



SAN DIEGO  
HOUSING  
COMMISSION

## INFORMATIONAL REPORT

**DATE ISSUED:** September 7, 2023

**REPORT NO:** HCR23-100

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of September 15, 2023

**SUBJECT:** Investment Report – Third Quarter Fiscal Year 2023

**COUNCIL DISTRICT:** Citywide

### NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

#### **SUMMARY**

The attached Quarterly Investment Report details the San Diego Housing Commission's (Housing Commission) investment portfolio as of March 31, 2023. The report includes both summary and detailed information on all liquid cash and cash equivalents and core investments owned by the Housing Commission. These funds, however, are not indicative of funds available for discretionary use as they are: 1) earmarked for loans and grants that the Housing Commission has committed to fund through approval by the Housing Commission Board of Commissioners; 2) restricted to federal, state and/or local programmatic requirements; 3) designated for property maintenance; and 4) required 3.5% of budgeted new revenue contingency reserves.

The market value of the portfolio on March 31, 2023, was \$176.45 million, compared to \$169.9 million in the previous quarter, resulting in an overall investment portfolio increase of \$6.55 million. On March 31, 2023, the overall investment portfolio had a yield to maturity of 1.89 percent, average days to maturity of 539, and an effective duration of 1.37 years, compared to the overall investment portfolio on December 31, 2022, which had a yield to maturity of 1.88 percent, average days to maturity of 577, and an effective duration of 1.45 years.

#### Cash and cash equivalents (liquid)

1. \$32.33 million is held in various accounts, including the Housing Commission's bank, US Bank (\$22.97 million) and other various authorized accounts required by lending agreements and program obligations (\$9.36 million).
2. \$38.72 million is held in pooled investment funds. Pooled funds include California's Local Agency Investment Fund (LAIF) and the San Diego County Investment Pool (SDCIP).

The blended yield on liquid accounts was 1.89 percent, which is an increase of 0.01 percent from the previous quarter.

#### Core investments

3. \$105.4 million is held in Agency Debentures and/or Agency Mortgage-Backed Securities (MBS).

The blended yield on core investments was 2.09 percent, which is an increase of 0.10 percent from 1.99 percent in the previous quarter.

### **DISCUSSION**

The overall market value of the investment portfolio increased \$6.55 million compared to the prior quarter of \$169.9 million. The \$6.55 million increase during the quarter was principally due to receiving \$4.3 million in a multifamily housing loan payoff, an additional \$3.5 million in Funds for Homelessness Programs, including Bridge Shelters, and \$1.8 million for the Wells Fargo Foundation Wealth Opportunities Realized Through Homeownership (WORTH) grant to support homeownership among Black, Indigenous, People of Color (BIPOC) households, offset by \$2.4 million in new loans issued and \$1.4 million spent on the Eviction Prevention Program.

The overall investment portfolio yield was 1.89 percent, compared to 1.88 percent from the prior quarter.

### **HOUSING COMMISSION STRATEGIC PLAN**

This item relates to a Core Value in the Housing Commission Strategic Plan for Fiscal Year (FY) 2022-2024: Believe in transparency and being good financial stewards.

### **CONCLUSION**

The Federal Reserve raised the Federal Funds rate by 0.25% at the February 1, 2023, meeting, and by 0.25% at the March 22, 2023, meeting, positioning the Federal Funds rate at that time to 5.00%. The March 2023 Summary of Economic Projections (SEP) indicated the Federal Reserve was close to the terminal rate, thus ending this tightening period. However, the June 2023 SEP reveals the Federal Reserve expects additional tightening to 5.60% due to the stubbornness of inflation.

The Housing Commission's investment portfolio is well-positioned for the continued rate hikes in 2023. The Housing Commission will remain conservative in its approach to its investment strategy. The investment portfolio will be managed with these underlying objectives in mind - focus on ensuring the safety of the principal, extending duration while maintaining sufficient liquidity to meet operational requirements, generate investment yield and when possible, invest locally.

Respectfully submitted,



Suket Dayal  
Executive Vice President of Business Administration  
and Chief Financial Officer  
San Diego Housing Commission

Approved by,



Jeff Davis  
Interim President & Chief Executive Officer  
San Diego Housing Commission

Attachments: 1) SDHC Quarterly Financial Investment Report Ending March 31, 2023

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