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San Diego Housing Commission (SDHC) Fiscal Year (FY) 2027 Proposed Budget (July 1, 2026 – June 30, 2027)

Housing Authority of the City of San Diego – Agenda Item #1
June 9, 2026

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Chief Operating Officer
San Diego Housing Commission

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Financial Services Department



Agenda

- Section 1 – Overview
- Section 2 – Objectives, Deliverables and Uses of Funds
- Section 3 – Sources of Funds



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SDHC FY 2027 Proposed Budget Section 1 - Overview



Overview

\$694 Million in Total Funding Sources



SDHC Headquarters
1122 Broadway
Downtown San Diego



Overview

- **Fiscal Challenges:**

- Ongoing insufficient annual new funding from the U.S. Department of Housing and Urban Development (HUD) to support SDHC's rental assistance obligations for approximately 17,000 San Diego households with low income
- Moving to Work (MTW) voucher reserves have decreased substantially.
- SDHC continues to draw on SDHC-generated local reserves to meet the property maintenance needs of its affordable housing properties in its aging portfolio.
- Local reserves are insufficient to meet all of the needs they have previously supported.
- SDHC is not able to attain basic minimum reserve levels in Fiscal Year 2027.

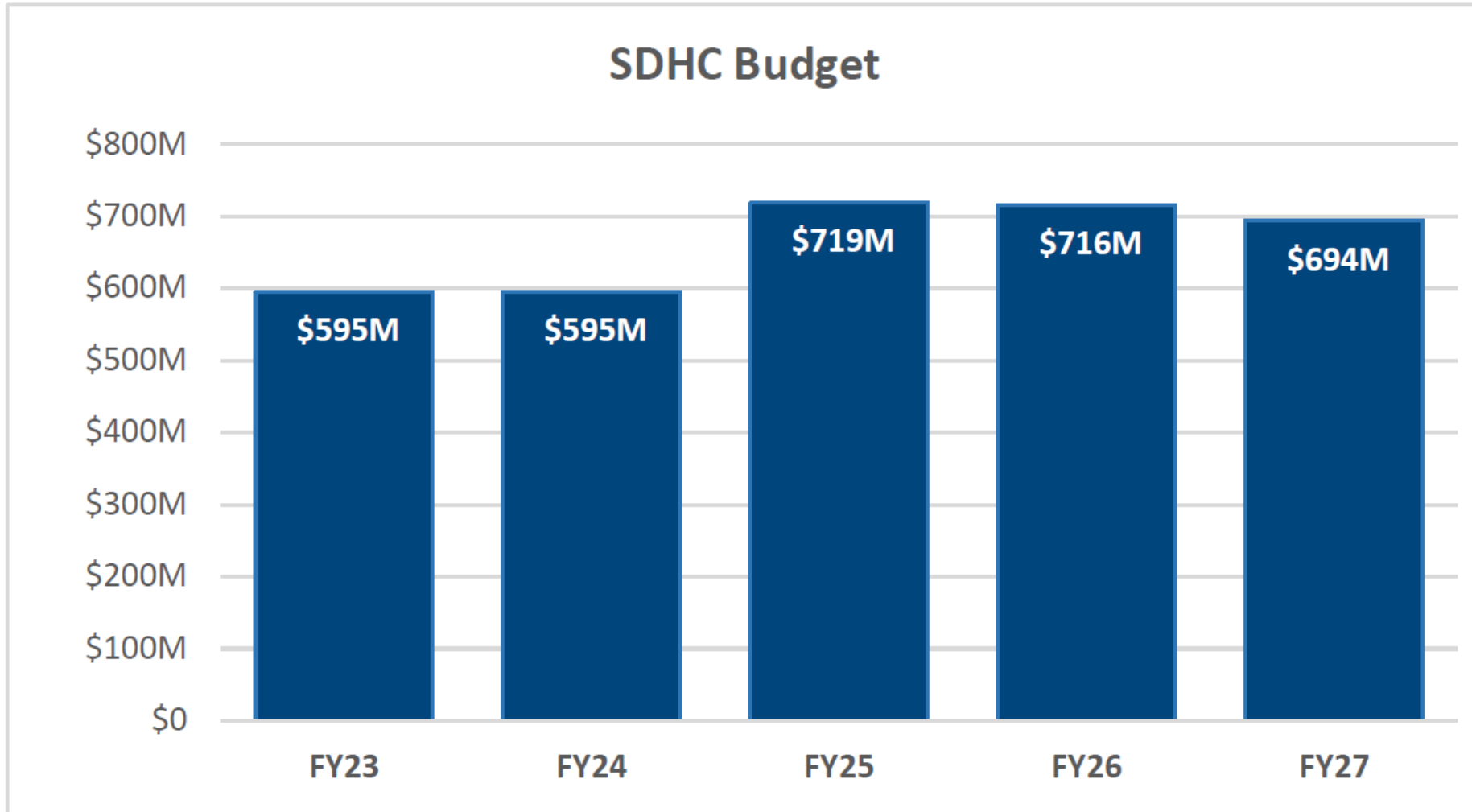


Overview (Continued)

- **Containing Costs and Generating Revenue:**
 - U.S. Department of Housing and Urban Development (HUD) approved adjustments to the way SDHC calculates the family contribution amount that rental assistance participants contribute toward their housing.
 - These updates help SDHC manage voucher expenditures within its budget and continue to assist all existing rental assistance families.
 - 14% reduction in SDHC's workforce (58 positions eliminated).
 - No performance incentive payments and cost-of-living adjustments for senior leadership positions in FY 2026.
 - No performance incentive payments budgeted for FY 2027.
 - Increase in rent at SDHC-owned properties, within the limits of the California Tenant Protection Act.
 - Increase in fees SDHC charges for Land Use programs.
- These changes realize savings that will help mitigate the need to draw down reserves.
- These efforts, among others implemented as part of our Strategic Plan, will create a more sustainable fiscal outlook for the future.



