



## EXECUTIVE SUMMARY

MEETING DATE: May 10, 2024

HCR24-027

SUBJECT: San Diego Housing Commission Proposed Fiscal Year 2025 Budget

COUNCIL DISTRICT: Citywide

ORIGINATING DEPARTMENT: Financial Services Department

CONTACT/PHONE NUMBER: Suket Dayal (619) 578-7608

### REQUESTED ACTION:

Recommend that the Housing Authority of the City of San Diego approve the San Diego Housing Commission's (Housing Commission) proposed Fiscal Year 2025 Budget and delegate authority from the Housing Authority to the Housing Commission to amend the Fiscal Year 2025 Budget for amounts consistent with prior year delegation.

### EXECUTIVE SUMMARY OF KEY FACTORS:

- The proposed Fiscal Year (FY) 2025 budget anticipates available funding sources of \$715 million, of which approximately \$128 million consists of one-time funding sources that would not be available in future years, except for one grant limited to three years. Excluding one-time funding sources, the proposed budget is \$587 million, or 1.3 percent less than the approved FY 2024 budget.
- The one-time funding sources include \$87 million for the acquisition and rehabilitation of Homekey properties; \$15 million for the first year of a three-year, \$45 million state grant awarded for specific developments; and approximately \$26 million in federal funding for rental housing vouchers to begin to address rising rents in the City of San Diego.
- The proposed FY 2025 budget anticipates total uses of \$715 million, including the ending fund balance, which consists of funds obligated for use, such as loans awarded to affordable housing developments, that may not be disbursed during FY 2025 but must remain available for disbursement.
- Funding Sources:
  - The increase in Federal Revenues is primarily due to the award of Homekey funds (from the federal American Rescue Plan Act) for the acquisition and rehabilitation of affordable housing properties and an increase in Moving to Work Rental (MTW) Assistance to fund vouchers. The increase in Local Revenues is primarily due to the receipt of funds from the County of San Diego and City of San Diego (City) to complete Homekey acquisitions and proposed higher City General Funds needed for City homelessness programs the Housing Commission administers on the City's behalf.
- Funding Uses:
  - The proposed "Housing Program Expense" category includes an increase in expenditures primarily related an increase in the average cost per housing voucher. An increase in loan payments due to the award of state Infill Infrastructure Grant Catalytic Qualifying Infill Area program funds as well as an increase in the operating costs of City homelessness programs the Housing Commission administers on the City's behalf have also impacted this year's budget.
  - The increase in the "Capital Expenditures" category is primarily due to an increase in acquisition and property rehabilitation activity following the award of Homekey funds.
  - The decrease in ending fund balance is primarily due to reserves relating to funds committed for the creation of affordable housing through the Notice of Funding Availability, funding voucher program expenses, and funding of necessary property rehabilitation projects.



## REPORT

**DATE ISSUED:** May 2, 2024

**REPORT NO:** HCR24-027

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of May 10, 2024

**SUBJECT:** San Diego Housing Commission Proposed Fiscal Year 2025 Budget

**COUNCIL DISTRICT:** Citywide

### **REQUESTED ACTION**

Recommend that the Housing Authority of the City of San Diego approve the San Diego Housing Commission's (Housing Commission) proposed Fiscal Year 2025 Budget and delegate authority from the Housing Authority to the Housing Commission to amend the Fiscal Year 2025 Budget for amounts consistent with prior year delegation.

### **STAFF RECOMMENDATION**

That the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) recommend that the Housing Authority of the City of San Diego (Housing Authority) take the following actions:

- 1) Approve the Housing Commission's proposed \$715 million Fiscal Year (FY) 2025 Budget (Attachment 1).
- 2) Delegate authority to the Housing Commission Board of Commissioners (Board) to approve amendments to the FY 2025 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 2025 Budget;
  - b. Additional funding for the FY 2025 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 2025 Budget.
- 3) Delegate authority to the Housing Commission's President and Chief Executive Officer to amend the FY 2025 Budget for amounts not to exceed \$250,000 consistent with policies, programs and activities approved by the Housing Commission and Housing Authority.

## **SUMMARY**

The FY 2025 Proposed Budget anticipates available funding sources of \$715 million, an increase of \$120.4 million, or 20 percent, from the approved FY 2024 budget. The increase is primarily due to State of California Homekey funds awarded for the acquisition and rehabilitation of affordable housing properties, higher federal Moving to Work (MTW) funding to fund increasing voucher costs, and the award of funds through the State of California's Infill Infrastructure Grant Catalytic Qualifying Infill Area program.

The Proposed FY 2025 Budget anticipates total uses of \$622 million (excluding ending fund balance), an increase of \$151 million, or 32 percent, from the FY 2024 budget. The increase is primarily due to the increase in capital expenditures (acquisitions and rehabilitation) following the award of State of California Homekey funds, increase in housing assistance payments due to an increase in the average cost per voucher; and an increase in loan payments following the award of funds through the State of California's Infill Infrastructure Grant Catalytic Qualifying Infill Area program.

## **FUNDING SOURCES**

The proposed FY 2025 Budget anticipates funding sources of \$715 million:

<b><u>Revenues</u></b>	<b><u>FY 2025 Budget</u></b>	<b><u>FY 2024 Budget</u></b>	<b><u>Increase/(Decrease)</u></b>
Federal Revenues	\$ 444,218,000	\$ 351,936,000	\$ 92,282,000
San Diego Local Revenues	109,844,000	74,413,000	35,431,000
State Revenues	47,510,000	29,500,000	18,010,000
Fund Balance from Prior Years	113,757,000	139,037,000	(25,280,000)
<b>Total Funding Sources</b>	<b>\$ 715,329,000</b>	<b>\$ 594,886,000</b>	<b>\$ 120,443,000</b>

The majority of the Housing Commission's funding is restricted by funding source with respect to its use.

The increase in Federal Revenues is primarily due to the award of Homekey funds (from the federal American Rescue Plan Act) for the acquisition and rehabilitation of affordable housing properties and an increase in MTW Rental Assistance to fund vouchers.

The increase in Local Revenues is primarily due to the receipt of funds from the County of San Diego and City of San Diego (City) to complete Homekey acquisitions and higher City General Funds needed to fund City homelessness programs the Housing Commission administers on behalf of the City.

The decrease in Fund Balance is primarily due to expenditures from the City Affordable

Housing Fund on planned activities, the use of MTW funds during FY 2024 as well as funds spent as part of the Housing Commission's emergency storm response during FY 2024.

### **FUNDING USES**

The following table summarizes the funding uses by expenditure type:

<b><u>Uses</u></b>	<b><u>FY 2025 Budget</u></b>	<b><u>FY 2024 Budget</u></b>	<b><u>Increase/(Decrease)</u></b>
Housing Program Expense	\$ 412,171,000	\$ 353,023,000	\$ 59,148,000
Personnel Costs	60,040,000	53,696,000	6,344,000
Capital Expenditures	104,309,000	21,291,000	83,018,000
Property Expense, Professional Services, Supplies & Other	45,081,000	42,763,000	2,318,000
<b>Total Costs</b>	<b>621,601,000</b>	<b>470,773,000</b>	<b>150,828,000</b>
Ending Fund Balance	93,727,000	124,113,000	(30,386,000)
<b>Total Funding Uses *</b>	<b>\$ 715,328,000</b>	<b>\$ 594,886,000</b>	<b>\$ 120,442,000</b>

\* Note totals may not foot due to rounding.

The proposed "Housing Program Expense" category includes an increase in expenditures primarily related an increase in the average cost per housing voucher. An increase in loan payments due to the award of Infill Infrastructure Grant Catalytic Qualifying Infill Area program funds as well as an increase in the operating costs of City homelessness programs the Housing Commission administers on behalf of the City have also impacted this year's budget.

The increase in the "Capital Expenditures" category is primarily due to an increase in acquisition and property rehabilitation activity following the award of Homekey funds.

The decrease in ending fund balance is primarily due to reserves relating to funds committed for the creation of affordable housing through the Notice of Funding Availability, funding voucher program expenses, and funding of necessary property rehabilitation projects.

