



# REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

**DATE ISSUED:** May 18, 2026

**REPORT NO:** HAR26-004

**ATTENTION:** Chair and Members of the Housing Authority of the City of San Diego  
For the Agenda of June 9, 2026

**SUBJECT:** San Diego Housing Commission Proposed Fiscal Year 2027 Budget

**COUNCIL DISTRICT:** Citywide

## **REQUESTED ACTION**

Approve the San Diego Housing Commission's (SDHC) proposed Fiscal Year 2027 Budget and delegate authority from the Housing Authority to SDHC to amend the Fiscal Year 2027 Budget for amounts consistent with prior-year delegation.

## **STAFF RECOMMENDATION**

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

- 1) Approve the San Diego Housing Commission's (SDHC) proposed \$694 million Fiscal Year (FY) 2027 Budget (Attachment I).
- 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.

## **SUMMARY**

SDHC's proposed FY 2027 Budget anticipates available funding sources of \$694 million, a decrease of \$22.2 million, or 3 percent, from the approved FY 2026 budget.

A number of key factors have affected the proposed FY 2027 budget, including:

- The proposed budget reflects the most recent communications from the U.S. Department of Housing and Urban Development (HUD), including the Calendar Year 2026 funding letter, which SDHC received May 7 for the Moving to Work (MTW) voucher programs. SDHC's rental housing voucher expenses continue to increase; however, changes to the rental assistance participants' family contribution amounts are anticipated to help offset this trend. SDHC is also anticipating a

one-time draw-down of nearly \$17 million from HUD-held reserves amid insufficient federal funding to ensure the continuation of essential rental assistance and services for the households in SDHC’s programs.

- The proposed budget includes a reduction in the amount of non-recurring Homekey+ funding following the use of the funds for a property acquisition, Starling Place, in FY 2026. The proposed FY 2027 budget includes \$8.3 million of Homekey+ funds for the rehabilitation of the acquired property, compared to FY 2026, which included \$45.5 million for the acquisition and rehabilitation of the property.

A recent reduction in workforce of 58 positions has been reflected in the proposed budget along with the addition of 17 new positions for the operation and management of recently acquired Starling property under the Homekey+ program and to bring the operations and management for several SDHC-owned properties in-house as a cost-saving measure. The proposed FY 2027 budget includes a total of 361 full-time equivalent positions, which is 41 less than the 402 budgeted in FY 2026. Thirteen additional positions have been added since the SDHC Board’s April budget workshop. This includes Property and Asset Management departments bringing direct management of more properties in-house. This aligns with actions approved in SDHC’s Strategic Plan to reduce costs and strengthen property management services at the agency’s permanent supportive housing sites.

**FUNDING SOURCES**

The proposed FY 2027 Budget anticipates funding sources of \$694.0 million:

<b><u>Revenues</u></b>	<b><u>FY 2027 Budget</u></b>	<b><u>FY 2026 Budget</u></b>	<b><u>Increase/(Decrease)</u></b>
Federal Revenues	\$ 418,372,000	\$ 431,603,000	\$(13,231,000)
Local Revenues	121,803,000	108,617,000	13,186,000
State Revenues	41,116,000	63,879,000	(22,763,000)
Fund Balance from Prior Years	112,665,000	112,020,000	645,000
<b>Total Funding Sources</b>	<b>\$ 693,956,000</b>	<b>\$ 716,119,000</b>	<b>\$(22,163,000)</b>

The majority of SDHC’s funding is restricted by funding source for specific programs with respect to its use.

The decrease in Federal Revenues is primarily due to the award of Homekey+ funds in FY 2026, which were from the federal American Rescue Plan Act, for the acquisition and rehabilitation of affordable housing properties. As the revenues were non-recurring, the remaining Homekey+ funds for the rehabilitation of the acquired property are primarily State revenues. The decrease in Federal Revenues is also impacted by the reduction in anticipated draws of HUD-held MTW voucher reserves for SDHC’s rental assistance programs. SDHC will continue to deplete its limited reserves; however, the agency has implemented changes to achieve cost savings to mitigate the need to continue drawing down reserves.

The increase in Local Revenues is primarily due to the anticipated receipt of Preservation – Neighborhood Enhancement Fee Funds in FY 2027 as well as an increase in rental revenue from SDHC-owned affordable rental housing properties following scheduled rent increases, in compliance with the California Tenant Protection Act, and new rental revenues from the Homekey property acquisition in FY 2026. SDHC was also awarded additional local grants to support our homelessness diversion programs.

The decrease in State Revenues is primarily due to the use of one-time Homekey+ related funds during FY 2026 for the acquisition of a new affordable housing property. The proposed FY 2027 Budget does include some Homekey+ related funds for the rehabilitation of the acquired property, but it is less funding than was budgeted in FY 2026 for the acquisition.