Trend





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SDHC FY 2027 Proposed Budget Section 2 – Objectives, Deliverables and Uses of Funds



Rental Assistance Programs

- **Provide Rental Assistance to Households with Low Income**

- Dedicate \$341.1 million to assist approximately 17,000 households.
- Continue supportive housing programs: Assist populations, such as individuals experiencing chronic homelessness, individuals with serious mental illness experiencing homelessness, and transition-age youth.
- Continue to assist Emergency Housing Voucher families through Fall 2026.
- Lease 191 new Project-Based Voucher units for households with low income or experiencing homelessness in FY 2027.
 - Continue to prioritize Emergency Housing Voucher families for new Project-Based Voucher units.
- Support career planning, job readiness, and financial education through the SDHC Achievement Academy by facilitating programing and connecting participants to key community resources that promote financial self-reliance.
 - Assist voucher households to prepare for adjustments to family contribution amounts that will be implemented later this year.



Affordable Housing

- **Create and Preserve Affordable Housing:**
 - Award up to \$22 million through a competitive Notice of Funding Availability (NOFA) to create new permanent affordable housing units.
 - Federal HOME Investment Partnerships Program funds
 - City of San Diego Affordable Housing Fund
 - Continue to own and/or manage more than 4,100 affordable housing units in the City of San Diego.
 - \$7.9 million to address immediate needed maintenance at SDHC's aging real estate portfolio.
 - \$3.4 million to help approximately 40 households become first-time homebuyers.



Homelessness Shelters and Service Programs

10 SDHC-Operated Programs

- Homelessness Prevention
- Stability Through Prevention (STP)
- Diversion
- Housing Instability Prevention Program (HIPP)
- Stabilizing Tenancy for Elderly Populations (STEP)
- Seniors Safe at Home (SSAH)
- Moving Home Rapid Rehousing
- Youth Demonstration Rapid Rehousing (YHDP)
- Landlord Engagement and Assistance Program (LEAP)
- Homelessness System Coordination (The Hub, formerly known as HRC)

45 Contracted Programs

- 10 Permanent Supportive Housing
- 2 Rapid Rehousing
- 3 Transitional Housing
- 17 Shelters
- 12 Supportive Services
- 1 Diversion Collective (19 Service Providers)



