ex/A	Loan Management Supv. *	BiWk. Equiv.	2,433.60	2,555.20	2,682.40	2,750.40	2,818.40	2,888.80	2,960.80
	D	Ex/A	Policy Advisor to the President & CEO*	Ann. Equiv.	63,273.60	66,435.20	69,742.40	71,510.40	73,278.40	75,108.80	76,980.80
	D	Ex/S	Project Manager *								
S40	--	--	--	Hrly. Rate	28.96	30.41	31.94	32.74	33.55	34.40	35.25
				BiWk. Equiv.	2,316.80	2,432.80	2,555.20	2,619.20	2,684.00	2,752.00	2,820.00
				Ann. Equiv.	60,236.80	63,252.80	66,435.20	68,099.20	69,784.00	71,552.00	73,320.00
S39	B	Ex/S	Accounting Supervisor *	Hrly. Rate	27.58	28.96	30.41	31.17	31.95	32.75	33.57
	B	Ex/A	Associate Project Manager *	BiWk. Equiv.	2,206.40	2,316.80	2,432.80	2,493.60	2,556.00	2,620.00	2,685.60
	B	Ex/A	Community Liaison *	Ann. Equiv.	57,366.40	60,236.80	63,252.80	64,833.60	66,456.00	68,120.00	69,825.60
	B	Ex/A	Organizational Training Spec. *								
	B	Ex/A	Principal Accountant *								
	B	Ex/A	Principal HR Analyst *								
	B	Ex/A	Senior Budget Analyst *								
	B	Ex/A	Senior Program Analyst *								
S38	D	Pre/O	Housing Construction Spec.	Hrly. Rate	26.27	27.59	28.96	29.69	30.43	31.19	31.97
	B	Ex/A	Sr. HR Analyst *	BiWk. Equiv.	2,101.60	2,207.20	2,316.80	2,375.20	2,434.40	2,495.20	2,557.60
	T	Ex/A	Sr. Information Technology Analyst *	Ann. Equiv.	54,641.60	57,387.20	60,236.80	61,755.20	63,294.40	64,875.20	66,497.60
	B	Ex/S	Supv Resident Initiatives Coord *								
S37	B	Ex/A	Community Relations Spec. *	Hrly. Rate	25.02	26.27	27.65	28.27	28.98	29.71	30.44
	B	Ex/S	Housing Supervisor *	BiWk. Equiv.	2,001.60	2,101.60	2,212.00	2,261.60	2,318.40	2,376.80	2,435.20
	T	Ex/A	Information Technology Analyst *	Ann. Equiv.	52,041.60	54,641.60	57,512.00	58,801.60	60,278.40	61,796.80	63,315.20
	B	Ex/A	Senior Accountant *								
	B	Ex/A	Sr. Resident Initiatives Coord. *								
S36	B	Ex/A	Contracts Analyst	Hrly. Rate	23.83	25.02	26.27	26.93	27.60	28.29	29.01
	B	Ex/A	Human Resources Analyst	BiWk. Equiv.	1,906.40	2,001.60	2,101.60	2,154.40	2,208.00	2,263.20	2,320.80
	B	Ex/A	Program Analyst	Ann. Equiv.	49,566.40	52,041.60	54,641.60	56,014.40	57,408.00	58,843.20	60,340.80

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San Diego Housing Commission

Addendum 5

Range	OC	OT/BU	Classification	Type	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
S35	--	--	--	Hrly. Rate	22.69	23.84	25.03	25.65	26.29	26.96	27.62
				BiWk. Equiv.	1,815.20	1,907.20	2,002.40	2,052.00	2,103.20	2,156.80	2,209.60
				Ann. Equiv.	47,195.20	49,587.20	52,062.40	53,352.00	54,683.20	56,076.80	57,449.60
S34	B	Ex/A	Accountant	Hrly. Rate	21.62	22.69	23.84	24.44	25.04	25.67	26.30
	B	Ex/A	Budget Analyst	BiWk. Equiv.	1,729.60	1,815.20	1,907.20	1,955.20	2,003.20	2,053.60	2,104.00
	B	Ex/M	Docket Coordinator	Ann. Equiv.	44,969.60	47,195.20	49,587.20	50,835.20	52,083.20	53,393.60	54,704.00
	B	Ex/A	Fiscal Services Specialist								
	T	Ex/O	Loan Servicing Specialist								
	T	Ex/A	PIU Hearing Coordinator								
S33	B	Ex/S	Asst. Hsg. Property Supv.	Hrly. Rate	20.58	21.62	22.69	23.28	23.86	24.46	25.05
	B	Ex/A	Housing Specialist	BiWk. Equiv.	1,646.40	1,729.60	1,815.20	1,862.40	1,908.80	1,956.80	2,004.00
				Ann. Equiv.	42,806.40	44,969.60	47,195.20	48,422.40	49,628.80	50,876.80	52,104.00
S32	P	Pre/A	Contracts Compliance Asst.	Hrly. Rate	19.63	20.59	21.63	22.16	22.72	23.30	23.87
	T	Pre/O	Housing Inspector	BiWk. Equiv.	1,570.40	1,647.20	1,730.40	1,772.80	1,817.60	1,864.00	1,909.60
	T	Ex/O	Loan Production Specialist	Ann. Equiv.	40,830.40	42,827.20	44,990.40	46,092.80	47,257.60	48,464.00	49,649.60
	D	Pre/S	Maintenance Supervisor								
	B	Pre/O	Resident Initiatives Coord.								
	P	Pre/A	Senior Administrative Assistant								
	P	Pre/M	Senior Human Resources Tech.								
S31	C	Pre/O	Senior Accounting Technician	Hrly. Rate	18.69	19.63	20.59	21.11	21.64	22.17	22.75
	T	Pre/O	Senior Housing Assistant	BiWk. Equiv.	1,495.20	1,570.40	1,647.20	1,688.80	1,731.20	1,773.60	1,820.00
	C	Pre/M	Wage Services Technician	Ann. Equiv.	38,875.20	40,830.40	42,827.20	43,908.80	45,011.20	46,113.60	47,320.00
S30	C	Pre/M	Executive Secretary	Hrly. Rate	17.78	18.68	19.62	20.09	20.59	21.12	21.64
				BiWk. Equiv.	1,422.40	1,494.40	1,569.60	1,607.20	1,647.20	1,689.60	1,731.20
				Ann. Equiv.	36,982.40	38,854.40	40,809.60	41,787.20	42,827.20	43,929.60	45,011.20
S29	C	Pre/O	Administrative Assistant	Hrly. Rate	16.95	17.79	18.68	19.16	19.64	20.12	20.61
	T	Pre/O	Housing Assistant II	BiWk. Equiv.	1,356.00	1,423.20	1,494.40	1,532.80	1,571.20	1,609.60	1,648.80
	C	Pre/M	Human Resources Technician	Ann. Equiv.	35,256.00	37,003.20	38,854.40	39,852.80	40,851.20	41,849.60	42,868.80
	C	Pre/S	Office Supervisor								
S28	C	Pre/O	Accounting Technician	Hrly. Rate	16.13	16.92	17.77	18.23	18.68	19.15	19.63
	D	Pre/O	Senior Maintenance Technician	BiWk. Equiv.	1,290.40	1,353.60	1,421.60	1,458.40	1,494.40	1,532.00	1,570.40
				Ann. Equiv.	33,550.40	35,193.60	36,961.60	37,918.40	38,854.40	39,832.00	40,830.40