### **PREVIOUS COUNCIL and/or COMMITTEE ACTION**

On April 12, 2024, the Housing Commission's proposed FY 2025 budget was presented as an informational workshop to the Housing Commission Board.

### **HOUSING COMMISSION STRATEGIC PLAN**

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

### **EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE**

Equity, inclusion, diversity and access are key components of the Housing Commission's

May 2, 2024

San Diego Housing Commission Proposed Fiscal Year 2025 Budget

Page 3

initiatives. SDHC embraces diverse approaches and points of view to improve our programs, projects and policies and has expanded efforts in community engagement, equity lens reviews and implementing additional equity and inclusion strategies.

### **ENVIRONMENTAL REVIEW**

Approval of the FY 2025 Housing Commission 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. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. Approval of the budget is also 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. as not subject to Title 24 of the Code of Federal Regulations section 58.5 under Title 24 of the Code of Federal Regulations 58.34(a). 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,



Suket Dayal

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

Approved by,



Jeff Davis

Deputy Chief Executive Officer  
San Diego Housing Commission

Attachments: 1) Fiscal Year 2025 Proposed Budget

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).



SAN DIEGO  
HOUSING  
COMMISSION

We're About People

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# SDHC FISCAL YEAR 2025 BUDGET REPORT





# TABLE OF CONTENTS

- 3 SDHC Strategic Plan FY 2022 - FY 2024
- 4 Message from the President & CEO
- 6 Mayor and Housing Authority of the City of San Diego
- 6 SDHC Board of Commissioners
- 8 Proposed Fiscal Year 2025 Budget
- 14 SDHC Divisions and Departments
  - 14 Rental Assistance Division
  - 20 Real Estate Division
  - 26 Homeless Housing Innovations Division
  - 34 Operations and Support Divisions and Departments

## SDHC STRATEGIC PLAN FISCAL YEAR (FY) 2022 – FY 2024

The San Diego Housing Commission’s (SDHC) Strategic Plan provides the vision, mission, purpose, core values and strategic priorities for the agency.

**Vision:** Everyone in the City of San Diego has a home they can afford.

**Mission:** SDHC fosters social and economic stability for vulnerable populations in the City of San Diego through:

- Quality, affordable housing.
- Opportunities for financial self-reliance.
- Homelessness solutions.

**Purpose:** Help individuals, families and the San Diego community thrive.

**Core Values:** At SDHC, we:

- Serve our clients with equity, dignity and respect.
- Are committed to excellence and innovation in all we do.
- Believe in transparency and being good financial stewards.

**Strategic Priority Areas:**

- Increasing and Preserving Housing Solutions.
- Helping Families Increase Opportunities for Self-Sufficiency and Quality of Life.
- Investing in Our Team.
- Advancing Homelessness Solutions – Supporting the City of San Diego Community Action Plan on Homelessness.
- Advocacy, Communication, Public Engagement.

**Equity and Inclusivity:** At SDHC, we are about people. SDHC embraces diverse approaches and points of view to improve our programs, projects and policies.

- We believe in delivering programs and services in innovative and inclusive ways.
- We are committed to advancing equity and inclusion both internally and externally.

# MESSAGE FROM THE PRESIDENT & CEO

At a time when we need to be creating more affordable housing, addressing homelessness and investing in homelessness prevention, the San Diego Housing Commission (SDHC)—like the City of San Diego and many government agencies—is facing more limited resources to fund our work in Fiscal Year (FY) 2025.

Against this backdrop of significant fiscal challenges, we worked diligently to prepare a proposed FY 2025 budget that would enable us to continue to provide the housing assistance that so many families with low income rely on. At the same time, we have taken a conservative approach, exercising financial prudence and our core value of being good financial stewards, and remained mindful of diversity, equity, inclusion and access in the preparation of our budget.

Unfortunately, we are still awaiting final determinations about the federal and local funding sources we will receive to use toward housing assistance and homelessness services programs. When we know these final determinations, we likely will need to make adjustments—some significant—to the proposed budget detailed in this report.

With this understanding, the FY 2025 budget we have proposed is \$715 million. This includes approximately \$128 million in one-time funding sources for specific purposes that will not be available for use in future years. When these one-time sources are subtracted, our proposed budget is \$587 million, or 1.3 percent less than our approved FY 2024 budget. This reflects the cost-containment measures we have implemented and our conservative approach to the budget.

Our proposed budget will enable us to continue to assist approximately 17,000 households with low income to pay their rent. This depends on the U.S. Department of Housing and Urban Development’s (HUD) determination of our funding, which we have not received yet. In the competitive, high-cost rental housing market in the City of San Diego, our housing assistance payments continue to rise. The average monthly housing assistance payment in our rental assistance programs is 49 percent higher today than it was in Fiscal Year 2020. Additionally, the amount we have received from HUD this fiscal year for housing assistance payments is less than our housing assistance payment expenditures, which contributes to our fiscal challenges.

In FY 2025, we also have budgeted resources for a Notice of Funding Availability to support the creation of new affordable rental housing units and funds toward repairs, maintenance and code compliance at existing affordable housing units SDHC owns or manages.

The budget reflected in this report would also support continuing operations of City homelessness shelters and services programs that we administer on the City’s behalf. However, the Mayor’s proposed City budget includes significant reductions in City funding for these programs and assumes SDHC will provide \$15 million toward these programs, which we do not have available. We have been clear that we do not have reserves or other funds to make up for these gaps in City funding, which would require us to reduce or eliminate some vital programs.

We understand the City is also in a difficult financial position, and the consideration of the City’s and SDHC’s proposed FY 2025 budgets will require hard decisions with limited resources. We continue to work with Mayor Todd Gloria and the City Council on these issues.

Our goal is to ensure that budget decisions focus on appropriately funding shelter and services programs to meet client needs, while trying to mitigate impacts to other mission-driven programs SDHC operates to provide critical rental assistance and address and prevent homelessness in the City of San Diego.

Sincerely,



Lisa Jones  
President & CEO  
San Diego Housing Commission



**“Our goal is to ensure that budget decisions focus on appropriately funding shelter and services programs to meet client needs, while trying to mitigate impacts to other mission-driven programs SDHC operates.”**