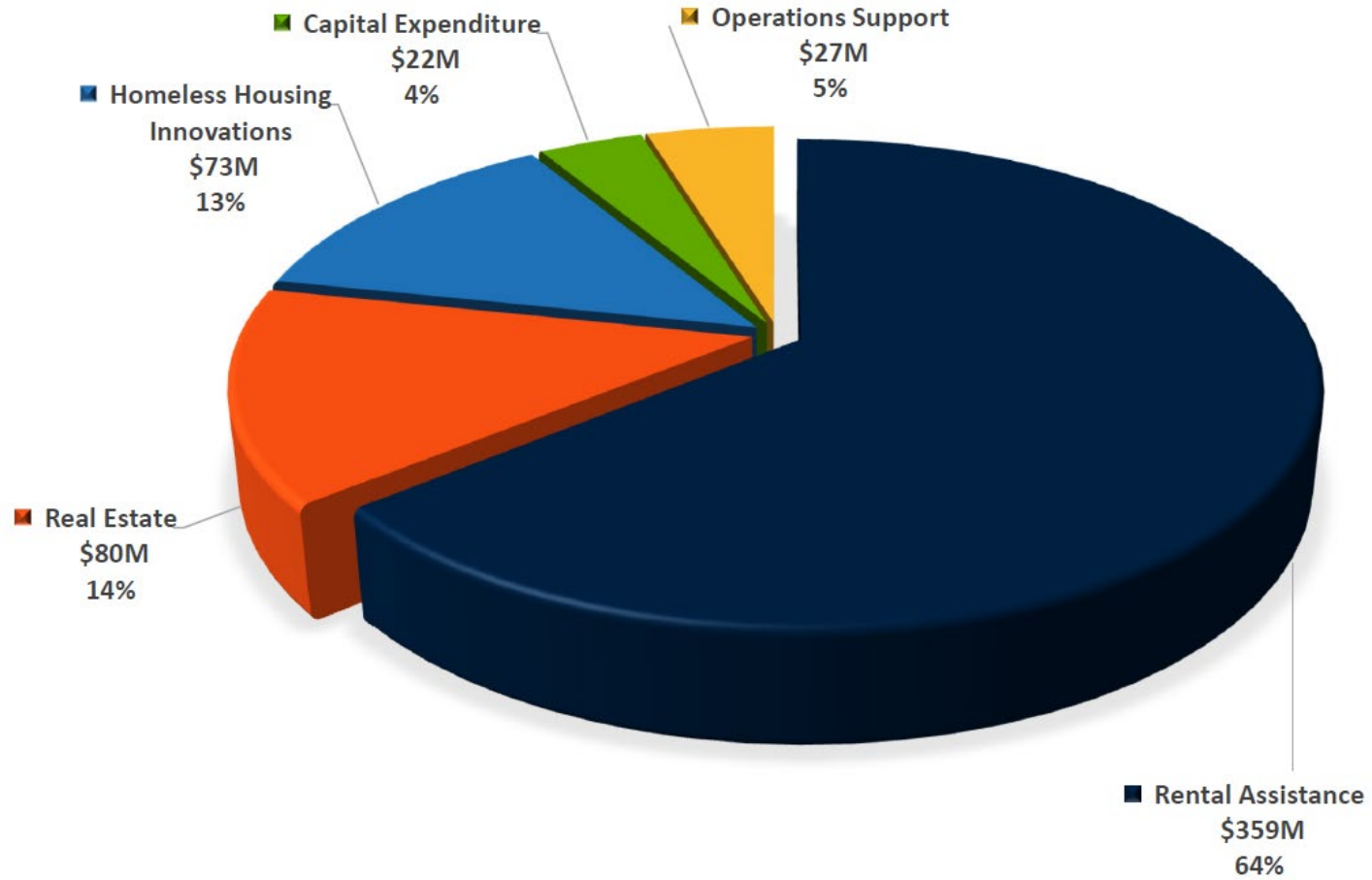


City-Funded Homelessness Shelters and Service Programs

- Proposed FY 2027 City funding supports ongoing operations of **1,349 shelter beds and 87 transitional housing beds**, as well as homelessness services programs, such as:
 - Housing Instability Prevention Program (HIPP)
 - Eviction Prevention Program (EPP)
 - Homelessness System Coordination Services (The Hub, formerly known as HRC)
 - Storage Centers, etc.



