



INFORMATIONAL REPORT

DATE ISSUED: March 7, 2024

REPORT NO: HCR24-015

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of March 15, 2024

SUBJECT: Agency Financial Statements – Second Quarter Fiscal Year 2024 (Unaudited)

COUNCIL DISTRICT: Citywide

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

SUMMARY

The purpose of the San Diego Housing Commission's (Housing Commission) Financial Statements Report is to show year-to-date variances of actual sources and uses of funds compared to Housing Commission Board-approved budgeted amounts (Attachment 1).

FINANCIAL SUMMARY – SOURCES AND USES OF FUNDS:

SOURCES OF FUNDS: Total actual December 2023 year-to-date funding sources available were \$394.2 million, which was 6 percent, or \$21.2 million, higher than budget. This was primarily due to the beginning fund balance that was higher than budget by \$32.9 million offset by new sources that were lower than budget by \$11.7 million. The explanations below provide more details about significant variances:

Federal Sources

- The \$1.4 million lower-than-budget variance in Section 8/Moving to Work (MTW) funding was primarily due the timing of projects to be funded with MTW funds.
- The \$11.5 million lower-than-budget variance in U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnerships Program funds was primarily due to the timing of the loans to be funded. Committed loans are expected to be funded through the remainder of FY 2024 and beyond.
- The \$5.3 million higher-than-budget variance in Community Development Block Grant (CDBG) & Other Federal funding is primarily due to higher than anticipated Homekey 2 funds that were recognized during the year to date.

Local Sources

- The \$1.7 million higher-than-budget variance in Unrestricted Funds is primarily due to higher than anticipated grant and donations revenues and bond issuance fees received.

State Sources

- The \$5.1 million lower-than-budget variance was primarily due to the timing of expenditures relating to homeless programs (Bridge Shelters and Youth Shelter) due to the timing of expense reimbursements.

Beginning Fund Balance

The beginning fund balance represents the sources available from the prior year. The \$32.9 million higher-than-budget variance consists of restricted-use funds that are committed to programs. The variance was primarily attributed to higher-than-anticipated HOME program income and lower-than-expected Affordable Housing Fund expenditures, which are committed for the development of future affordable housing units through the current NOFA process. The variance was also impacted by the timing of expenditures funded with MTW funds, and by increased cash flows generated by the Housing Commission owned property portfolio.

USES OF FUNDS: Total actual December 2023 year-to-date funding uses were \$394.2 million, which was 6 percent, or \$21.2 million, higher-than-budget. This was primarily due to a higher-than-budget variance in ending fund balance of \$41.0 million, offset by lower-than-budget variances in personnel expenditures and non-personnel expenditures of \$1.9 million and \$17.9 million respectively. The explanations below provide more details about significant variances:

Personnel Expenses

- The \$1.9 million lower-than-budget variance in personnel expenses is primarily due to vacancies across the organization. The Housing Commission continues actively recruiting for vacant positions in a competitive job market. Staff anticipates personnel expenses to align with budget later in the fiscal year.

Non-Personnel Expenses

- The \$3.1 million lower-than-budget variance in grant expense was primarily due to:
 - Lower-than-expected expenditures relating to Bridge Shelters, Youth Shelter, Prevention & Diversion and City General Fund funded programs due to the timing of expense reimbursements. Offset by:
 - Higher than anticipated expenditures relating to the issuance of Homekey 2 funds.
- The \$1.2 million lower-than-budget variance in Services, Supplies & Other primarily due to the timing software license renewals and software related projects.
- The \$2.1 million higher-than-budget variance in Loans Made was primarily due to the timing of funding multifamily housing loans.
- The \$14.8 million lower-than-budget variance in Capital Expenditures was primarily due to the timing of acquisitions compared to the budget.

Ending Fund Balance

Ending fund balance as of December 31, 2023, was \$173.4 million, which was 31 percent, or \$41.0 million, higher than budget, primarily due to lower-than-expected personnel and non-personnel expenses in addition to higher-than-expected sources (beginning fund balance plus new sources), as previously explained. Funds in the ending fund balance are committed for use to create and preserve affordable housing.

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Agency Financial Statements – Second Quarter Fiscal Year 2024 (Unaudited)

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Respectfully submitted,

Suket Dayal

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

Approved by,

Jeff Davis

Jeff Davis
Deputy Chief Executive Officer
San Diego Housing commission

Attachments: 1) Year-to-Date Statement of Sources and Uses

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 available in the in the “Governance & Legislative Affairs” section of the San Diego Housing Commission website at www.sdhc.org.

**SAN DIEGO HOUSING COMMISSION
STATEMENT OF SOURCES AND USES
FISCAL YEAR-TO-DATE AS OF December 31, 2023**

	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Over/(Under) Budget</u>	<u>% Variance</u>
SOURCES OF FUNDS				
NEW SOURCES				
FEDERAL				
Section 8/MTW	163,451,000	164,858,000	(1,407,000)	-1%
HOME	1,731,000	13,271,000	(11,540,000)	-87%
Housing Innovation Funds	2,739,000	3,488,000	(749,000)	-21%
CDBG & Other Federal Funds	6,657,000	1,348,000	5,309,000	394%
TOTAL FEDERAL	174,578,000	182,965,000	(8,387,000)	-5%
LOCAL				
SDHC Real Estate	22,483,000	22,461,000	22,000	0%
Unrestricted Funds	3,743,000	2,067,000	1,676,000	81%
Affordable Housing Fund	2,892,000	2,908,000	(16,000)	-1%
Other Local Funds	8,929,000	8,769,000	160,000	2%
TOTAL LOCAL	38,047,000	36,205,000	1,842,000	5%
STATE	9,630,000	14,750,000	(5,120,000)	-35%
TOTAL NEW SOURCES	222,255,000	233,920,000	(11,665,000)	-5%
BEGINNING FUND BALANCE	171,940,000	139,037,000	32,903,000	24%
TOTAL SOURCES OF FUNDS	394,195,000	372,957,000	21,238,000	6%
USES OF FUNDS				
PERSONNEL				
Salaries and Wages	17,769,000	19,270,000	(1,501,000)	-8%
Fringe Benefits	6,443,000	6,822,000	(379,000)	-6%
SUBTOTAL PERSONNEL	24,212,000	26,092,000	(1,880,000)	-7%
NON-PERSONNEL				
Housing Assistance Payments	141,125,000	140,220,000	905,000	1%
Grant Expense	22,289,000	25,356,000	(3,067,000)	-12%
Property Expenses	7,337,000	7,896,000	(559,000)	-7%
Professional Services	2,322,000	2,726,000	(404,000)	-15%
Services, Supplies & Other	4,798,000	6,038,000	(1,240,000)	-21%
Loans Made	13,033,000	10,935,000	2,098,000	19%
Debt Principal Payments	3,835,000	4,708,000	(873,000)	-19%
Capital Expenditures	1,834,000	16,585,000	(14,751,000)	-89%
SUBTOTAL NON-PERSONNEL	196,573,000	214,464,000	(17,891,000)	-8%
TOTAL FUNDS EXPENDED	220,785,000	240,556,000	(19,771,000)	-8%
ENDING FUND BALANCE	173,410,000	132,401,000	41,009,000	31%
TOTAL USES OF FUNDS	394,195,000	372,957,000	21,238,000	6%