# MAYOR, CITY OF SAN DIEGO



TODD GLORIA

## HOUSING AUTHORITY OF THE CITY OF SAN DIEGO



SEAN ELO-RIVERA  
Council President  
District 9



JOE LACAVA  
Council President Pro Tem  
District 1



JENNIFER CAMPBELL  
Councilmember  
District 2



STEPHEN WHITBURN  
Councilmember  
District 3



HENRY L. FOSTER III  
Councilmember  
District 4



MARNI VON WILPERT  
Councilmember  
District 5



KENT LEE  
Councilmember  
District 6



RAUL CAMPILLO  
Councilmember  
District 7



VIVIAN MORENO  
Councilmember  
District 8

## SDHC BOARD OF COMMISSIONERS



EUGENE "MITCH" MITCHELL  
Chair of the Board



RYAN CLUMPNER  
Vice Chair of the Board



STEPHEN P. CUSHMAN  
Commissioner



JOHANNA HESTER  
Commissioner



KELLEE HUBBARD  
Commissioner

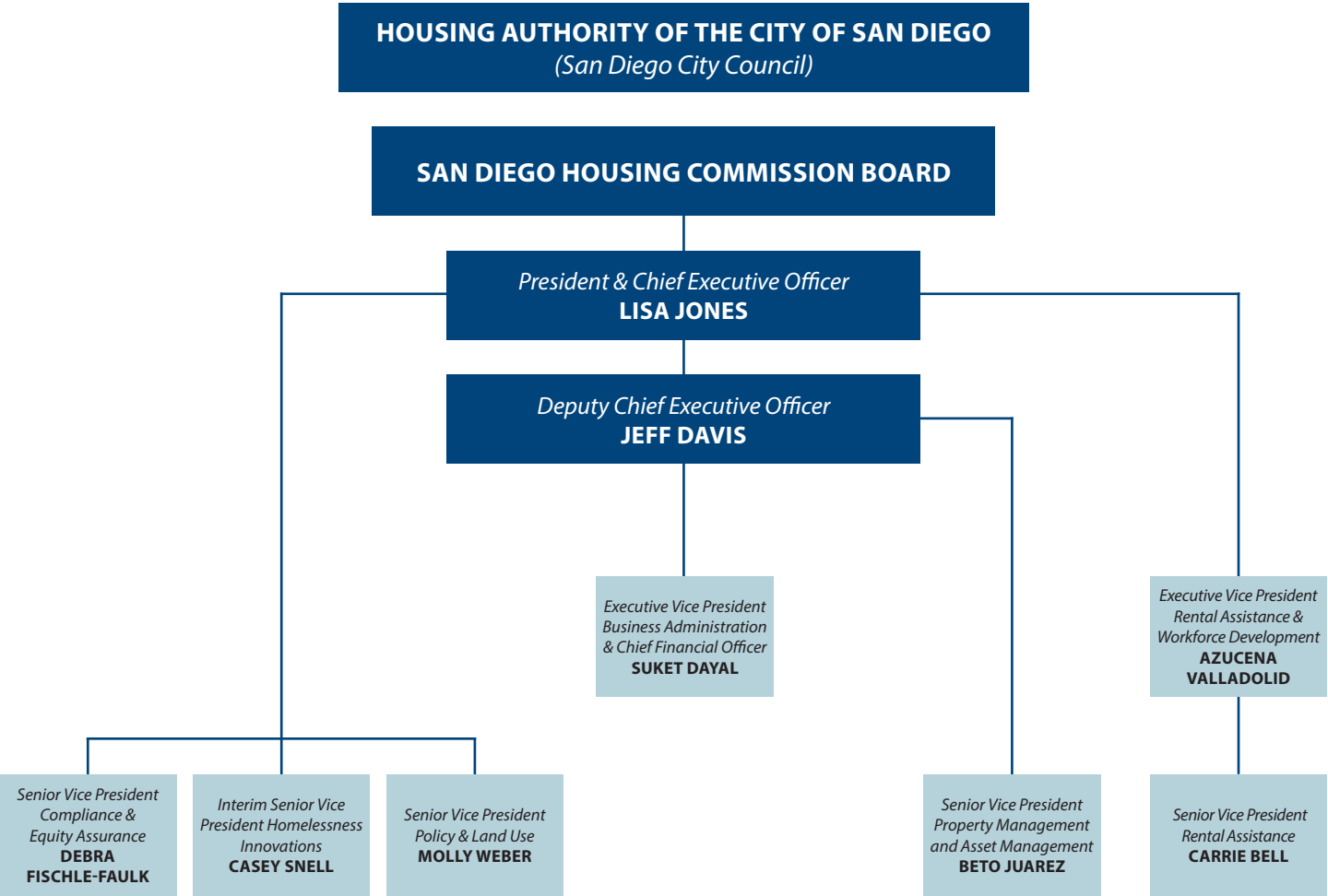


ANTOINE "TONY"  
JACKSON  
Commissioner



MELINDA VÁSQUEZ  
Commissioner

## SDHC ORGANIZATIONAL CHART



# PROPOSED FISCAL YEAR 2025 BUDGET

The San Diego Housing Commission (SDHC) is an award-winning public housing agency that creates innovative programs to provide housing opportunities for individuals and families with low income or experiencing homelessness in the City of San Diego. SDHC helps pay rent for more than 17,000 households with low income by providing federal Section 8 Housing Choice Voucher (HCV) rental assistance. HCV participants pay a predetermined portion of their income toward rent, with the remainder paid by federal funds that SDHC administers, up to the applicable payment standard. SDHC also leads collaborative efforts to address homelessness in the City of San Diego, administering City of San Diego and federal funds for shelters, transitional housing and permanent housing with supportive services to address homelessness among families, seniors, veterans and individuals. In addition, SDHC creates and preserves affordable multifamily rental housing through collaborations with developers and direct acquisitions, rehabilitations and/or developments. SDHC also provides loans and closing cost assistance to help first-time homebuyers achieve the dream of homeownership.

The Proposed Fiscal Year (FY) 2025 SDHC Budget anticipates available funding sources of \$715 million, of which \$128 million consists of one-time funding sources that will not be available in future years. Excluding these one-time funding sources, SDHC’s proposed FY 2025 Budget would be \$587 million, or approximately 1.3 percent less than the FY 2024 budget. SDHC’s budget consists of four main divisions:

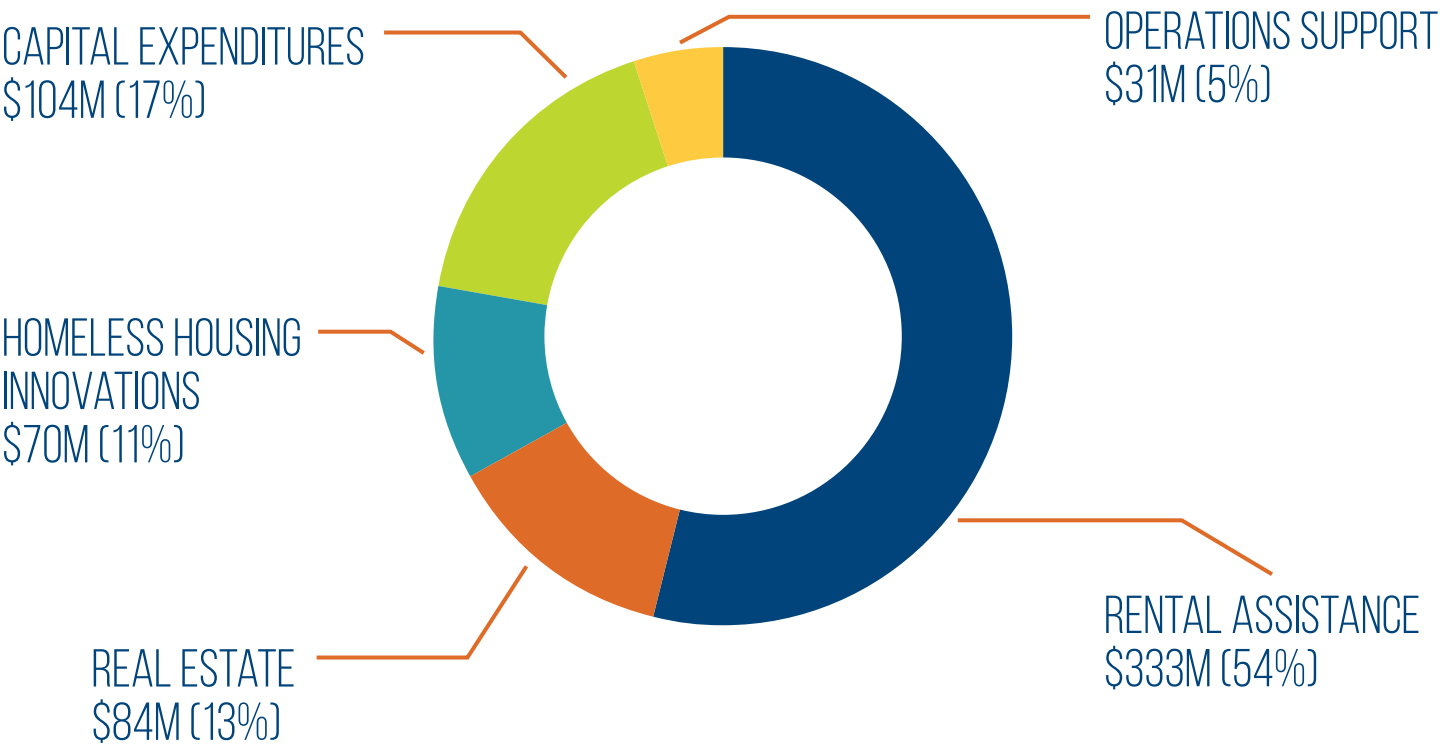
- Rental Assistance
- Real Estate
- Homeless Housing Innovations
- Operations Support

The one-time funding sources in the FY 2025 budget consist of \$87 million for the acquisition and rehabilitation of properties with support from the State of California’s Homekey program, \$15 million that represents one year of a three-year state Infill Infrastructure Grant, and \$26 million in anticipated additional federal housing voucher funding to begin to address rising rents in San Diego, which is pending a final determination from the U.S. Department of Housing and Urban Development at the time of this report.