**FUNDING USES**

The proposed FY 2027 Budget anticipates total uses of \$561 million (excluding ending fund balance), a decrease of \$62 million, or 10 percent, from the FY 2026 budget.

The following table summarizes the funding uses by expenditure type:

<b><u>Uses</u></b>	<b><u>FY 2027 Budget</u></b>	<b><u>FY 2026 Budget</u></b>	<b><u>Increase/(Decrease)</u></b>
Housing Program Expense	\$ 435,698,000	\$ 445,866,000	(10,168,000)
Personnel Costs	52,556,000	60,175,000	(7,619,000)
Capital Expenditures	21,744,000	67,788,000	(46,044,000)
Property Expense, Professional Services, Supplies & Other	50,626,000	49,095,000	1,531,000
<b>Total Costs</b>	<b>560,624,000</b>	<b>622,924,000</b>	<b>(62,300,000)</b>
Ending Fund Balance	133,333,000	93,195,000	40,138,000
<b>Total Funding Uses *</b>	<b>\$ 693,956,000</b>	<b>\$ 716,119,000</b>	<b>\$ (22,163,000)</b>

*\* Totals on this table are rounded from the detailed totals in the budget.*

The proposed Housing Program Expense category reflects a reduction in expenditures mainly due to the anticipated impact of the changes to the family contribution amounts in our rental assistance and public housing programs as well as a reduction in expenditures related to the Emergency Housing Voucher (EHV) program as the program is expected to sunset during FY 2027. HUD has discontinued funding for the EHV program earlier than anticipated when the program began. This category is also affected by the scheduled timing of disbursements for committed loans awarded through SDHC's Notice of Funding Availability.

The decrease in Personnel Costs is primarily due to the recent reduction in workforce. This is offset by the cost of additional staffing required for the operations of the newly acquired Starling Place property and to internally manage properties for which SDHC previously contracted with external third parties for property management services.

The decrease in the Capital Expenditures category is primarily due to the use of one-time Homekey+ funds for a property acquisition during FY 2026. While some rehabilitation work is expected to be completed during FY 2027, SDHC does not anticipate any additional acquisitions during the coming year.

The increase in Property Expense, Professional Services, Supplies and Other relates to higher general business expenses, such as parking following SDHC staff's return to office in a hybrid work model, property fees as well as expenses related to SDHC-owned properties, including maintenance, insurance, and utilities. SDHC is continuing to implement cost-reduction strategies, particularly related to professional consultants and travel and training.

The increase in ending fund balance is primarily due to reserves relating to funds committed for the creation and preservation of affordable housing through the Notice of Funding Availability process.

**PREVIOUS SDHC BOARD, COUNCIL and/or COMMITTEE ACTION**

On May 8, 2026, the SDHC Board of Commissioners voted 4-0 to recommend that the Housing Authority take the staff-recommended actions in this report to approve SDHC's proposed FY 2027 budget.

On May 7, 2026, SDHC staff presented an informational report about the proposed FY 2027 budget to the City Council's Budget Review Committee. No action was taken at that time.

On April 16, 2026, SDHC staff presented an informational workshop about the proposed FY 2027 budget to the SDHC Board of Commissioners. No action was taken at that time.

**SDHC STRATEGIC PLAN**

This item relates to the Core Value "Commit to transparency and being strong financial stewards" in SDHC's Strategic Plan for Fiscal Year (FY) 2026-2030.

**NONDISCRIMINATION ASSURANCE**

At SDHC, we're about people. We are committed to ensuring a compassionate, person-centered approach to SDHC's programs, policies, projects and activities and to serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination.

**ENVIRONMENTAL REVIEW**

California Environmental Quality Act

Approval of the FY 2027 SDHC budget is not a project as defined by the California Environmental Quality Act (CEQA) Section 21065 and State CEQA Guidelines Section 15378(b)(4), as it is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. As such, this activity is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3).

National Environmental Policy Act

Approval of the FY 2027 SDHC budget is exempt pursuant to Section 58.34 of the National Environmental Policy Act for development of plans and strategies as well as administrative and management activities. The parties agree that the provision of any federal funds as the result of this action is conditioned on the City of San Diego's final NEPA review and approval.

Respectfully submitted,

*Azucena Valladolid*

Azucena Valladolid  
Chief Operating Officer  
San Diego Housing Commission

Approved by,

*Lisa C. Jones*

Lisa C. Jones  
President and Chief Executive Officer  
San Diego Housing Commission

Attachments: 1) Proposed SDHC Fiscal Year 2027 Budget in City Format

A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at [www.sdhc.org](http://www.sdhc.org).