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Addendum 5

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Z27	D	Pre/O	Maintenance Technician II	Hrly. Rate	16.11	16.91	17.76	18.20	18.67	19.13	19.61
				BiWk. Equiv.	1,288.80	1,352.80	1,420.80	1,456.00	1,493.60	1,530.40	1,568.80
				Ann. Equiv.	33,508.80	35,172.80	36,940.80	37,856.00	38,833.60	39,790.40	40,788.80
S27	C	Pre/O	Information Technology Technician	Hrly. Rate	15.37	16.13	16.93	17.36	17.76	18.25	18.72
				BiWk. Equiv.	1,229.60	1,290.40	1,354.40	1,388.80	1,420.80	1,460.00	1,497.60
	D	Pre/O	Maintenance Technician II	Ann. Equiv.	31,969.60	33,550.40	35,214.40	36,108.80	36,940.80	37,960.00	38,937.60
	C	Pre/O	Senior Storekeeper								
S26	C	Pre/O	Senior Office Assistant	Hrly. Rate	14.64	15.37	16.13	16.53	16.94	17.37	17.80
				BiWk. Equiv.	1,171.20	1,229.60	1,290.40	1,322.40	1,355.20	1,389.60	1,424.00
				Ann. Equiv.	30,451.20	31,969.60	33,550.40	34,382.40	35,235.20	36,129.60	37,024.00
Z25	C	Pre/O	Accounting Assistant	Hrly. Rate	14.63	15.34	16.12	16.52	16.93	17.36	17.79
				BiWk. Equiv.	1,170.40	1,227.20	1,289.60	1,321.60	1,354.40	1,388.80	1,423.20
				Ann. Equiv.	30,430.40	31,907.20	33,529.60	34,361.60	35,214.40	36,108.80	37,003.20
S25	C	Pre/O	Accounting Assistant	Hrly. Rate	13.94	14.64	15.37	15.74	16.14	16.54	16.97
	T	Pre/O	Housing Assistant I	BiWk. Equiv.	1,115.20	1,171.20	1,229.60	1,259.20	1,291.20	1,323.20	1,357.60
	C	Pre/O	Resident Manager II	Ann. Equiv.	28,995.20	30,451.20	31,969.60	32,739.20	33,571.20	34,403.20	35,297.60
S24	C	Pre/O	Client Services Receptionist	Hrly. Rate	13.26	13.94	14.63	15.00	15.37	15.74	16.14
	C	Pre/O	Office Assistant II	BiWk. Equiv.	1,060.80	1,115.20	1,170.40	1,200.00	1,229.60	1,259.20	1,291.20
	C	Pre/O	Storekeeper	Ann. Equiv.	27,580.80	28,995.20	30,430.40	31,200.00	31,969.60	32,739.20	33,571.20
S23	C	Pre/O	Information Technology Assistant	Hrly. Rate	12.64	13.27	13.94	14.28	14.64	15.01	15.38
	D	Pre/O	Maintenance Technician I	BiWk. Equiv.	1,011.20	1,061.60	1,115.20	1,142.40	1,171.20	1,200.80	1,230.40
	C	Pre/O	Office Assistant I	Ann. Equiv.	26,291.20	27,601.60	28,995.20	29,702.40	30,451.20	31,220.80	31,990.40
S22	--	--	--	Hrly. Rate	12.03	12.64	13.26	13.60	13.95	14.29	14.65
				BiWk. Equiv.	962.40	1,011.20	1,060.80	1,088.00	1,116.00	1,143.20	1,172.00
				Ann. Equiv.	25,022.40	26,291.20	27,580.80	28,288.00	29,016.00	29,723.20	30,472.00
S21	--	--	--	Hrly. Rate	11.47	12.04	12.64	12.96	13.28	13.61	13.96
				BiWk. Equiv.	917.60	963.20	1,011.20	1,036.80	1,062.40	1,088.80	1,116.80
				Ann. Equiv.	23,857.60	25,043.20	26,291.20	26,956.80	27,622.40	28,308.80	29,036.80

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Range	OC	OT/BU	Classification	Type	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
S20	C	Pre/O	Housing Aide II	Hrly. Rate	10.13	10.64	11.18	11.45	11.76	12.03	12.35
				BiWk. Equiv.	810.40	851.20	894.40	916.00	940.80	962.40	988.00
				Ann. Equiv.	21,070.40	22,131.20	23,254.40	23,816.00	24,460.80	25,022.40	25,688.00
S19	--	--	--	Hrly. Rate	9.13	9.57	10.06	10.32	10.57	10.83	11.10
				BiWk. Equiv.	730.40	765.60	804.80	825.60	845.60	866.40	888.00
				Ann. Equiv.	18,990.40	19,905.60	20,924.80	21,465.60	21,985.60	22,526.40	23,088.00
S18	C	Pre/O	Housing Aide I	Hrly. Rate	8.62	9.05	9.49	9.74	9.97	10.24	10.49
				BiWk. Equiv.	689.60	724.00	759.20	779.20	797.60	819.20	839.20
				Ann. Equiv.	17,929.60	18,824.00	19,739.20	20,259.20	20,737.60	21,299.20	21,819.20

MISCELLANEOUS TEMPORARY CLASSIFICATIONS & HOURLY PAY RATES

Range	OC	OT/BU	Classification	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
TSR	B	Ex/T	Scholar in Residence	24.90	26.14	27.44	28.13	28.83	29.55	30.30
TSI	C	Pre/T	Student Intern (Paid)	10.85	11.39	11.95	12.26	12.55	12.87	13.19
THA	O	Pre/T	Housing Services Aide	7.58	7.96	8.35	8.56	8.78	9.00	9.22
TAT	O	Pre/T	Housing Aide Trainee	7.58	7.96	8.35	8.56	8.78	9.00	9.22

Pay for the following classifications are based on HUD minimum wage requirements, or temporary and limited scope of duties, and/or specific terms and conditions of appointment:

- Maintenance Technician Trainee:** On the job training program for residents or Section 8 Program participants to qualify for Maintenance Technician I (or similar employment).
- Contract Employee:** Employment by contract agreement for professional services external to the merit process, budget, and classification and pay plan for specific scope of work and duration, and without employment rights or benefits other than those required by law or under terms of the contract.
- Restricted Employee:** Appointment to a Special Housing/Employment Program with requirements other than merit under which employees are selected and funded by State, Federal, or local agency; or to provide on the job training to public housing residents and Section 8 participants to enhance economic development and self sufficiency on a short term, on-call, or seasonal basis.
- Site Contacts:** Residents paid in accordance with HUD pay limitations as on-site residential contacts.

OC = Occupational Category:

- A - Manager/Administrator
- B - Professional
- C - Clerical/Admin Support
- D - Crafts/Kindred
- P - Paraprofessional
- T - Technical

OT = Overtime Designation:

- Pre - Premium Overtime Compensation
- Ex - Exempt from Overtime Compensation

BU = Bargaining Unit Designation:

- M - Management or Confidential (nonunion - represented)
- S - Supervisory (nonunion - represented)
- A - Administrative/Professional (nonunion - represented)
- O - Office/Clerical/Technical (union - represented)
- T - Temporary Employee (nonunion - represented)

FY07 BUDGET

San Diego Housing Commission

Addendum 5

NOTES:

- M Schedule** Salary ranges on Management (M) Schedule derived by adding the percent increase to each hourly minimum and maximum of the range.
- S Schedule** Salary steps on Staff (S) Schedule derived by adding the percent increase to each hourly step. Annual salary equivalent is derived from hourly rate multiplied by 2,080 (number of work hours in a year). Biweekly rate is derived from annual salary divided by 26 paychecks. Amounts subject to rounding.
- E Class** * Extended Range "E" Class designates appointments that may be made to the range directly above or below the designated classification range based on specific qualifications and duties assigned.
- Z Range** Incumbents in the Maintenance Technician II and Accounting Assistant classifications as of September 30, 1998 shall be paid according to the Z range for the classification. Z range is defined as a special range for incumbents effective January 1, 1999 pursuant to negotiated Memorandum of Understanding. After September 30, 1998 newly hired or appointed incumbents to those classes will be paid according to the S range.
- Trainee** A "Trainee" designation is paid at a rate of 15% below the entry level classification and advanced to Step 1 of the targeted classification upon meeting minimum requirements.
- Reinstatement** The re-hire of an employee to a class satisfactorily held or to a comparable or lower class in which satisfactory service was rendered or to any comparable or lower class in the same occupational series provided the minimum requirements are met and the request is within one year of separation or voluntary demotion.
- Retired Returnee** An employee retired from the SDHC Defined Contribution Pension Plan may be appointed to a position at the same or comparable level of pay, requiring special skills or knowledge without competition, for a period not to exceed 180 days in any fiscal year.
- Volunteer** An individual designated to perform specific workplace tasks on a non-paid status.
- Minimum Wage** Hourly rates will be adjusted up to meet Federal Minimum Wage requirements as minimum wage rates change.
- Classification and Pay Plan Updates** Classification titles, new classes, and salary ranges may be updated pursuant to Personnel Policies and adopted Budget.
- Furlough** Mandatory business closure without pay. There shall be a mandatory one-day work furlough on July 3, 2006, a one-day work furlough on September 1, 2006 and an additional four-day work furlough between December 26, 2006 and December 31, 2006. The 48 hours is pro-rated over 26 paychecks in the fiscal year in order to receive regular pay during furlough. The furlough deduction is adjusted if employment starts or ends mid-year.

FY07 BUDGET

San Diego Housing Commission

Addendum 6

Schedule of Average/Actual Salaries by Classification

CLASSIFICATION	# of POSITIONS	AVERAGE/ACTUAL SALARY
ACCOUNTANT	3.00	52,111
ACCOUNTING ASSISTANT	2.00	34,469
ACCOUNTING SUPERVISOR	2.00	66,477
ACCOUNTING TECHNICIAN	5.00	39,420
ADMINISTRATIVE ASSISTANT	1.00	42,682
ASSISTANT DIRECTOR OF HOUSING PROGRAMS	4.00	77,346
BUDGET ANALYST	1.00	60,213
BUDGET OFFICER	1.00	82,871
BUILDING ASSISTANT	0.50	28,976
CLIENT SERVICES RECEPTIONIST	2.00	32,547
COMMUNICATIONS OFFICER	1.00	78,874
COMMUNITY RELATIONS LIAISON	1.00	72,672
COMMUNITY RELATIONS SPECIALIST	1.00	64,397
DIRECTORS	6.00	89,811
EXECUTIVE VICE PRESIDENT & CHIEF OPERATING OFFICER	1.00	133,732
FINANCIAL SPECIALIST	2.00	72,436
HOUSING AIDE II	2.00	24,709
HOUSING ASSISTANT II	37.00	40,933
HOUSING CONSTRUCTION OFFICER	2.00	79,862
HOUSING CONSTRUCTION SPECIALIST	10.00	65,227
HOUSING INSPECTOR	9.00	48,656
HOUSING SPECIALIST	8.00	50,492
HOUSING SUPERVISOR	9.00	60,163
INFORMATION TECHNOLOGY ANALYST	1.00	59,659
INFORMATION TECHNOLOGY OFFICER	2.00	83,902
INFORMATION TECHNOLOGY SPECIALIST	1.00	49,587
INFORMATION TECHNOLOGY TECHNICIAN	1.00	34,505
LOAN MANAGEMENT SUPERVISOR	1.00	75,110
LOAN PRODUCTION SPECIALIST	2.00	46,707
LOAN SERVICING SPECIALIST	2.00	52,570
MAINTENANCE SUPERVISOR	3.00	46,924
MAINTENANCE TECHNICIAN II	13.00	39,014
OFFICE ASSISTANT II	11.00	32,159
PIU HEARING COORDINATOR	1.00	56,896
PRESIDENT & CHIEF EXECUTIVE OFFICER	1.00	150,000
PROGRAM ANALYST	5.00	58,483
PROJECT MANAGER	5.00	76,018
PURCHASING SUPERVISOR	1.00	57,277