SDHC’s proposed FY 2025 Budget consists of SDHC’s four major divisions, described in detail later in this report: Rental Assistance - \$333 million; Real Estate - \$188 million; Homeless Housing Innovations - \$70 million; and Operations Support - \$31 million. Funds allocated for the ending fund balance, which consists of funding obligations not expended in FY 2025 that will continue into the next year’s budget, are budgeted at \$94 million. The ending fund balance includes funds restricted by use. They are committed for use to create and preserve affordable housing and for three types of reserves:

- Program Restricted Reserves to provide for housing programs
- Property Reserves to provide for replacement requirements
- Contingency Reserves, 3.5 percent of annual budgeted new revenue

FUNDING USES BY DIVISION (EXCLUDES ENDING RESERVES. \$ IN MILLIONS.)



PERSONNEL

The Proposed FY 2025 budget includes a total of 404 Full-Time Equivalent (FTE) positions, representing a net increase of nine from the FY 2024 Adopted Budget. As SDHC implements cost-containment measures going into FY 2025, the budget reflects a reduction in FTE positions agencywide with the exception of positions being added to manage two new permanent supportive housing properties in-house instead of contracting with third-party property management and some targeted additions in the Rental Assistance Division.

SDHC Major Division	FY25 Budget	FY24 Budget	Change
Total Full-Time Equivalents	404	395	9

PROGRAM OBJECTIVES

The proposed FY 2025 Budget will allow SDHC to:

Provide Rental Assistance to Households with Lower Income:

- Dedicate \$312 million to assist more than 17,000 households.
- Lease 431 new project-based housing voucher units for households with low income or experiencing homelessness in FY 2025
- Provide opportunities to help families become more financially self-reliant through the SDHC Achievement Academy, with programs that emphasize career planning, job skills, job placement and personal financial education, such as budgeting.

Create and Preserve Affordable Housing:

- Award up to \$10 million to developers through a competitive Notice of Funding Availability to create approximately 100 new permanent affordable rental housing units.
- Direct \$87.4 million toward the acquisition and rehabilitation of affordable housing properties through the State of California's Homekey program.
- Continue to own and/or manage 4,326 affordable housing units in the City of San Diego.
- Expend \$10.7 million for required repairs and code compliance for SDHC-owned affordable housing units.
- Dedicate \$4.4 to continue projects to increase density at the Casa Colina property to provide additional affordable housing and to convert unused SDHC office space into a shelter for transition-age youth.
- Award \$1.5 million to San Diego homeowners with low income for the creation of up to six Accessory Dwelling Units.
- No funds are allocated for property acquisition in FY 2025.

Address Homelessness:

- Designate \$52 million in City of San Diego funds and \$22.3 million in additional funds SDHC administers, such as federal Continuum of Care, San Diego Regional Task Force on Homelessness and SDHC funds, to address homelessness in the City of San Diego, including but not limited to:
  - \$43.7 million for shelters and Continuum of Care permanent supportive housing
  - \$9.4 million for homelessness prevention services
  - \$14.4 million for supportive services and rapid rehousing programs.

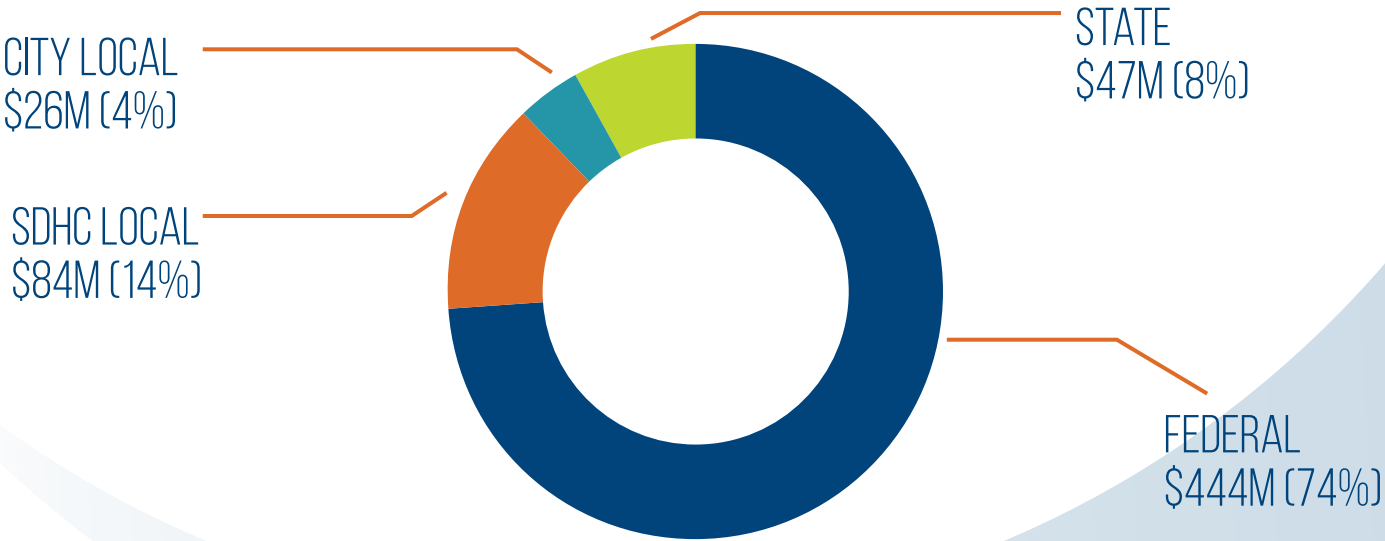
SOURCES OF FUNDS

The proposed budget anticipates available funding sources of \$715 million, which includes \$128 million in one-time sources that will not continue to be available in future years. Excluding one-time funding sources, the FY 2025 budget would be \$587 million, or approximately 1.3 percent less than the FY 2024 budget. Funding sources are classified into three categories, Federal, Local and State.

	FY 25 Budget	FY 24 Budget	FY25 vs FY 24 Budget	
			\$ Variance	\$ Variance
Section 8/MTW	\$346,498,000	\$315,722,000	\$30,776,000	10%
HOME	\$26,064,000	\$26,542,000	(\$478,000)	(2%)
Housing Innovations Funds	\$8,731,000	\$8,731,000	-	0%
CDBG	\$859,000	\$859,000	-	0%
Other Federal Funds	\$62,066,000	\$82,000	\$61,984,000	75,590%
TOTAL FEDERAL	\$444,218,000	\$351,936,000	\$92,282,000	26%
LOCAL				
SDHC Real Estate	\$49,814,000	\$45,050,000	\$4,764,000	11%
Affordable Housing Fund	\$6,282,000	\$5,816,000	466,000	8%
City General Funds and Other Local Funds	\$49,050,000	\$19,412,000	\$29,638,000	153%
Bond and Other Discretionary Local Funds	\$4,698,000	\$4,135,000	\$563,000	14%
TOTAL LOCAL	\$109,844,000	\$74,413,000	\$35,431,000	48%
TOTAL STATE	\$47,510,000	\$29,500,000	\$18,010,000	61%
TOTAL NEW REVENUE	\$601,572,000	\$455,849,000	\$145,723,000	32%
CONTINGENCY RESERVES*	\$21,055,000	\$15,955,000	\$5,100,000	32%
PROGRAM AND PROPERTY RESERVES	\$92,702,000	\$123,082,000	(\$30,380,000)	(25%)
TOTAL BEGINNING FUND BALANCE	\$113,757,000	\$139,037,000	(\$25,280,000)	(18%)
TOTAL SOURCES OF FUNDS	\$715,329,000	\$594,886,000	\$120,443,000	20%

\* 3.5% Contingency Reserve

NEW FUNDING SOURCES FOR FY25 (EXCLUDING BEGINNING FUND BALANCE. \$ IN MILLIONS.)