Funding Uses by Division (Excluding Ending Fund Balance) \$561 Million (\$ in Millions)





Funded Uses by Fiscal Year

	FY27 Budget	FY26 Budget	\$ Change	% Change
Personnel Costs	52,556,000	60,175,000	(7,619,000)	(13%)
Non-Personnel Costs				
Housing Program Expense	435,698,000	445,866,000	(10,168,000)	(2%)
Property Expense, Professional Services, Supplies and Other	50,626,000	49,095,000	1,531,000	3%
Capital Expenditures	21,744,000	67,788,000	(46,044,000)	(68%)
Non-Personnel Costs Total	508,068,000	562,749,000	(54,681,000)	(10%)
Total Uses	\$560,624,000	\$622,924,000	(\$62,300,000)	(10%)



Staffing by Division

SDHC	FY 27 Budget	FY 26 Budget	Change
Homeless Housing Innovations	45	51	(6)
Operations Support	79	97	(18)
Real Estate	114	116	(2)
Rental Assistance	123	138	(15)
Total Full-Time Equivalents	361	402	(41)



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SDHC FY 2027 Proposed Budget Section 3 – Sources of Funds

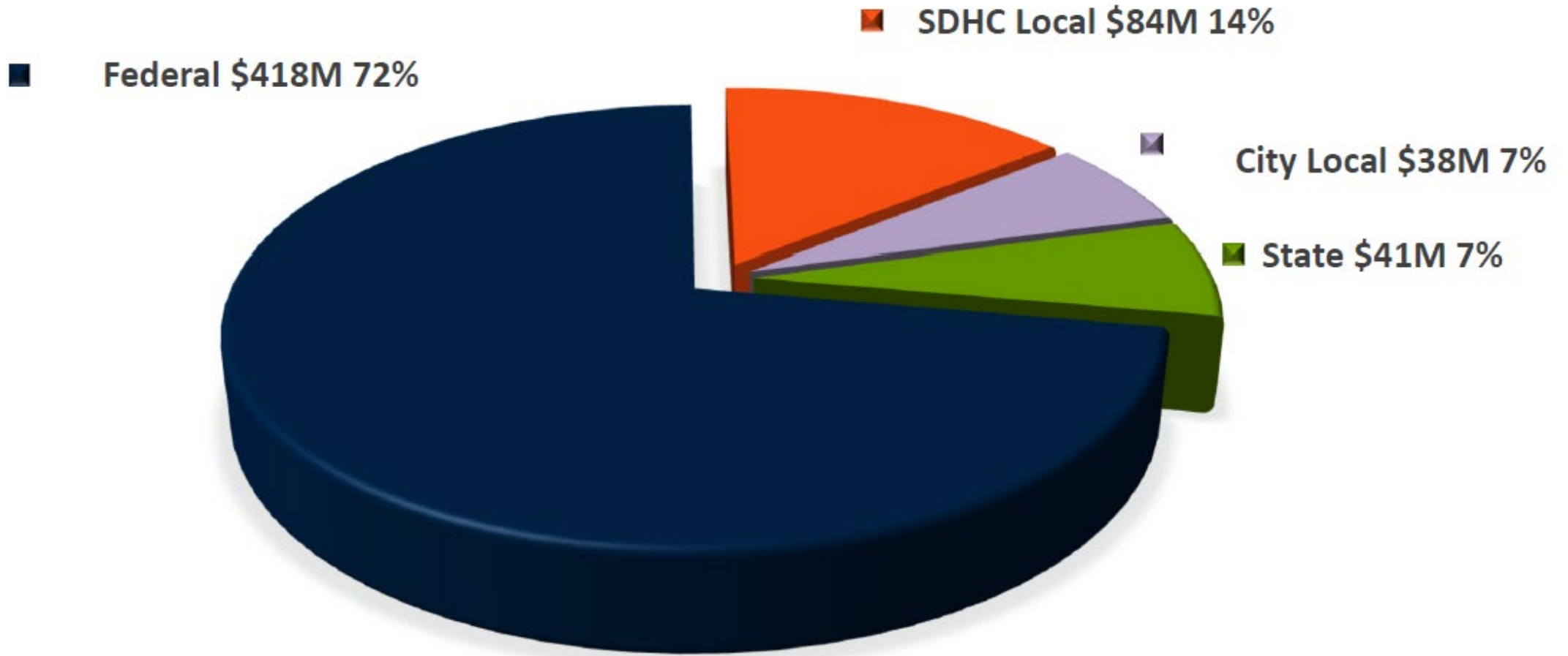


Funding Sources Available

	FY27 Budget	FY26 Budget	FY27 vs FY26 Budget	
			\$ Variance	% Variance
FEDERAL				
Section 8/MTW Rental Assistance	\$370,057,000	\$371,556,000	(\$1,499,000)	(0%)
HOME	31,786,000	27,753,000	4,033,000	15%
Housing Innovation Funds (CoC & ESG)	13,356,000	12,082,000	1,274,000	11%
CDBG	505,000	75,000	430,000	573%
Other Federal Funds	1,668,000	1,594,000	74,000	5%
Homekey Acquisition - Federal	1,000,000	18,543,000	(17,543,000)	(95%)
TOTAL FEDERAL	418,372,000	431,603,000	(13,231,000)	(3%)
LOCAL				
SDHC Real Estate	61,595,000	56,022,000	5,573,000	10%
Affordable Housing Fund	5,463,000	5,152,000	311,000	6%
City General Funds and Other Local Funds	49,277,000	42,295,000	6,982,000	17%
Bond and Other Discretionary Local Funds	5,468,000	5,148,000	320,000	6%
TOTAL LOCAL	121,803,000	108,617,000	13,186,000	12%
STATE				
Homekey Acquisition - State	7,275,000	27,000,000	(19,725,000)	(73%)
Other State Funds	33,841,000	36,879,000	(3,038,000)	(8%)
TOTAL STATE	41,116,000	63,879,000	(22,763,000)	(36%)
TOTAL NEW REVENUE	581,291,000	604,099,000	(22,808,000)	(4%)
TOTAL BEGINNING FUND BALANCE	112,665,000	112,020,000	645,000	1%
TOTAL SOURCES OF FUNDS	\$693,956,000	\$716,119,000	(\$22,163,000)	(3%)