FY07 BUDGET

San Diego Housing Commission

Addendum 6

Schedule of Average/Actual Salaries by Classification

CLASSIFICATION	# of POSITIONS	AVERAGE/ACTUAL SALARY
REINVESTMENT COORDINATOR	1.00	98,592
RESIDENT INITIATIVES COORDINATOR	2.00	48,330
RESIDENT MANAGER II	10.00	32,755
SECRETARY TO THE PRESIDENT & CEO	1.00	60,507
SENIOR ACCOUNTANT	1.00	63,336
SENIOR ACCOUNTING TECHNICIAN	1.00	46,155
SENIOR ADMINISTRATIVE ASSISTANT	10.00	48,112
SENIOR BUDGET ANALYST	1.00	69,826
SENIOR HOUSING ASSISTANT	17.00	46,551
SENIOR INFORMATION TECHNOLOGY ANALYST	2.00	60,258
SENIOR MAINTENANCE TECHNICIAN	2.00	40,321
SENIOR OFFICE ASSISTANT	8.00	35,936
SENIOR PROGRAM ANALYST	9.00	64,832
SENIOR RESIDENT INITIATIVES COORDINATOR	4.00	61,263
SENIOR STOREKEEPER	2.00	37,981
STOREKEEPER	1.00	32,760
SUPERVISING PROJECT MANAGER	2.00	76,067
SUPERVISING RESIDENT INITIATIVES COORDINATOR	2.00	64,296
WAGE SERVICES TECHNICIAN	1.00	42,827
	<hr/>	
	237.50	

FY07 BUDGET
San Diego Housing Commission

Addendum 7

**Explanation of the Change in the Housing Commission
Salaries and Benefits Costs from FY06 to FY07**

The FY07 salaries and benefits budget totals \$17,110,820. This is an increase of \$432,201 or two and one-half percent from the current FY06 budget. The following factors contribute to this increase:

FY06 Current Salaries & Benefits Budget \$16,678,619

FY07 Recalculation of Salaries

Included in the FY07 budget are current employees' actual salaries reflecting the FY06 2.0% salary increases approved by the Housing Commission and any step increases due in FY07. 332,330

FY07 Adding Positions

The FY07 budget includes the addition of 3.50 positions. The new positions are: 1.00 Director, 1.00 Communications Officer, 1.00 Senior Admin Asst and .50 of a Building Asst. 285,713

FY07 Deleting Positions

The FY07 budget includes the deletion of 3.70 positions. The deleted positions are: 1.00 Senior Maintenance Technician, 1.00 Policy Advisor, 1.00 Director, .35 of a Senior HR Analyst and .35 of an HR Officer. (358,241)

FY07 Reclassification of Positions

The FY07 budget reclassifies 10.00 positions. The changes reclassify two Assistant Housing Property Supervisors to Housing Supervisors, four Program Analysts to Senior Program Analysts, one Housing Assistant II to Resident Manager II, one Senior Maintenance Technician to Maintenance Supervisor, one Office Assistant II to Senior Administrative Assistant and one Financial Services Specialist to Purchasing Supervisor. 30,198

FY07 Salary Reserves

The FY07 budget contains a contingency reserve for salary increases and bonuses, which may be approved by the Housing Commission. 65,713

FY07 Overtime Provision

The FY07 budget contains a provision for overtime expenses. This will provide for Maintenance staff who respond to after-hours emergency maintenance calls at the SDHC residential sites as well as salaries for staff during peak periods. 2,694

FY07 Vacancy Factor

The FY07 vacancy factor of 0.5%, which is the same level as FY06, has been incorporated into the budget to provide for vacant positions during FY07. (1,660)

FY07 Benefits

Employee benefits provided include pension, 457, flex plan, Workers' Comp, Medicare, long-term disability, State Unemployment Insurance and life insurance. Benefits increase due, in part, to increased payments for flex plan benefits as provided in the approved MOU. Pension, 457 and Medicare are higher due to step increases and the resulting higher salary. There were also minor increases in the rates for LTD and life and state unemployment insurances, which are partially offset by a decrease in the rate for Workers' Compensation. In FY07, benefits are budgeted at an average agency rate of 34.67%, up from 32.27% in FY06. 75,454

FY07 Salaries and Benefits Budget **\$17,110,820**

FY07 BUDGET

San Diego Housing Commission

Addendum 8

Estimated Continuing Appropriations as of June 30, 2006

Division / Activity / Project	Funding Source	Amount
1. Housing Services		
Rental Assistance		
Income Verification Services	Section 8	6,400
<i>Total Rental Assistance</i>		\$ 6,400
Resident Services		
Youth Recreation & Diversionary Services	ROSS Neighborhood Networks	3,794
Computer Skills Training	Capital Fund, RSDM & UC	6,050
Education, Programming & Enrichment Activities	ROSS Neighborhood Networks, RSDM,UC	179,100
Tutorial Services	Capital Fund, ROSS Neighborhood Networks	36,450
<i>Total Resident Services</i>		\$ 225,394
2. Housing Finance & Development		
Rental Housing Production		
Acquisition - Talmadge Senior Village	HOME	315,000
Acquisition & Rehab - Delta Village	HOME	10,000
Acquisition & Rehab - Hillside Garden Apts	HOME, HTF Linkage	600,000
Acquisition & Rehab - Hope Village	HOME	66,000
Acquisition & Rehab - Mason Hotel	HTF Linkage	110,000
Acquisition & Rehab - Sunburst Apts	Cal State HTF	43,700
Acquisition & Rehab - Townspeople	HOME, HTF Linkage	60,000
Development - Renaissance (Seniors)	HOME	10,000
Development-Transitional Hsing Families Fleeing Domestic Violence	Cal State HTF	209,000
Development Capacity Building for Nonprofits	HTF Linkage	10,000
<i>Total Rental Housing Production</i>		\$ 1,433,700
Homeownership		
CA. Debt Allocation Committee Bond Deposit	Local Funds	100,000
Down Payment/Closing Costs Assistance	HOME	370,979
First Time Homebuyer Assistance	CCDC	750,000
Shared Equity Loan Program	HOME, Shea Homes	1,010,249
<i>Total Homeownership</i>		\$ 2,231,228
Rehabilitation		
Owner Occupied		
Homeworks Program	HOME	100,000
Owner Occupied Rehabilitation	HOME	150,000
<i>Total Rehabilitation Owner Occupied</i>		\$ 250,000

FY07 BUDGET

San Diego Housing Commission

Addendum 8

Estimated Continuing Appropriations as of June 30, 2006

Division / Activity / Project	Funding Source	Amount
2. Housing Finance & Development (continued)		
Special Purpose Housing		
Acquisition & Rehab - Hope Village	HTF Linkage	3,000
College Aged Youth Housing Assistance	HTF Linkage	3,905
Development-Transitional Hsing Victims of Domestic Violence	Cal State HTF & HTF Linkage	819,000
Shelter Plus Care Sponsor Admin & Rent	Shelter Plus Care	1,348,043
		\$ 2,173,948
3. Operations		
Board & Executive Functions		
Annual Action Plan Preparation	Section 8	10,905
	<i>Total Board & Executive Functions</i>	\$ 10,905
Support Services		
Information Technology		
Document Imaging Software	Section 8	4,000
Inspection Scheduling Software	Conventional Public Housing	5,000
Section 8 & Asset Mgmt Accounting & Management Software	Capital, Conv'l PH, Local & Section 8	93,471
Technical Implementation	Conventional Public Housing	28,206
Technical Training	Conventional Public Housing	16,075
	<i>Total Information Technology</i>	\$ 146,752
Facilities Management		
Ongoing Consultant Services for the New Facility	Local Funds	30,050
Office Furniture for the New Facility	Local Funds	200,000
	<i>Total Facilities Management</i>	\$ 230,050
AGENCY TOTAL		\$ 6,708,377

FY07 BUDGET
San Diego Housing Commission

Addendum 9

Non-Budgeted Restricted Cash

In addition to the amounts of revenue shown in the FY07 Budget document, there are the following restricted cash amounts that are not available for inclusion in the FY07 Budget for the reasons noted. Below is a detailed listing of these cash amounts and an explanation is provided that describes each amount.