BUDGET PROCESS

Governing Body and Strategic Guidance

Established in 1979, SDHC is governed by the San Diego City Council, sitting as the Housing Authority of the City of San Diego (Housing Authority). SDHC President and Chief Executive Officer (CEO) Lisa Jones is the Executive Director of the Housing Authority.

The Housing Authority has final authority over SDHC’s budget and major policy decisions. Housing Authority approval is required for amending the annual budget for amounts over \$500,000. A seven-member SDHC Board of Commissioners (Board) is appointed by the Mayor. The San Diego City Council confirms them.

The SDHC Board reviews proposed changes to housing policy, property acquisitions and other financial commitments. The Board offers policy guidance to SDHC staff through its communications with SDHC’s President and CEO. The Board’s actions are advisory to the Housing Authority.

Budget Guidelines

The Budget is established by determining available funding sources and identifying the current needs and priorities of the City of San Diego and its constituents.

SDHC annually proposes a balanced budget, in which uses (expenditures and ending fund balance) do not exceed the sources of funding available (beginning fund balance and revenues). SDHC also establishes adequate reserve levels to plan for future fluctuations in funding, as well as ensuring that its affordable housing properties meet and exceed the federal standard of quality:

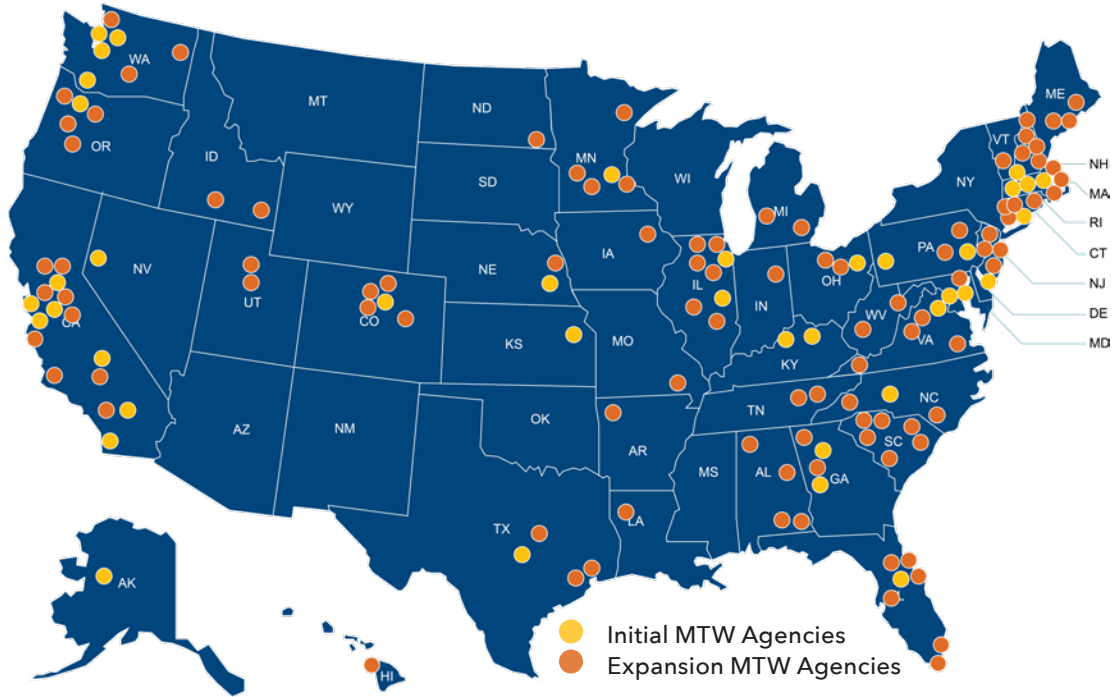
- 3.5 percent of annual revenue for Contingency Reserve
- Property reserve, set according to needs as defined by best practices

Procedures for Amending the Budget

≤ \$250,000	SDHC CEO authorized to amend the annual budget in the amount of \$250,000 or less.
> \$250,000	All budget amendments in excess of \$250,000 must be approved by the SDHC Board.
< \$500,000	The Housing Authority of the City of San Diego (Housing Authority) has delegated authority to the SDHC Board to amend the annual budget for amounts less than \$500,000.
> \$500,000	Budget amendments in excess of \$500,000 must be approved by the Housing Authority.

Budget Timeline

The annual budget is first presented to the SDHC Board of Commissioners as an informational workshop for review and comments in April. SDHC also shares the budget with the City of San Diego Office of the Independent Budget Analyst and Department of Finance for consideration and publishes the proposed budget on SDHC’s website for transparency. SDHC staff then presents the proposed budget to the SDHC Board of Commissioners for action and as an informational report to the City Council’s Budget Review Committee in May. SDHC staff presents the budget to the Housing Authority of the City of San Diego for final action in June.



MOVING TO WORK DESIGNATION

The San Diego Housing Commission’s (SDHC) status as a “Moving to Work” (MTW) public housing agency provides SDHC flexibility to implement a variety of innovative, cost-effective approaches to provide housing assistance in the City of San Diego.

These approaches also achieve the MTW program’s statutory objectives: use federal dollars more efficiently; help residents to become more financially self-reliant; and improve housing choices for families with low income.

The MTW program allows participating public housing authorities to develop local alternatives to many of the rules that typically apply to federal housing voucher and public housing programs and allows flexibility in the use of federal funds.

SDHC is one of 39 original MTW agencies out of approximately 3,200 public housing authorities nationwide. The U.S. Department of Housing and Urban Development (HUD) has announced the addition of 100 MTW agencies.

MTW is important for a variety of SDHC programs in rental assistance, homelessness solutions and affordable housing.



# SDHC DIVISIONS AND DEPARTMENTS

## RENTAL ASSISTANCE DIVISION

**Proposed FY 2025 Budget: \$333 million**

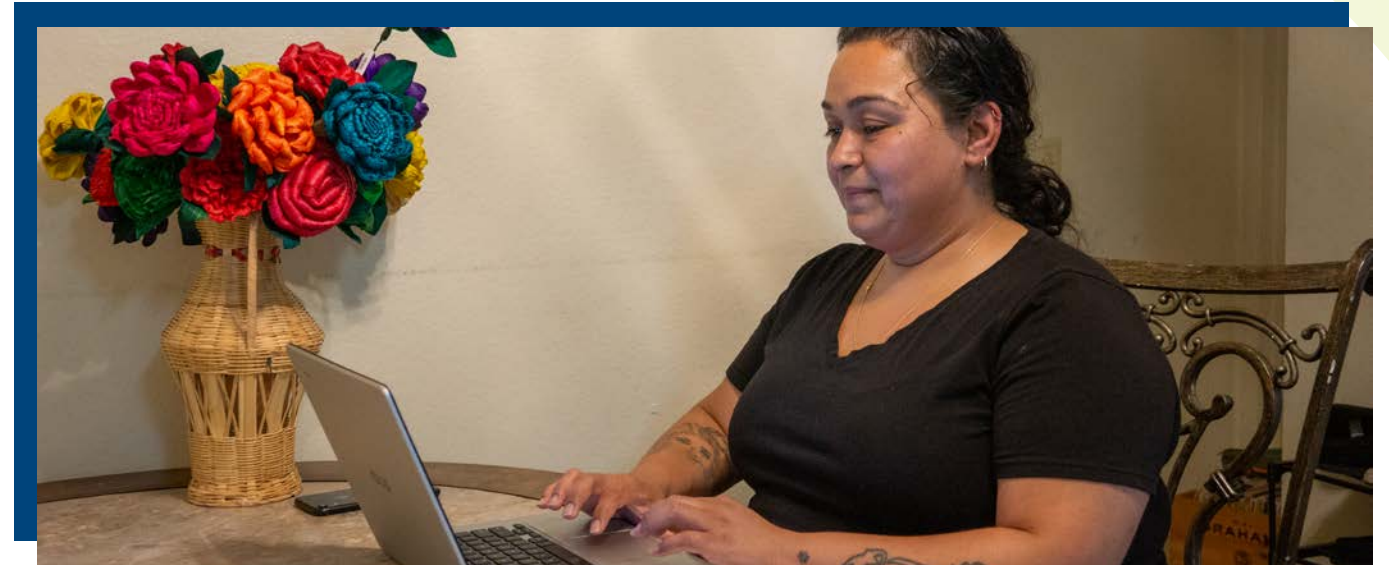
- Dedicate \$312 million to assist more than 17,000 households.
- Lease 431 new project-based housing voucher units for households with low income or experiencing homelessness in FY 2025
- Provide opportunities to help families become more financially self-reliant through the SDHC Achievement Academy, with programs that emphasize career planning, job skills, job placement and personal financial education, such as budgeting.