New Revenue by Major Category (*\$ in Millions*)





Reserve Levels

	FY27 Budgeted Reserve	FY27 Minimum Reserve	Variance	FY27 Recommended Stabilization Target Reserve	Variance
Real Estate					
Operating Reserve	\$7,208,000	\$7,208,000	\$ -	\$7,208,000	\$ -
Replacement Reserve	16,539,000	16,539,000	-	16,539,000	-
Debt Service Reserve	3,843,000	3,843,000	-	3,843,000	-
Real Estate	27,590,000	27,590,000	-	27,590,000	-
MTW					
Housing Assistance Payments (HAP) Reserve	11,591,000	28,637,000	(17,046,000)	57,275,000	(45,684,000)
MTW	11,591,000	28,637,000	(17,046,000)	57,275,000	(45,684,000)
General Contingency					
General Operating Reserve	20,835,000	13,983,000	6,852,000	27,966,000	(7,131,000)
General Contingency	20,835,000	13,983,000	6,852,000	27,966,000	(7,131,000)
Total	\$60,016,000	\$70,210,000	(\$10,194,000)	\$112,831,000	(\$52,815,000)
Program Restricted Reserves					
Program Restricted Reserves	73,317,000				
Total FY27 Ending Fund Balance	\$133,333,000				



Staff Recommendations

That the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

- 1) Approve SDHC’s proposed \$694 million Fiscal Year (FY) 2027 Budget.
- 2) Delegate authority to the SDHC Board of Commissioners (Board) to approve amendments to the FY 2027 Budget for the following amounts, consistent with prior delegation of authority from the Housing Authority:
 - a. Line-item transfers not to exceed \$500,000 of budget authority that do not impact the overall size of the Housing Authority-approved FY 2027 Budget;
 - b. Additional funding for the FY 2027 Budget resulting from applications submitted with the approval of the Housing Authority (per Housing Authority Resolution 1569); and
 - c. Additions from other sources, not to exceed \$500,000 on an individual basis, to the FY 2027 Budget.
- 3) Delegate authority to SDHC’s President and Chief Executive Officer to amend the FY 2027 Budget for amounts not to exceed \$250,000 consistent with policies, programs and activities approved by the SDHC Board and Housing Authority.



Rental Assistance



Creating Affordable Housing



Homelessness Solutions

Thank You



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Questions & Comments