3-93

<u>PROGRAM</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
1. Security Deposits	\$ 525,119	Residents who occupy units owned/managed by the Housing Commission are required to provide security deposits. This deposit is returned to the resident if the resident vacates the unit with no past due rent or excessive wear and tear damage to the unit. The amount shown is the balance at 06/30/05.
2. Family Self-Sufficiency Escrow Accounts	\$ 474,543	Residents who participate in the Family Self-Sufficiency Program and experience an increase in earned income would normally pay a higher rent payment. In order to encourage self-sufficiency, part of the increase in the rent payment is set aside in an escrow account for the benefit of the resident. At the end of the five-year program, a successful resident who has achieved self-sufficiency would be able to withdraw the escrow balance that has accumulated. The amount shown is the balance at 06/30/05.
3. Rehabilitation Line of Credit Deposit	\$ 77,162	The Housing Commission has previously entered into Line of Credit Agreements with Wells Fargo Bank. The Agreements require the deposit of these funds as collateral at Wells Fargo Bank to sustain the leveraging of bank funds. The amount shown is the balance at 06/30/05.
4. Bond Program Performance Deposits	\$ 357,916	The State of California requires that the Housing Commission collect a performance deposit from each developer who applies for State tax credits. These funds are held by the Housing Commission and returned to the developer upon written authorization from the State of California that the developer has performed satisfactorily. If the developer fails to perform, these funds are remitted to the State of California. The amount shown is the balance at 06/30/05. The Housing Commission released \$156,640 to a developer in FY06.

FY07 BUDGET
San Diego Housing Commission

Addendum 9

Non-Budgeted Restricted Cash

<u>PROGRAM</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
5. Bond Allocation Deposit	\$ 100,000	The State of California requires that the Housing Commission deposit in a financial institution 0.5% of the amount on a bond allocation application. This is the amount that has been set aside for this purpose as of 06/30/05.
6. Building Performance Deposit	\$ 250,000	The Housing Commission required Concordia Communities LLC to deposit funds as a condition of purchasing the Newton office facility. This amount was on deposit as of 06/30/05 but was released to the developer in FY06.

FY07 BUDGET
San Diego Housing Commission

Addendum 10

SAN DIEGO HOUSING COMMISSION INCOME AND RENT CALCULATIONS*

U.S. Department of Housing and Urban Development 2005 SAN DIEGO MEDIAN INCOME:

\$63,400

Note: The table contains income limits for extremely low, very low and low income, as adjusted for family size and other factors adopted and amended from time to time by the U.S. Department of Housing and Urban Development (HUD). In 2005, HUD adjusted San Diego Very Low Income limits for a "high housing cost area" factor.

Family Size	Unit Size	Extremely Low Income						Very Low Income					
		30% AMI (Adjusted by HUD)		35% AMI (Adjusted by HUD)			40% AMI (Adjusted by HUD)			50% AMI (Adjusted by HUD)			
		ANNUAL INCOME ¹	GROSS RENT ²	ANNUAL INCOME ¹	GROSS RENT ²	TCAC ³	ANNUAL INCOME ¹	GROSS RENT ²	TCAC ³	ANNUAL INCOME ¹	GROSS RENT ²	TCAC ³ / "Low HOME" ³	
ONE	STUDIO	\$ 14,500	\$363	\$16,900	\$423	\$ 422	\$19,300	\$483	\$ 483	\$24,150	\$604	\$603	
TWO	1-BR	\$ 16,550	\$414	\$19,300	\$483	\$ 452	\$22,100	\$553	\$ 517	\$27,600	\$690	\$646	
THREE	2-BR	\$ 18,650	\$466	\$21,750	\$544	\$ 543	\$24,850	\$621	\$ 621	\$31,050	\$776	\$776	
FOUR	3-BR	\$ 20,700	\$518	\$24,150	\$604	\$ 627	\$27,600	\$690	\$ 717	\$34,500	\$863	\$896	
FIVE	4-BR	\$ 22,350	\$559	\$26,100	\$653	\$ 700	\$29,800	\$745	\$ 800	\$37,250	\$931	\$1,000	
SIX	5-BR	\$ 24,000	\$600	\$28,000	\$700	\$ 773	\$32,000	\$800	\$ 883	\$40,000	\$1,000	\$1,104	
SEVEN	6-BR	\$ 25,650	\$641	\$29,950	\$749		\$34,200	\$855		\$42,800	\$1,070	\$1,207	
EIGHT		\$ 27,300		\$31,900			\$36,450			\$45,550			

Family Size	Unit Size	60% AMI (Adjusted by HUD)			65% AMI (Adjusted by HUD)			70% AMI (Adjusted by HUD)		Low Income 80% AMI (Adjusted by HUD)	
		ANNUAL INCOME ¹	GROSS RENT ²	TCAC ³	ANNUAL INCOME ¹	GROSS RENT ²	"High HOME" ³	ANNUAL INCOME ¹	GROSS RENT ²	ANNUAL INCOME ¹	GROSS RENT ²
ONE	STUDIO	\$29,000	\$725	\$724	\$31,400	\$785	\$765	\$33,800	\$845	\$38,650	\$966
TWO	1-BR	\$33,100	\$828	\$776	\$35,900	\$898	\$821	\$38,650	\$966	\$44,150	\$1,104
THREE	2-BR	\$37,250	\$931	\$931	\$40,350	\$1,009	\$987	\$43,450	\$1,086	\$49,700	\$1,243
FOUR	3-BR	\$41,400	\$1,035	\$1,076	\$44,850	\$1,121	\$1,132	\$48,300	\$1,208	\$55,200	\$1,380
FIVE	4-BR	\$44,700	\$1,118	\$1,200	\$48,450	\$1,211	\$1,244	\$52,150	\$1,304	\$59,600	\$1,490
SIX	5-BR	\$48,000	\$1,200	\$1,325	\$52,050	\$1,301	\$1,353	\$56,050	\$1,401	\$64,050	\$1,601
SEVEN	6-BR	\$51,350	\$1,284		\$55,600	\$1,390	\$1,464	\$59,900	\$1,498	\$68,450	\$1,711
EIGHT		\$54,650			\$59,200			\$63,750		\$72,850	

Family Size	Unit Size	100% AMI (No HUD adjustment)		120% AMI (No HUD adjustment)	
		ANNUAL INCOME ¹	GROSS RENT ²	ANNUAL INCOME ¹	GROSS RENT ²
ONE	STUDIO	\$44,400	\$1,110	\$53,250	\$1,331
TWO	1-BR	\$50,700	\$1,268	\$60,850	\$1,521
THREE	2-BR	\$57,050	\$1,426	\$68,450	\$1,711
FOUR	3-BR	\$63,400	\$1,585	\$76,100	\$1,903
FIVE	4-BR	\$68,450	\$1,711	\$82,150	\$2,054
SIX	5-BR	\$73,550	\$1,839	\$88,250	\$2,206
SEVEN	6-BR	\$78,600	\$1,965	\$94,350	\$2,359
EIGHT		\$83,700		\$100,450	

* TCAC = Tax Credit Allocation Committee

1. Annual Income = Gross annual income adjusted by family size for Area Median Income (AMI) level. May contain additional adjustments as determined annually by HUD.
2. Gross Rent = cash rent plus the tenant-paid utilities (the "utility allowance"). See the "San Diego Housing Commission Utility Allowance Schedule" on the reverse side to calculate the utility allowance based on the project's actual utilities mix. Gross rent minus utility allowance = maximum cash rent.
3. For projects with multiple funding sources, use the lowest rents applicable. "Low HOME" and "High HOME" rents are effective March 31, 2005.

This general income and rental rate information is derived from the U.S. Department of Housing and Urban Development (HUD) very low income figures published on February 11, 2005 and TCAC Maximum Rents published February 11, 2005.

***This schedule will be updated for 2006 when the Housing Commission receives the updated HOME rents.**

FY07 BUDGET

San Diego Housing Commission

Addendum 11

Use of Unrestricted Revenues

The proposed FY07 Budget allocates both restricted and unrestricted funds to support multiple affordable housing activities including: rental assistance, development to increase the supply of affordable rental housing, renovation to extend the life of older housing stock, first-time homebuyer assistance, and transitional and supportive housing. Unrestricted Revenues (\$53.8 million and \$87.1 million in FY06 and FY07 respectively) of the Housing Commission have far fewer restrictions on usage than the Restricted Revenues and may be used for a variety of activities. There are four (4) types of Unrestricted Revenue sources as explained below:

1. Rental Rehabilitation – this source derives from loan payments and payoffs from previous lending activity and provides support for Special Purpose Housing.
2. Local Funds – these funds derive from a variety of sources including fees earned from administering programs, lease revenue or loan payments from previous development activity, and rental income from certain Housing Commission-owned sites. These funds are very flexible and are utilized for all Housing Commission activities except Rental Assistance.
3. Affordable Housing Funds – this source includes the Housing Trust Fund derived from fees charged developers of commercial and industrial property and a relatively small amount of loan repayments from CDBG Rehabilitation loans, as well as the Inclusionary Housing Fund of in-lieu fees paid by residential developers. Currently, this source provides support for activities in Housing Finance & Development.
4. HOME Funds – this federal entitlement source is received annually by the City of San Diego and is administered by the Housing Commission. Currently, this source provides support for activities in Housing Finance & Development.