Federal rental assistance is SDHC's largest program. In a highly competitive rental housing market that is especially challenging for families with low income, SDHC helps thousands of these families pay their rent each year.

As rents have consistently risen in the City of San Diego in recent years, the amount of rental assistance SDHC provides also has increased. In FY 2023, SDHC disbursed \$86 million more in rental assistance than SDHC disbursed in FY 2020. Year-to-date in FY 2024, SDHC's average monthly housing assistance payment is 49 percent higher than the average in FY 2020.

While the U.S. Department of Housing and Urban Development (HUD) has provided additional funding, it has not been enough to keep up with the rising rents in San Diego. Year-to-date in FY 2024, SDHC has expended more for housing assistance payments than SDHC has received from HUD for rental assistance.

Providing opportunities for families to become more financially self-reliant is also an important part of SDHC's rental assistance programs through the Rental Assistance Division. SDHC also provides flexibility for participating families to choose to live in neighborhoods that offer more opportunities for transportation, schools and employment.



## SDHC ACHIEVEMENT ACADEMY

The SDHC Achievement Academy offers a broad range of one-on-one services and workshops for workforce readiness and financial literacy. Programs emphasize career planning, job skills, job placement and personal financial education, such as budgeting and managing credit.

Collaborations with a variety of organizations specializing in their fields enable the SDHC Achievement Academy to provide assistance to participants with different interests, career focuses and skill levels. Programs are offered at no cost to participants.

In response to the COVID-19 pandemic, the SDHC Achievement Academy began offering meetings and workshops by video conference. The change in service delivery made programs more accessible and convenient for many clients, resulting in increased participation in workshops and programmatic events.

SDHC Achievement Academy participants are primarily SDHC Section 8 Housing Choice Voucher participants, public housing residents, and individuals who participate in certain homelessness programs.



# LANDLORD SERVICES UNIT

SDHC’s Landlord Services Unit consists of specialized staff who provide quality customer service to landlords participating in the federal rental assistance program. SDHC’s Mobility Counseling Program also is part of this unit. Mobility Counselors assist with pre- and post-moving counseling, housing search assistance and guidance about neighborhood features for rental assistance households.

SDHC’s Landlord Services Unit holds seminars to provide landlords important information, such as:

- The responsibilities of landlords, tenants and SDHC
- The Leasing Process
- Landlord Partnership Program/Mobility Counseling
- Housing Quality Standards inspections
- The Rent Change Process

SDHC’s Landlord Services Unit also holds Housing Search Workshops for rental assistance households. These workshops include information about: preparing to move, the Maximum Rent Notice form and Rent Affordability Calculator; searching for housing online; submitting a rental application; SDHC’s Choice Communities Initiative; the Mobility Counseling program, including Security Deposit Loan assistance; the Landlord Partnership Program; and general tips about searching for housing.

The Landlord Partnership Program provides incentives and support benefits to attract and retain landlords who rent to families who receive rental assistance from SDHC.

# INSPECTIONS DEPARTMENT

SDHC is required to ensure that all housing units occupied by Section 8 Housing Choice Voucher rental assistance participants meet certain health and safety standards. These “Housing Quality Standards” (HQS) are set by the U.S. Department of Housing & Urban Development (HUD). Before SDHC enters into a contract and issues rental assistance payments, units must pass an HQS inspection.

# COMPLIANCE MONITORING DEPARTMENT

SDHC’s Compliance Monitoring Department verifies that housing units designated as affordable are occupied by qualified tenants with low or moderate income.

This department also tracks tenant and landlord compliance with affordability requirements stemming from the City of San Diego’s Inclusionary Housing law, Density Bonus land-use regulations, state and federal Multifamily Housing Revenue Bond tax credits, and housing built with financial support from SDHC. In addition, the Compliance Monitoring Department administers the tenant relocation requirements that result from condominium conversion projects within the City of San Diego.

SDHC does not monitor compliance of affordable units that do not receive SDHC funding and are not subject to the City program requirements (for example, affordable units for which HUD provides financial assistance directly, without the involvement of SDHC).







## AN EXAMPLE FOR HER CHILDREN

After struggling with credit and living paycheck to paycheck for years, Joanna has taken control of her life with a new, higher-paying career and plans for the future after participating in SDHC Achievement Academy programs.

"More than anything—I didn't realize it at the time 'til like more recently—but it's the example that I'm giving my kids," Joanna said. "And like hearing from them tell me, 'Oh Mom, we're so proud of you. You've come a long way.' That is like the best feeling ever because I was doing it for myself, but I was mostly doing it for my kids."

Joanna lives with her children, ages 19, 17, 15 and 4, at an apartment in San Ysidro. She began receiving Section 8 Housing Choice Voucher rental assistance from SDHC four years ago.

At the voucher orientation she attended, she was intrigued about the opportunities the SDHC Achievement Academy offered to become more financially self-reliant.

"What stood out was that they could help me repair my credit because my credit was not good at all," she said. "And to be honest, I didn't call right away. It took me a few months to say, 'You know what? Like, I'm ready. Enough time has passed. I need to make these changes.'"

An SDHC Workforce Readiness Specialist helped Joanna work on climbing out of default on her past student loans.

Joanna started attending SDHC Achievement Academy workshops and job recruitment events, beginning with Power of One, a yearlong program for single parents of children ages 16 and younger and who receive federal rental assistance. She integrates tips into her daily life from workshops on managing personal finances, building savings, and checking credit reports, among others.

Through the SDHC Achievement Academy, Joanna also obtained a phlebotomy license and a Certified Nursing Assistant certificate. That allowed her to leave a restaurant job for a role at a local hospital, where she nearly doubled her previous salary.

Now, her eldest daughter is pursuing a career in the healthcare field at the same hospital, and her two other teenagers are considering the same.

"My kids see the big difference from a few years ago," she said. "They see like everything I've had to overcome, all the hard work that I've put in working, going to school, still being there for them, like showing up to their games because they're very active with their schools ... I feel it's affected them in a positive way."

With all she's done, her next steps may be her biggest yet. She wants to be a nurse and a first-time homebuyer and already has begun the process of fulfilling those goals in the coming years.





# SDHC DIVISIONS AND DEPARTMENTS

## REAL ESTATE DIVISION

### Proposed FY 2025 Budget: \$188 million

- Award up to \$10 million to developers through a competitive Notice of Funding Availability to create approximately 100 new permanent affordable rental housing units.
- Direct \$87.4 million toward the acquisition and rehabilitation of affordable housing properties through the State of California's Homekey program.
- Continue to own and/or manage 4,326 affordable housing units in the City of San Diego.
- Expend \$10.7 million for required repairs and code compliance for SDHC-owned affordable housing units.
- Dedicate \$4.4 to continue projects to increase density at the Casa Colina property to provide additional affordable housing and to convert unused SDHC office space into a shelter for transition-age youth.
- Award \$1.5 million to San Diego homeowners with low income for the creation of up to six Accessory Dwelling Units.
- No funds are allocated for property acquisition in FY 2025.

The San Diego Housing Commission's (SDHC) Real Estate Division supports the creation and preservation of affordable housing by providing financing to developers, operating affordable rental housing properties that SDHC owns, and administering City of San Diego land use programs, such as inclusionary housing. More than 26,000 affordable rental housing units are in service in the City of San Diego, of which SDHC helped to create or preserve more than 24,000.

SDHC also supports homeownership opportunities for households with low income. SDHC administers first-time homebuyer programs for the City of San Diego, County of San Diego and the cities of Chula Vista, El Cajon and La Mesa.

