



INFORMATIONAL REPORT

DATE ISSUED: June 13, 2024

REPORT NO: HCR24-016

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of June 21, 2024

SUBJECT: Agency Financial Statements – Third 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 March 2024 year-to-date funding sources available were \$515.4 million, which was 6 percent, or \$30.5 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 \$2.4 million. The explanations below provide more details about significant variances:

Federal Sources

- The \$3.3 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 variance is expected to decrease over the remainder of the year.
- The \$17.3 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 \$1.3 million lower-than-budget variance in Housing Innovation Funds was primarily due to the timing of expenditure reimbursements. This variance is expected to decrease over the remainder of the year.
- The \$19.9 million higher-than-budget variance in Community Development Block Grant (CDBG) & Other Federal funding is primarily due to higher-than-anticipated Homekey funds that were recognized during the year to date.

Local Sources

- The \$2.2 million higher-than-budget variance in Unrestricted Funds is primarily due to higher-than-anticipated grant and donations revenues and bond issuance fees received.

- The \$1.4 million higher-than-budget variance in Other Local Funds is primarily due to higher-than-anticipated funding for the Eviction Prevention Program

State Sources

- The \$4.4 million lower-than-budget variance was primarily due to the timing of expenditures relating to homelessness programs (Bridge Shelters and Youth Shelter) due to the timing of expense reimbursements. This variance is expected to decrease over the remainder of the fiscal year.

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 Notice of Funding Availability 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 affordable housing property portfolio.

USES OF FUNDS: Total actual March 2024 year-to-date funding uses were \$515.4 million, which was 6 percent, or \$30.5 million, higher than budget. This was primarily due to a higher-than-budget variance in ending fund balance of \$32.5 million, offset by lower-than-budget variances of \$1.2 million in personnel expenditures and \$0.8 million in non-personnel expenditures. The explanations below provide more details about significant variances:

Personnel Expenses

- The \$1.2 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 \$4.7 million higher-than-budget variance in Housing Assistance Payments was primarily due to the increase in average voucher cost compared to the budget.
- The \$1.6 million lower-than-budget variance in Services, Supplies & Other was primarily due to the timing of software license renewals and software-related projects.
- The \$1.1 million higher-than-budget variance in Loans Made was primarily due to the timing of funding multifamily housing loans.
- The \$1.3 lower-than-budget variance in Debt Principal Payments was primarily due to the lower debt payments following the retirement of debt on Housing Commission-owned affordable housing properties late in Fiscal Year 2023.
- The \$4.5 million lower-than-budget variance in Capital Expenditures was primarily due to the timing of rehabilitation projects compared to the budget.

Ending Fund Balance

Ending fund balance as of March 31, 2024, was \$161.6 million, which was 25 percent, or \$32.5 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

June 13, 2024

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

Page 3

explained. Funds in the ending fund balance are committed for use to create and preserve affordable housing.

HOUSING COMMISSION STRATEGIC PLAN

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

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 March 31, 2024

	<u>YTD</u> <u>Actual</u>	<u>YTD</u> <u>Budget</u>	<u>Over/(Under)</u> <u>Budget</u>	<u>%</u> <u>Variance</u>
SOURCES OF FUNDS				
NEW SOURCES				
FEDERAL				
Section 8/MTW	237,012,000	240,288,000	(3,276,000)	-1%
HOME	2,643,000	19,906,000	(17,263,000)	-87%
Housing Innovation Funds	5,236,000	6,548,000	(1,312,000)	-20%
CDBG & Other Federal Funds	20,574,000	706,000	19,868,000	2814%
TOTAL FEDERAL	265,465,000	267,448,000	(1,983,000)	-1%
LOCAL				
SDHC Real Estate	33,878,000	33,753,000	125,000	0%
Unrestricted Funds	5,281,000	3,101,000	2,180,000	70%
Affordable Housing Fund	4,681,000	4,362,000	319,000	7%
Other Local Funds	16,408,000	15,027,000	1,381,000	9%
TOTAL LOCAL	60,248,000	56,243,000	4,005,000	7%
STATE	17,714,000	22,125,000	(4,411,000)	-20%
TOTAL NEW SOURCES	343,427,000	345,816,000	(2,389,000)	-1%
BEGINNING FUND BALANCE	171,940,000	139,037,000	32,903,000	24%
TOTAL SOURCES OF FUNDS	515,367,000	484,853,000	30,514,000	6%
USES OF FUNDS				
PERSONNEL				
Salaries and Wages	28,743,000	29,448,000	(705,000)	-2%
Fringe Benefits	10,031,000	10,504,000	(473,000)	-5%
SUBTOTAL PERSONNEL	38,774,000	39,952,000	(1,178,000)	-3%
NON-PERSONNEL				
Housing Assistance Payments	215,021,000	210,330,000	4,691,000	2%
Grant Expense	38,169,000	38,034,000	135,000	0%
Property Expenses	12,163,000	11,843,000	320,000	3%
Professional Services	4,443,000	4,086,000	357,000	9%
Services, Supplies & Other	7,438,000	9,063,000	(1,625,000)	-18%
Loans Made	17,550,000	16,403,000	1,147,000	7%
Debt Principal Payments	5,712,000	7,021,000	(1,309,000)	-19%
Capital Expenditures	14,449,000	18,938,000	(4,489,000)	-24%
SUBTOTAL NON-PERSONNEL	314,945,000	315,718,000	(773,000)	0%
TOTAL FUNDS EXPENDED	353,719,000	355,670,000	(1,951,000)	-1%
ENDING FUND BALANCE	161,648,000	129,183,000	32,465,000	25%
TOTAL USES OF FUNDS	515,367,000	484,853,000	30,514,000	6%