In past years, the Housing Commission has supported a multifaceted approach by allocating the Unrestricted Revenue sources among several activities. In the proposed FY07 Budget, the allocation of the Unrestricted and Restricted Revenues is as follows:

Activity	Proposed FY07 Unrestricted Revenues		Proposed FY07 Restricted Revenues		Proposed FY07 Total Revenues	
Rental Hsg. Production	32,553,395	37.4%	8,388,537	4.4%	40,941,932	14.8%
Operations	31,245,989	35.9%	5,557,555	2.9%	36,803,544	13.4%
Reserves	11,417,227	13.1%	10,596,343	5.6%	22,013,570	8.0%
Homeownership	5,359,161	6.2%	255,711	0.1%	5,614,872	2.0%
Special Purpose Housing	2,786,924	3.2%	840,185	0.5%	3,627,109	1.3%
Rehabilitation	1,663,542	1.9%	9,573,892	5.1%	11,237,434	4.1%
Property Management	1,062,780	1.2%	20,371,239	10.8%	21,434,019	7.8%
Portfolio Servicing & Occupancy Monitoring	979,394	1.1%	1,746,108	0.9%	2,725,502	1.0%
Rental Assistance	0	0.0%	129,327,092	68.6%	129,327,092	46.9%
Resident Services	0	0.0%	2,006,489	1.1%	2,006,489	0.7%
Total Proposed Budget	87,068,412	100.0%	188,663,151	100.0%	275,731,563	100.0%

FY07 BUDGET

San Diego Housing Commission

Addendum 11

Use of Unrestricted Revenues

This allocation of Unrestricted Revenues is similar to previous fiscal years with the exception of one-time only funds allocated to Operations that will be used for the development of the new office facility. As the chart demonstrates, the majority of unrestricted funding is provided to Rental Housing Production with significant allocations for Homeownership, Rehabilitation and Special Purpose Housing. Most reserves are earmarked to provide for the future costs associated with specific programs, litigation, insurance claims, a provision for the office building acquisition and the future purchase of State units when the State loan is due. A small amount (slightly more than 1.5% of the budget) is set aside for unanticipated purposes and to provide for future years administration for programs that provide insufficient administrative funding.

Commissioners can shift unrestricted funds under certain conditions from one activity to another. However, reducing activities below certain minimum levels could result in a high proportion of administrative costs for that activity, making it no longer economically viable. Staff recommends maintaining at least minimum viable program levels in all programs so that these services can be augmented as community needs change.

FY07 BUDGET

San Diego Housing Commission

Addendum 12

Glossary of Budget Terms

AFFORDABLE HOUSING - Typically the cost is no more than 30% of a low or very-low household's income.

AREA MEDIAN INCOME (AMI) - The median income in the San Diego Standard Metropolitan Statistical Area (MSA) adjusted for household size, as published annually by the United States Department of Housing and Urban Development.

APPROPRIATION - Funds set aside by formal action of a legislative body for a specific use or program.

CARRYOVER - Residual unspent and unencumbered funds brought forward from previous fiscal year.

CAPITAL FUND - A HUD entitlement grant to the Housing Commission for the purpose of undertaking major renovation of public housing properties, enhancing resident services and management improvement.

CDBG - Community Development Block Grant - A HUD entitlement grant to the City of San Diego. The Commission applies to the City to provide funds for various housing activities including the rehabilitation, homeownership, and rental housing programs.

CONTINUING APPROPRIATIONS - Continuing Appropriations are the unexpended balances of monies budgeted and obligated in previous years for vendor/contract commitments. Although these funds are not included in the current year because approval by the Board was received in a previous fiscal year, there is considerable workload associated with these projects.

ENCUMBRANCE - Funds contractually obligated for expenditure on a particular project or purpose.

ENTITLEMENT - Noncompetitive funds granted to the Housing Commission, based on a formula considering several factors including population, location, age of housing, etc.

EXPENDITURE - Anticipated costs for a fiscal year.

EXTRAORDINARY MAINTENANCE - Capital improvements that extend the useful life of housing units.

EXTREMELY LOW-INCOME - Household income is 30% or less of published median income for the area.

HOME - A HUD entitlement grant to the City of San Diego that is used for various housing activities including the rehabilitation, homeownership, and rental housing programs.

HOUSING PROGRAM EXPENSE - Anticipated cost directly benefiting program participants including rent to owners, loans and grants, extraordinary maintenance, resident services, etc.

IMPOUND - A restriction on use of appropriated funds due to either legal or management decisions.

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Glossary of Budget Terms

LOCAL FUNDS - Funds resulting from Housing Commission actions which are available for local discretionary usage. Sources include bond monitoring fees, leases on local sites, repayments of previous loans, sites sales, rents, and interest.

LOW-INCOME - Household income is greater than 50% of the published median income figure for the area and up to 80%.

MAINTENANCE EXPENSES - Repair/replacement of minor building components that have failed or are about to fail.

MODERATE INCOME - Household income is greater than 80% of the published median income figure for the area and up to 120%.

OPERATING FUND - Provides operating subsidy for public housing programs.

OVERHEAD - Costs for Agency support functions such as board & executive functions, accounting, human resources, information technology, budgeting, etc., which support all program activities.

REINVESTMENT TASK FORCE - Charged with encouraging private and public financing of affordable housing and economic development in those areas suffering from disinvestments. Jointly funded by the Housing Commission and the County.

RESERVES - Program, Contingency & Agency Reserves are funds budgeted in the current year to provide for a future event. **Program Reserves** provide for personnel, supplies and services or housing programs. **Contingency Reserves** include amounts to provide for potential litigation, uninsured losses and a building reserve. **Agency Reserves** include amounts that are available for all housing purposes.

RESTRICTED REVENUE - Revenues for regulated purposes defined by the funding source.

REVENUE - Carryover funds from the preceding fiscal year and anticipated new cash receipts in the next fiscal year.

SALARIES AND BENEFITS EXPENSE - Anticipated cost for salary, wages, and benefits.

SERVICES AND SUPPLIES EXPENSE - Anticipated administrative costs to support staffing including legal, rent, travel, training, equipment, contracts, audit, data processing, insurance, and sundry.

SUNDRY - Costs for a variety of supplies and services including postage, telephone, photocopy, office supplies, printing, mileage, advertising, etc.

UNRESTRICTED REVENUE - Revenues that can be allocated to a variety of housing related purposes by the Board of Commissioners.

VERY LOW-INCOME - Household income is greater than 30% of the published median income for the area and up to 50%.

SAN DIEGO HOUSING COMMISSION

THREE-YEAR BUSINESS PLAN

FISCAL YEARS 2006, 2007, 2008

PREPARED BY

THE SAN DIEGO HOUSING COMMISSION

September 2005

Approved:

Housing Commission on: September 16, 2005
Housing Authority on: November 1, 2005

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SAN DIEGO HOUSING COMMISSION

MISSION

***“We are committed to providing quality housing opportunities
to improve the lives of those in need.”***

PLAN STRATEGIES

FISCAL YEARS 2006, 2007, 2008

- STRATEGY 1:** Further the Agency’s Mission of Creating Affordable Housing Opportunities for Low and Moderate Income Families, Seniors and Persons With Disabilities
- STRATEGY 2:** Increase State and Local Revenue Sources to Relieve Financial Dependency on the Federal Government for Affordable Housing
- STRATEGY 3:** Establish the Housing Commission as a National Model of Efficiency
- STRATEGY 4:** Provide Policy and Public Education Leadership Regarding Affordable Housing

SAN DIEGO HOUSING COMMISSION BUSINESS PLAN

Fiscal Years 2006, 2007, 2008

EXECUTIVE SUMMARY

Since its inception in 1979, the San Diego Housing Commission has acted as the primary local government agency charged with providing affordable housing opportunities for residents of the City. As an agency of the City, established under California statute and through the general policy direction of the Housing Authority, the Housing Commission has been directly responsible for the planning, financing and implementation of publicly assisted housing programs, especially those conducted on a citywide basis.

The Housing Commission has also worked in collaboration with others to educate the community, policy leaders, and various stakeholders about the need for affordable housing for all San Diegans – and the impact the shortage of affordable housing has on the City’s economic well being. Housing Commission staff help to clarify issues, explain programs, and identify potential actions to address the affordable housing shortage.

The past several years represent an unparalleled challenge for the Housing Commission in two distinct directions. First, the City of San Diego has a recognized “housing crisis” since 2003. Conversely, HUD has made unprecedented changes in the funding formulas for Rental Assistance and Public Housing during the past two years.

The Housing Commission’s first Business Plan was developed to guide its efforts in Fiscal Years 2004, 2005, and 2006. Because of significant changes in program rules and funding, a more aggressive strategy is needed. While this plan continues and augments the efforts identified in the first plan, the FY06-08 Plan includes strategies, goals and outputs that are more aggressive and broader reaching than before. We are committed to using the best private market principles while maintaining the public mission.

It is critical that the Housing Commission retains its ability to continue to provide affordable housing. Our first major strategy detailed later in this document: “Further the Agency’s Mission of Creating Affordable Housing Opportunities for Lower Income Families, Seniors and Persons with Disabilities,” includes innovative ideas such as mixed income development sites, acquiring new and existing properties and creating programs that will ensure continual development of affordable housing.

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The second major strategy: “Increase State and Local Revenue Sources to Relieve Financial Dependency on the Federal Government for Affordable Housing” moves the Housing Commission in a direction of further collaboration within the community, seeking alternative funding, revamping the entire Rental Assistance Program, and relocating our offices to a new facility at the Smart Corner. These new directions seek to improve and stabilize the Housing Commission’s financial position.