## MULTIFAMILY HOUSING FINANCE: LOANS AND BONDS

A variety of funding sources is necessary to make each affordable housing development possible. Through a competitive process known as a Notice of Funding Availability (NOFA), SDHC awards funds to support affordable housing developments. SDHC awards the funds as loans that are repaid over time, depending on the cash flow from the property's revenue. SDHC's loans fill the gap that remains after developers secure all other available funding sources. SDHC's approval of loan funds helps developers obtain financing from other funding sources, including local, state and federal agencies.

The funds SDHC awards to developments consist of federal, state and local dollars SDHC administers for the City of San Diego, such as:

- Federal HOME Investment Partnerships Program (HOME) funds that the U.S. Department of Housing and Urban Development (HUD) awards to the City of San Diego; and
- The City of San Diego Affordable Housing Fund, which comprises revenue from Housing Impact Fees charged to commercial developments and Inclusionary Housing Fees charged to residential developments.

In addition, Multifamily Housing Revenue Bonds enable affordable housing developers to obtain below-market financing because interest income from the bonds is exempt from state and federal taxes. These bonds also qualify developments for federal low-income housing tax credits, another essential source of financing for affordable housing developments.

Private sources of funds, such as revenue from the development, are used to repay the bonds, which are sometimes also referred to as private-activity bonds. SDHC, the City of San Diego and the Housing Authority of the City of San Diego (Housing Authority) are not financially liable for Multifamily Housing Revenue Bonds. SDHC authorizes the issuance of tax-exempt bonds, as well as taxable bonds, subject to the approval of the San Diego City Council, serving in its role as the Housing Authority.

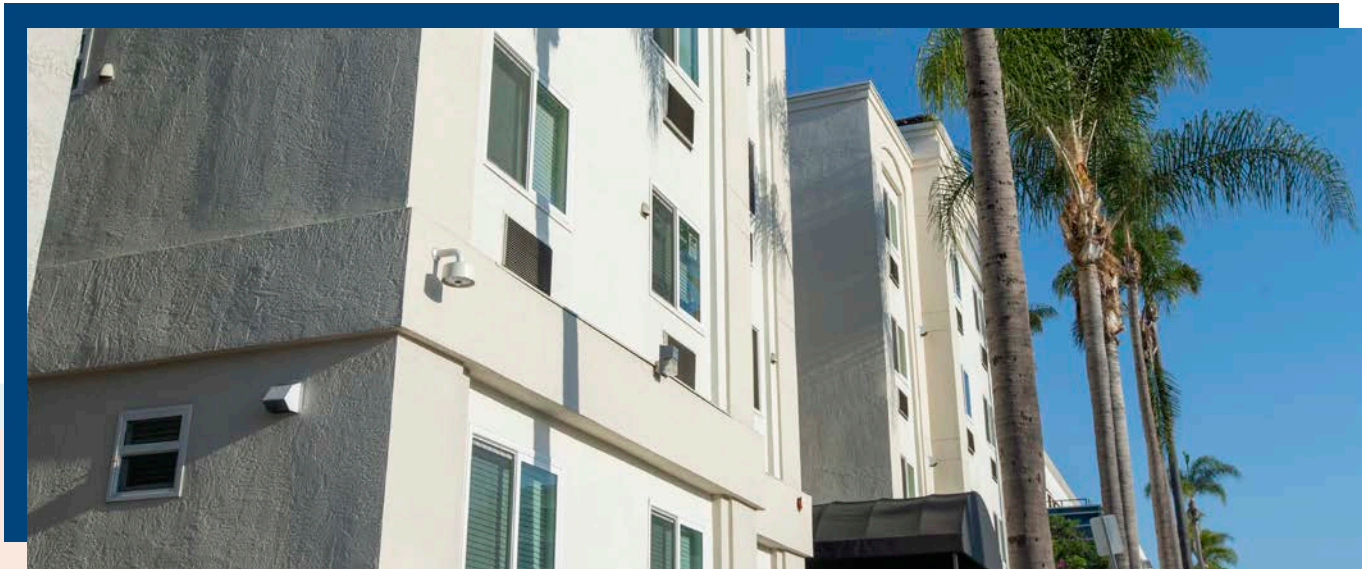
SDHC also collaborates with the California Housing Finance Agency (CalHFA) to recycle previously allocated Multifamily Housing Revenue Bonds. Traditionally, an affordable housing project would pay off the majority of its tax-exempt bonds when the construction phase was completed. At this stage, the bonds are "retired" and no longer available. Bond recycling allows for the re-use of previously allocated bond capacity that is normally lost, and recycles private activity bonds into a new project, without the use of limited low-income housing tax credits. CalHFA has a large capital investment from Apple and is using a portion of it to purchase and reissue recycled bonds.

# ASSET MANAGEMENT/PROPERTY MANAGEMENT

As a property owner, SDHC makes housing available with rents affordable for households with low income throughout the City of San Diego. These properties include single-room occupancy (SRO) units and one-, two-, three-, four- and five-bedroom units.

The real estate portfolio includes properties of varying sizes based on the number of units, ranging from single-family homes to large-scale multifamily housing properties.

SDHC, including its nonprofit affiliate, Housing Development Partners, owns and/or manages more than 4,000 affordable rental housing units in the City of San Diego. SDHC staff manage many of these properties, and SDHC contracts with third-party property management for some properties in its portfolio. In addition, SDHC maintenance technicians perform repairs, as needed, in response to work orders, and SDHC contracts with vendors to provide additional maintenance services, as needed.



## SDHC’S NONPROFIT AFFILIATE: HOUSING DEVELOPMENT PARTNERS

SDHC established its nonprofit affiliate in 1990 and changed its name in 1998 to Housing Development Partners, or HDP. HDP’s five-member Board of Directors consists of SDHC’s President and CEO, two SDHC Commissioners, a member of the Housing Authority of the City of San Diego who is appointed by the City Council President and confirmed by the City Council, and an “at large” member of the community.

HDP’s purposes are to:

- Provide affordable housing for people with low or moderate income, seniors and individuals with disabilities by acquiring or developing publicly funding housing;
- Provide housing-related facilities and services for people with low or moderate income, seniors and individuals with disabilities; and
- Take other actions that may reasonably promote housing for people with low or moderate income, seniors or people with disabilities.

# SINGLE-FAMILY HOUSING FINANCE

## First-Time Homebuyer Programs

SDHC offers deferred-payment loans and homeownership grants to help families with low income buy their first home. Forgivable loans for closing costs also are available for households with income up to 100 percent of San Diego’s Area Median Income. SDHC’s First-Time Homebuyer Program can assist with the purchase of a single-family home, townhome or condominium in the City of San Diego.

This program is funded primarily through federal U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnerships Program grants to the City of San Diego, which SDHC administers. Additional funding sources include State CalHome Program funds and City of San Diego Affordable Housing Funds.

Since 1988, SDHC has helped more than 6,000 families buy a home through the First-Time Homebuyer Program for the City of San Diego and SDHC’s Affordable For-Sale Housing program.

SDHC also administers the first-time homebuyer programs for the County of San Diego and the cities of Chula Vista, El Cajon and La Mesa.

## Affordable For-Sale Housing

The Affordable For-Sale Housing Program makes it possible for low- and moderate-income families to buy a home at a price that is affordable. Private sector developers built these homes. The properties meet the City of San Diego’s affordability requirements and are sold below market value.

There are homes in six developments with long-term affordability requirements that are currently owned by families and individuals. When the current owner sells the property, it must be sold to an eligible buyer as determined/approved by SDHC. An extremely limited number of homes become available for resale each year.

The difference between the market value and the affordable purchase price the buyer pays when an affordable for-sale unit is sold for the first time is captured in a Promissory Note that is payable to SDHC at the end of the affordability period.





## SOMETHING 'TANGIBLE' AND 'REAL' THAT IMPACTS LIVES

After years of struggling to cope with the impacts of the national tragedy that happened blocks away from his home in New York on September 11, 2001, Damien has regained his independence with room to pursue his passions at an affordable apartment in Chollas View, built in collaboration with SDHC.