The third major strategy: “Establish the Housing Commission as a National Model of Public Agency Efficiency” reflects our desire to be the best in the business. We believe that with the support of the Board of Commissioners and the Housing Authority we have ample talent and ability to move beyond the current status quo.

Our fourth major strategy, critical to every San Diegan, is to “Provide Policy and Public Education Leadership Regarding Affordable Housing.” Through outreach to the private sector and community education at large, we believe we can change public perception about affordable housing and its effect on all citizens within the City.

The FY 06 budget is \$221,300,000. Of that, only 21% is unrestricted revenues. The rest consists of direct reimbursements for programmatic, operational and administrative costs incurred as a result of specific program guidelines. It is imperative that the Housing Commission develop additional financial and organizational resources over which more discretion can be exercised to address local housing needs. The Strategies and Goals presented in this plan are intended to promote increased self-reliance, while expanding housing availability within the City.

GENERAL BACKGROUND

I. THE CITY OF SAN DIEGO AFFORDABLE HOUSING STRATEGY

The often-documented housing crisis affecting the greater San Diego area has prompted the City of San Diego (“the City”) to update and accelerate its overall citywide affordable housing strategy. Over the last five years housing prices in San Diego have doubled while incomes have only risen by ten percent.

Broad policies and priorities are established by the City’s adopted Housing Element and Consolidated Plan which seek to expand housing initiatives with a continued sense of urgency.

In 2002 the City Council declared that the constrained supply of housing, and especially the shortage of housing affordable to low and moderate income families, had reached crisis proportions. In response, the City declared a Housing State of Emergency and convened the Affordable Housing Task Force (AHTF).

The AHTF was tasked with analyzing and suggesting methods to address and alleviate the housing crisis in San Diego. Since the release of the AHTF’s report in 2003, the City has pursued the sixty recommendations put forth by the Task Force.

Over the past two years, the City of San Diego has made significant progress in the implementation of the AHTF’s proposals. Among the highlights are:

- **Inclusionary Housing:** In May of 2003, the Council approved a City-wide inclusionary housing program. The program is designed to ensure homebuilders provide at least ten percent of future residential development at affordable rates or pay a fee in lieu of building the housing. The housing units must be affordable to households earning up to 65% of the area median income for rental properties or up to 100% of area median income for for-sale properties. As a result of this program, the City has built or is in progress of building over 1,000 affordable units and has collected over \$4 million that will go towards creating more housing opportunities in San Diego.
- **Collaborative Housing Finance Strategy:** All three arms of the City’s Redevelopment Agency, working in conjunction with the Housing Commission, have collaborated to offer below-market financing for affordable housing development. Since 2003, \$55 million has been

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San Diego Housing Commission

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made available for lending inside the redevelopment areas and in other areas that will benefit from redevelopment. This strategy has been so successful that more than \$55 million of projects have been submitted for consideration and additional financing is being sought.

- Development Expediting Program: Affordable and in-fill housing development proposal applications have received expedited treatment in order to get needed housing to the market more quickly. To date this program has processed approximately 18,000 new residential units, 2,400 of which, are affordable.
- Single Room Occupancy: Single Room Occupancy hotels (SROs) provide some of the City's most affordable housing inventory. It is anticipated that in 2005, the City will revise the existing SRO ordinance to provide significant incentives for the creation and rehabilitation of SRO projects, while still protecting current SRO residents from being displaced.
- Housing Trust Fund Fee: It is also anticipated that calendar year 2005 will see an update and revision to the Housing Trust Fund fee (also known as the linkage fee). Since 1995, the linkage fee has remained constant and has not kept pace with the ever-rising costs associated with constructing affordable units in San Diego. A new Nexus Study has been conducted and the Housing Commission anticipates seeing the Housing Trust Fund double in size in the coming years, this furthering the 75,000 housing opportunities made possible by the Housing Trust Fund to date.

In addition to these specific actions, the City is actively pursuing the City of Villages long-range planning program adopted by the City Council. This policy framework envisions creating vibrant neighborhoods comprised of transit-oriented elements and a range of housing types and prices.

Collectively, city programs have produced more than 13,000 affordable residences since 1992, with more in various phases of development. In addition, approximately 12,000 households are assisted in paying rent in private rental units and the Housing Commission manages nearly 1,750 units for seniors, people with disabilities and low-income families.

Although substantial by sheer numbers, the resources of all the City's agencies are not sufficient to assist the estimated 130,000 households that the Housing Element cites

with affordable housing problems.¹ For this reason, City policy leaders will continue to focus on strengthening San Diego's affordable housing strategy.

II. THE ROLE OF THE HOUSING COMMISSION

Historically, the Housing Commission's "core" assisted housing programs have included:

- rental assistance
- management of publicly owned apartment units
- financing development of affordable housing units by other entities
- first-time homebuyer assistance
- housing rehabilitation
- special needs programs
- self-sufficiency programs

These Housing Commission sponsored programs, with the respective federal, state and/or local administrative, financial and programmatic requirements, have assisted approximately 30,000 households on an annual basis.

Since 1982, it is estimated that the Housing Finance and Development department, primarily by issuing conduit bond financings through the Housing Authority, has provided in excess of \$624,000,000 in public financing toward the development of 12,972 (5,471 restricted) new and/or rehabilitated affordable rental units. The Housing Commission has also provided approximately \$71,000,000 in direct loans to developers of affordable housing, resulting in the development of an additional 4,879 affordable units.

Statewide housing bond monies, Housing Trust Fund revenue, inclusionary housing "in-lieu" fees and additional federal dollars may become available and will need to be considered during the budget deliberations in the next fiscal years. Individually and collectively, these potential new revenue sources, and other resources identified later in this document, will govern the extent and breadth of new and expanded programs and methods the Housing Commission may consider.

It should also be noted that this document suggests that the Housing Commission undertake an expanded role in addressing the housing needs of the citizens of the City of San Diego. Traditionally, the Housing Commission has focused on working through private developers (for profit and non-profit) to meet the needs of economically disadvantaged individuals and households. Given the growing problems of short supply and housing affordability across a broader spectrum of income levels,

¹ The Housing Element references housing problems as households with affordability, overcrowding and/or sub-standard living conditions.

the Housing Commission must now consider whether to undertake a more active role in the financing and/or actual development of new housing units.

This document suggests that the Housing Commission may expand its target market to include more low-moderate income households. This position does not suggest that the Housing Commission reduce its commitment to providing housing assistance to those most in need. The traditionally targeted low income levels should continue to be the priority of the Housing Commission. Housing affordability is not just endemic to the lower economic strata of the City.

Condominium conversions are removing rental housing opportunities and, at the same time, the private market is unable to develop new apartments to replenish the rental stock. Working families are increasingly in the position of seeking affordable housing opportunities further and further away from their respective employment locations. The ramifications of pushing low-moderate income households “out” of the City negatively contribute to other quality of life, economic, and environmental issues. Expanding the affordable housing supply for low- through the moderate-income ranges is now becoming more central to local housing program strategies and may require expanding the City’s and Housing Commission’s traditional “priority” households.

III. ADMINISTRATIVE AND PROGRAMMATIC FINANCIAL CONDITION OF THE HOUSING COMMISSION

Challenges

As with most public agencies, the increasing demand for Housing Commission services continues to exceed its financial resources. In addition, administrative expenses continue to grow while revenues remain relatively static or are being reduced.

Effective Planning

When the previous business plan was prepared in January 2003, the challenges to administrative operations were identified because of the agency’s proactive financial forecasting models. Recognizing the likelihood of an impending deficit, the Commission’s management took immediate steps to resolve the situation. This fiscally conservative approach resulted in elimination of staff positions at all levels of the organization and critical review of administrative expenditures.

Today, similar challenges still exist. Changes in programmatic regulations and reduced funding continue to pressure the organization’s ability to deliver services at the levels achieved in prior years. Management continues to monitor its forecasting models and make necessary changes to ensure best use of available resources.

In the last year, the agency has planned for the future by executing an agreement for an office facility designed to ensure efficient delivery of services to clients. This new office building addresses many structural and logistical problems inherent in the current facility. It provides an environment over the long term that is potentially more cost effective and is part of a major redevelopment effort with the Center City Development Corporation.

Future opportunities and challenges are uncertain. Many strategies are presented within this business plan. Some strategies may or may not prove feasible, depending upon future funding and market conditions. However, if these strategies are successful in helping the agency become less reliant on unpredictable state and federal resources, the Commission will be in a better position to control its own future and continue its role of providing housing opportunities for people in need.

Administrative Revenue and Expenses

As with other public or private organizations, operating expenses have and are projected to increase. However, there is not a corresponding growth in revenues. While revenue levels have remained unchanged or declined through the years, costs associated with operating and administering housing programs have continued to increase due to labor and benefit costs, as well as fixed administrative expenditures.

Given the continuing and projected need for housing assistance, it is imperative the Housing Commission identify new revenues to not only offset increased costs, but also to expand service levels to meet the increasing demand. Further reduction in staffing resources would significantly challenge the Housing Commission's ability to maintain existing levels of service and stymie any attempt to expand assistance in order to meet the compounding affordable housing demands of the City.

Programmatic Revenues and Expenditures

Approximately 79 percent, or nearly \$175,300,000 of the Commission's FY06 budget of \$221,300,000, is restricted revenues. Rental assistance, property management and a significant portion of the Housing Commission's rehabilitation and homeownership programs receive federal, state and local funds specifically earmarked for these purposes. These restricted funds are received primarily as direct reimbursements for actual programmatic and operational expenses incurred according to specific program guidelines. Over \$124,500,000 of these restricted monies is for the administration and issuance of rental assistance payments alone. Of particular importance is HUD's direction of moving rental assistance funding to a dollar-based allocation as opposed to unit based. This may result in shrinking dollars and fewer families receiving subsidies.

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Although the Housing Commission will continue to pursue the federal, state and local funding sources, normally utilized to fund many of its programs, there is no certainty what the funding levels will be from year-to-year. Optimistic projections tend towards static funding; other projections indicate a continuing decline in operating funds.

In FY06, unrestricted revenues amount to approximately \$46 million and are earmarked for rental housing production, homeownership assistance, rehabilitation, and special purpose housing. These programs are particularly relevant to efforts to preserve and expand the supply of housing.

BUSINESS PLAN STRATEGIES

FISCAL YEARS 2006, 2007, 2008

The Business Plan is intended to be a road map for the Housing Commission for the next three years. It is not the overall housing strategy for the City of San Diego. The City's housing policy is detailed in the Housing Element, Five Year Consolidated Plan, and the Annual Action Plan. The Business Plan is meant to establish specific actions the Housing Commission may take to improve its financial stability and enable the Housing Commission to expand affordable housing services offered.

The strategies included may be categorized as a policy, financial, or organizational enhancements to the Housing Commission. Certain actions may not be implemented if the appropriate governing bodies of the Housing Commission, Housing Authority and/or City do not approve them. Still other strategies will require additional analysis beyond the scope of the Business Plan.

The Housing Commission's primary mission is to increase and preserve affordable housing in San Diego. In order to be able to do this, despite decreasing revenues, the agency must also focus on strategies to remain fiscally solvent. Only a small percentage of unrestricted funds are available to enable the Housing Commission to make organizational and programmatic adjustments to changes in demand for services or changes in available financial resources. Our commitment to succession planning and human capital management is integral to our continued success. We must be able to compete in the market to retain staff and to employ new, dedicated talent. Consequently, the Housing Commission will need to develop additional financial and organizational resources that will enable the Housing Commission to grow with the marketplace and to become more self-reliant. The Business Plan strategies are intended to promote this increased self-reliance.

The Business Plan will be used as a management tool in conjunction with the annual budgets for Fiscal Years 2006 through 2008. The budget will document goals, objectives, and measurable outcomes based on the strategies included in the Business Plan.

STRATEGIES AND GOALS

Strategy 1: Further the Agency’s Mission of Creating Affordable Housing Opportunities for Lower Income Families, Seniors and Persons with Disabilities

GOAL	ACTIONS/OUTPUT	MEASUREMENT	ESTIMATED DATE OF COMPLETION
<p>1.1 Develop, own and operate multifamily rental housing independently or in partnership with other developers in addition to financing other entities projects</p>	<p>1.1a Design models for mixed finance projects 1.1b Identify opportunity for joint ventures, including potential syndication services</p>	<ul style="list-style-type: none"> • Increased inventory of affordable housing • Increased revenue stream to Housing Commission to support continuing operations 	<p>FY 2008 FY 2007</p>
<p>1.2 Implement a mixed income re-use plan for University Canyon combining Conventional public housing with open market units restricted to 80% of median area income</p>	<p>1.2a Use income from 80% AMI units to help offset cost of the units available to very low income households 1.2b Add 120 vouchers to S8 inventory 1.2 c Develop additional units on available land at the site</p>	<ul style="list-style-type: none"> • Preserve affordability of units • Mixed income model completed • Improved positive cash flow • Additional units available 	<p>June 2006 June 2007 FY 2008</p>
<p>1.3 Create and implement a mixed income re-use plan for two developments currently assisted through the State of California Rental Housing Construction program</p>	<p>1.3a Buy out or pre-pay state loans 1.3b Complete needed repairs/renovation to units and site</p>	<ul style="list-style-type: none"> • Preserve affordability of 113 units • Extend useful life of property • Improved site conditions • Positive cash flow 	<p>June 2007 December 2007 April 2008</p>

STRATEGIES AND GOALS

GOAL	ACTIONS/OUTPUT	MEASUREMENT	ESTIMATED DATE OF COMPLETION
1.4 “Land bank” property specifically for affordable housing	1.4a Identify public land to be used for housing 1.4b Have sites selected and board approved with some pre-development activities completed	<ul style="list-style-type: none"> Additional sites available for Housing Commission or other affordable housing developers 	November 2005 January 2007
1.5 Reposition underperforming assets, including vacant land and certain public housing sites	1.5a Create and implement plan to leverage existing properties	<ul style="list-style-type: none"> Development strategy for sale of assets Additional affordable housing is created Added revenues to support housing programs 	August 2006
1.6 Identify potential resources and program model to take advantage of acquisition opportunities if market turns	1.6a Establish resource development role on Management Team 1.6b Develop an analytical tool to determine feasibility of development opportunities 1.6c Actively search for acquisition opportunities	<ul style="list-style-type: none"> Focused resource development activity Agreed upon parameters to proceed with projects Successful acquisition of at least one site 	November 2005 January 2006 June 2008
1.7 Establish policy to retain HOME program income to produce Housing Commission owned assets with ongoing revenue stream	1.7a Production of Housing Commission owned assets	<ul style="list-style-type: none"> Focused affordable housing and revenues to support under funded programs 	October 2005

STRATEGIES AND GOALS

Strategy 2: Increase State and Local Revenue Sources to Relieve Financial Dependency on the Federal Government For Affordable Housing and Resident Self Sufficiency

GOAL	ACTIONS/OUTPUT	MEASUREMENT	ESTIMATED DATE OF COMPLETION
<p>2.1 Seek alternate sources of funding, including private and corporate foundations to pay for current projects, including Family Self-Sufficiency</p>	<p>2.1a Submit six to eight grant applications per year, including letters of inquiry and/or applications to foundations and to non-HUD government divisions 2.1b Continue to submit at least six applications annually under HUD’s SuperNOFA</p>	<ul style="list-style-type: none"> • Sustain current programming and support efforts toward helping families reach economic self-sufficiency. 	<p>Ongoing</p>
<p>2.2 Determine marketability of Housing Commission technical skills for joint venturing on the Housing Commission’s behalf</p>	<p>2.2a Partnering with public agencies, non-profits or for profits 2.2b Meet with other jurisdictions to determine potential interest in HC services 2.2c Expand contractual relationships with City departments to manage housing related activities</p>	<ul style="list-style-type: none"> • Establish an internal (or as needed, an external) consulting service to aid in the creation of improved operations and programs to ensure financial viability • Through joint venturing, ensure properties return to the Housing Commission after 15 years • Increasing revenue from City departments 	<p>Ongoing</p> <p>January 2006</p>

STRATEGIES AND GOALS

GOAL	ACTIONS/OUTPUT	MEASUREMENT	ESTIMATED DATE OF COMPLETION
2.3 Complete the development of the Commission’s new central office facility at the Smart Corner and relocate satellite offices, dispose of the Newton property and lease up suitable retail and office space	2.3a Improved customer service for clients 2.3b Relocation of most staff to one central office	<ul style="list-style-type: none"> Transition accomplished on time within budget 	December 2006
2.4 Seek alternative sources of funding for special purpose housing	2.4a Serve in advisory capacity to County Department of Health regarding use of Prop 63 funds for housing people with mental illness	<ul style="list-style-type: none"> Production of new special purpose housing units 	Ongoing

STRATEGIES AND GOALS

Strategy 3: Establish the Housing Commission as a National Model of Public Agency Efficiency

GOAL	ACTIONS/OUTPUT	MEASUREMENT	ESTIMATED DATE OF COMPLETION
<p>3.1 Redesign the Rental Assistance Program in response to anticipated legislative changes</p>	<p>3.1a Develop a plan for Voucher funding using anticipated regulatory flexibility 3.1b Do a cost analysis of Housing Assistance Payment Costs (HAP) of the current voucher program vs. the proposed Flexible Voucher Program (FVP) or other program models to maximize number of families served 3.1c Use project-based vouchers when advantageous to the Housing Commission</p>	<ul style="list-style-type: none"> • Maintain or increase the number of families receiving a housing subsidy • Minimize administrative expenses 	<p>March 2006 (dependent on release of final regulations)</p>
<p>3.2 Develop a private sector asset management model for all Housing Commission owned real estate</p>	<p>3.2a Identify real cost of operations by individual development rather than by entire public housing inventory</p>	<ul style="list-style-type: none"> • Information will be available to make appropriate business decisions about each site, e.g. should be asset be retained, improved or disposed 	<p>June 2007</p>

STRATEGIES AND GOALS

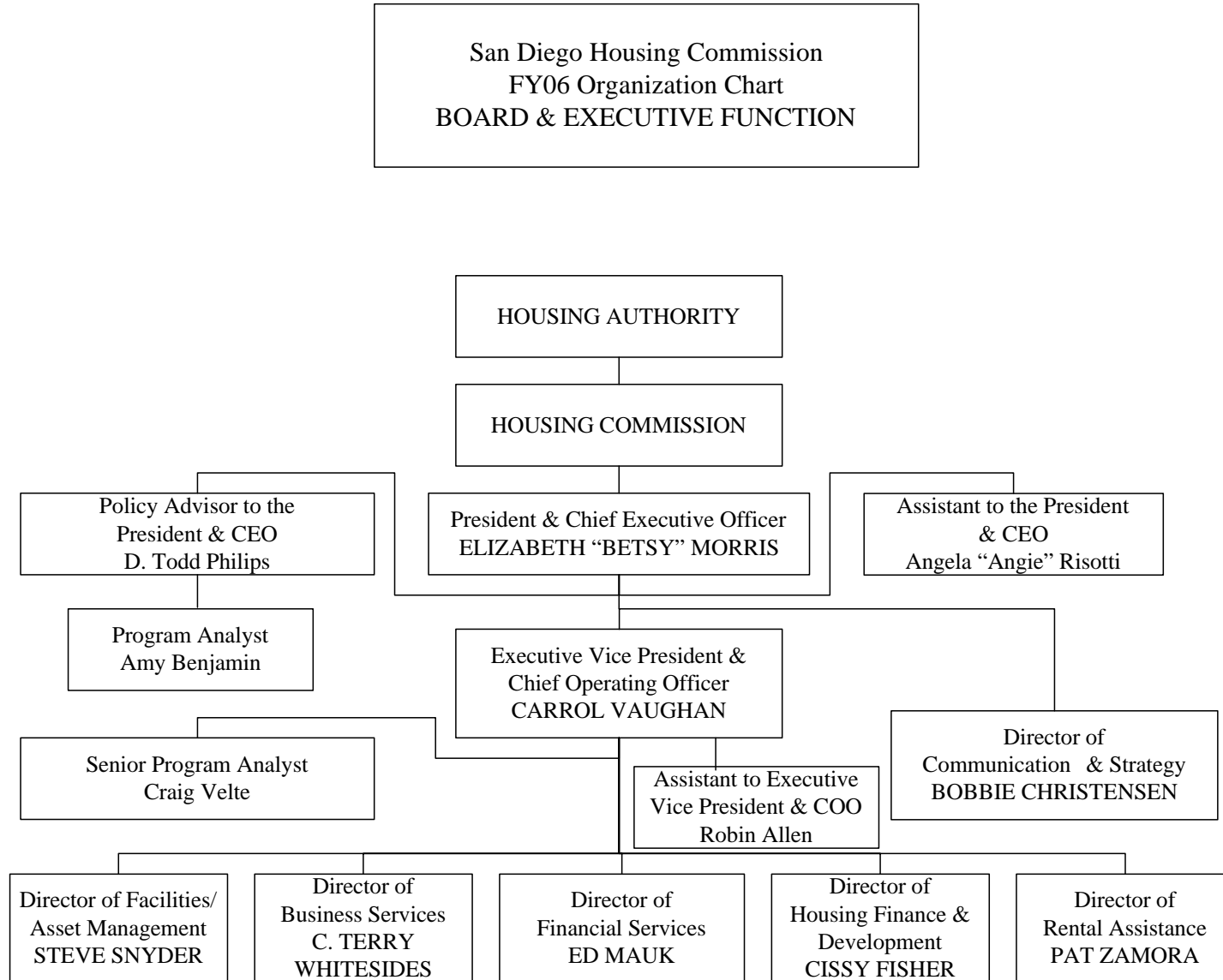
GOAL	ACTIONS/OUTPUT	MEASUREMENT	ESTIMATED DATE OF COMPLETION
<p>3.3 Ensure the Housing Commission meets strategic and operational challenges by having the right people in the right places at the right times to do the right things</p>	<p>3.3a Plan for leadership continuity and bench talent from within the organization 3.3b Ensure staffing to support the Business Plan strategies 3.3c Conduct class/compensation study to identify current staffing needs and skills available and compare with project needs for longer term success</p>	<ul style="list-style-type: none"> • Access to required knowledge and skills to conduct Agency’s business in the most efficient manner • Diverse staff is retained with the required skills, knowledge, and ability to carry out the Agency’s mission • Staff is classified and compensated based on program changes and evolving Housing Commission focus 	<p>Succession Plan: June 2006</p> <p>Ongoing</p> <p>January 2007</p>
<p>3.4 Develop an Information Technology Plan for the Agency</p>	<p>3.4a Project current and future technology needs and identify opportunities to optimize efficiency of Commission operations</p>	<ul style="list-style-type: none"> • More effective technology systems • Improved staff productivity and efficiency through use of software solutions that can adapt to changing needs 	<p>IT Plan: January 2006</p> <p>Ongoing</p>
<p>3.5 Optimize efficiency of all departments to ensure cost effectiveness, appropriate levels of customer service and optimum service delivery models</p>	<p>3.5a Create a call center for the Rental Assistance Dept. 3.5b Explore opportunities for outsourcing functions</p>	<ul style="list-style-type: none"> • Fast, accurate, and consistent responses to clients, owners and public queries • The Human Resources and Payroll work units outsourcing is completed with minimum disruption to employees 	<p>January 2006</p> <p>October 2005</p>

STRATEGIES AND GOALS

Strategy 4: Provide Affordable Housing Leadership in Community Policy and Education

GOAL	ACTIONS/OUTPUT	MEASUREMENT	ESTIMATED DATE OF COMPLETION
<p>4.1 Serve as policy leader in Affordable housing solutions for the City of San Diego.</p>	<p>4.1a Outreach to housing advocates and private housing industry 4.1b Formulate advisory group to identify affordable housing possibilities</p>	<ul style="list-style-type: none"> Partnerships that create more affordable housing quickly for eligible families Increased role of the Housing Commission in the affordable housing arena 	<p>Ongoing January 2007</p>
<p>4.2 Serve as leader in educating the public regarding affordable housing</p>	<p>4.2a Develop community support for Agency initiatives to enable the Housing Commission to achieve its goals and objectives 4.2b Create forums to share and brainstorm ideas 4.2c Integrate affordable housing discussions regarding infrastructure finance</p>	<ul style="list-style-type: none"> Community is more educated about issues and policy decisions regarding the availability of affordable housing Awareness of pivotal role that affordable housing plays in economic success of the San Diego region 	<p>Ongoing</p>

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Agency Summary of Expenditures Net One-Time New Facility Expenses

	FY06 Current Budget	FY07 Proposed Budget	FY07 One-Time New Facility Expenses	FY07 Proposed Budget Net One-Time Exps	% of Chg Curr/Prop Net One- Time Exps
Staffing	237.70	237.50	0.00	237.50	0%
EXPENDITURES					
Salaries & Benefits	16,678,619	17,110,820	0	17,110,820	3%
Services & Supplies					
Legal	593,416	668,666	(20,000)	648,666	9%
Training	192,172	170,862		170,862	-11%
Travel	108,927	107,754		107,754	-1%
Audit	95,758	98,758		98,758	3%
Contract/Consultant	2,044,678	3,086,371	(730,000)	2,356,371	15%
Office & Building Rent	1,529,721	1,474,197		1,474,197	-4%
Data Processing	175,746	175,836		175,836	0%
Sundry	1,712,222	1,886,718	(57,400)	1,829,318	7%
Insurance	316,770	371,885		371,885	17%
Office Equipment	730,746	3,715,702	(2,945,000)	770,702	5%
Total Services & Supplies	7,500,156	11,756,749	(3,752,400)	8,004,349	7%
Housing Programs					
Resident Services Expenses	740,798	498,758		498,758	-33%
Maintenance Expenses	2,439,965	2,918,385		2,918,385	20%
Utilities	1,585,574	1,850,940		1,850,940	17%
PILOT & Property Taxes	27,081	190,860		190,860	605%
Collection Loss	46,205	59,914		59,914	30%
Mortgage Payments	3,611,227	4,781,146		4,781,146	32%
Protective Services	347,982	336,507		336,507	-3%
Rent to Owners	123,051,692	123,532,331		123,532,331	0%
Loans & Grants	40,632,297	43,673,819		43,673,819	7%
Relocation	868,294	1,036,500	(95,000)	941,500	8%
Site Acquisition & Housing Development	14,412,377	37,882,386	(23,421,660)	14,460,726	0%
Extraordinary Maintenance	8,222,396	7,886,028		7,886,028	-4%
Dwelling Equipment	186,130	202,850		202,850	9%
Total Housing Programs	196,172,018	224,850,424	(23,516,660)	201,333,764	3%
Program, Contingency & Agency Reserves	21,860,120	22,013,570		22,013,570	1%
Total Budget	242,210,913	275,731,563	(27,269,060)	248,462,503	3%
Less: Interfund Transfers					
a) University Canyon	(5,000,000)	(5,000,000)		(5,000,000)	0%
b) Data Processing	(175,746)	(175,836)		(175,836)	0%
c) Facilities Management	(947,700)	(1,370,864)		(1,370,864)	45%
Net Total Budget	236,087,467	269,184,863	(27,269,060)	241,915,803	14%
Continuing Appropriations	16,975,329	6,708,377	(230,050)	6,478,327	-60%