"If it hadn't been for the hard work and the dedication of the people who are a part of HUD or part of (the) San Diego Housing Commission, CONAM and the City of San Diego, the funds from the state, there would be no way that this could happen," he said. "And so, we just need to keep doing more. We need more. And it's made such a difference for myself and so many other people. It's very real."

As a recent graduate from New York University in 2001, Damien was working at a national news outlet in New York on the morning of the September 11 terrorist attacks on the World Trade Center. He lived about eight blocks from the World Trade Center and recalled being "thrown out of bed" by the sound of American Airlines Flight 11 crashing into the North Tower.

Damien said he worked quickly to leave his apartment, traveling to the subway to reach his newsroom as the crisis unfolded around him.

"I got up to Midtown and looked across all the way down Sixth Avenue, and I could see the towers on fire," he said. "I walked into the newsroom, and that was when I first saw Tower One collapse. So the things I saw that day, which I wouldn't wish upon anyone to see, the sense of anxiety and fear became so strong that you kind of start to do irrational things sometimes."

Four months after the towers fell, Damien resigned from his job and moved back to his native San Diego for another role. He soon found himself unable to work at all, overcome with anxiety, depression, and post-traumatic stress disorder.

With the help of family, he sought and received disability benefits and found an apartment he could afford. Over the years, as rents increased and he remained unable to work, Damien found his budget stretched.

When the opportunity arose to reside at the new development known as The Orchard at Hilltop, Damien applied to be among the first tenants. SDHC awarded a loan and authorized Multifamily Housing Revenue Bonds to support the development of The Orchard at Hilltop and awarded 25 rental housing vouchers to help pay rent for some residents. Affirmed Housing Group developed the property.

Now, Damien has an affordable studio apartment he shares with a dog he adores, and he said his mental health is in a good place. The property brings back fond memories for Damien, as The Orchard at Hilltop was built on a plot of land that at one time included his grandparents' home.

"We lived on this side of the street on a lot that was probably right underneath where we we're sitting," he said from the property's community room. "And I would sit on the porch with (my grandmother), and I would look across the street, and we would talk, you know. I was fairly young. I kept her company. And, so I think that being in this neighborhood kind of brings back memories of spending time with her."

Damien now spends his time with friends and family and attends social services classes and other events offered at the property. He's also studying to become a drone pilot.

Through it all, he's grateful to find peace in a familiar setting, allowing him to chart a new path forward.

"This place helps," he said. "This is something tangible. It's real. It impacts the lives of many people, and its effects are immeasurably far-reaching."



# SDHC DIVISIONS AND DEPARTMENTS

## HOMELESS HOUSING INNOVATIONS DIVISION

### Proposed FY 2025 Budget: \$70 million

- Designate \$52 million in City of San Diego funds and \$22.3 million in additional funds SDHC administers, such as federal Continuum of Care, San Diego Regional Task Force on Homelessness and SDHC funds, to address homelessness in the City of San Diego, including but not limited to:
  - \$43.7 million for shelters and Continuum of Care permanent supportive housing
  - \$9.4 million for homelessness prevention services
  - \$14.4 million for supportive services and rapid rehousing programs

Extensive collaboration and coordination among government agencies, service providers, landlords, developers and community organizations is necessary to address the continuing homelessness crisis in cities across the country and the state, including San Diego.

SDHC is a leading organization in these efforts in the City of San Diego. In collaboration with the City of San Diego, County of San Diego, Regional Task Force on Homelessness and key stakeholders, SDHC continues to implement initiatives in support of its strategic priority, “Advancing Homelessness Solutions – Supporting the City of San Diego Community Action Plan on Homelessness.”

At the time of the production of this report, the City of San Diego has proposed reducing City funding for homelessness shelters and services programs SDHC administers on the City’s behalf from approximately \$48 million in FY 2024 to approximately \$28 million in FY 2025, a 42 percent cut. The proposed City funding is 46 percent less than SDHC had requested for FY 2025 to continue program operations with cost-of-living adjustments for frontline staff as well as higher utility and insurance costs for these programs. If funding is not restored to SDHC’s’ budget for these programs, SDHC will need to reduce or, in some cases, eliminate some vital programs and initiatives.

## COMMUNITY ACTION PLAN ON HOMELESSNESS FOR THE CITY OF SAN DIEGO

The City and SDHC were among the lead agencies in the development of the Community Action Plan on Homelessness for the City of San Diego (Action Plan). The San Diego City Council unanimously accepted the Action Plan on October 14, 2019. Through a contract with SDHC on behalf of the City, the Corporation for Supportive Housing (CSH), a nationally recognized consultant with broad expertise in the area of homelessness, developed this Action Plan. It is a comprehensive, 10-year plan that builds on recent progress, lays out short-term achievable goals and serves as a guide for long-term success in addressing homelessness. In fall 2022, the Action Plan’s Leadership Council requested that an updated analysis of the crisis response and housing needs in the Community Action Plan be conducted. As a result, the Implementation Team worked with CSH to conduct an updated needs analysis. The updates from this analysis were presented to the SDHC Board of Commissioners, the San Diego City Council’s Land Use and Housing Committee and the San Diego City Council in fall 2023.

## HOUSING FIRST – SAN DIEGO

HOUSING FIRST – SAN DIEGO, SDHC’s homelessness action plan, creates permanent housing solutions for individuals and families experiencing homelessness or at risk of homelessness in the City of San Diego. It includes a broad spectrum of initiatives with three major areas of focus:

- **Direct Client Services Programs:** SDHC operates 10 programs that directly assist individuals and families with a wide range of services and financial assistance needs.
- **Development Funds with Housing Vouchers:** SDHC awards development funds combined with federal housing vouchers for the creation, rehabilitation or acquisition of permanent supportive housing for individuals and families with very high service needs and ongoing financial assistance.
- **Special Program Housing Vouchers:** SDHC administers special program housing vouchers and housing assistance programs that provide ongoing rental assistance and wraparound services in collaboration with community nonprofit organizations and agencies for a variety of special populations.

# HOMELESS SHELTERS AND SERVICES PROGRAMS

SDHC has administered the City of San Diego’s homelessness shelters and services programs since 2010 through Memoranda of Understanding with the City. These include:

- **The Coordinated Shelter Intake Program**, which provides a uniform workflow and single point of contact to facilitate access to the City’s portfolio of emergency shelters to identify a bed that best meets the individual’s needs. In the past, clients and outreach staff struggled to identify bed availability as well as to navigate each shelter’s referral processes. Coordinated intakes are facilitated seven days a week by SDHC’s Coordinated Shelter Intake Team in conjunction with City-funded outreach teams, including Bridge Shelter Outreach teams, the San Diego Police Department Neighborhood Policing Division’s Homeless Outreach Team (HOT) and Homelessness Response Center staff. SDHC staff reviews referrals and matches clients with the available and most appropriate shelter intervention.
- **Bridge and Interim Shelter Programs** that address the immediate shelter needs of San Diegans experiencing homelessness. The shelters provide safe, temporary housing with as few barriers to shelter residency as possible, as well as stabilization and supportive services to prepare individuals and families experiencing homelessness for the most appropriate housing solutions.
- **The Inclement Weather Shelter Program** for San Diegans experiencing homelessness is a collaboration among SDHC, the City and shelter providers who make beds available. A determination about the inclement weather shelter beds is made each day from November through April, based on the forecast and in consultation with service providers about their staffing and capacity.
- **Multidisciplinary Outreach**. SDHC contracts with PATH to operate the Multidisciplinary Outreach Program. PATH subcontracts with Father Joe’s Villages for the healthcare component. The program utilizes an integrated multidisciplinary team, including a nurse practitioner, clinical outreach specialists, medical assistant/outreach, peer support, and substance abuse counseling. Father Joe’s Villages also leverages support from several members from its Street Health Team and Village Health Clinic. The City’s proposed FY 2025 budget eliminated City funding for the Multidisciplinary Outreach program. The State had awarded \$750,000 to expand the Multidisciplinary Outreach program, which is incorporated into SDHC’s FY 2025 budget. However, given the proposed reduction in funding from the City, these funds may have to be returned to the State. This is the subject of ongoing conversations at the time of the production of this report.
- **Additional Outreach**. SDHC contracts with the San Diego LGBT Community Center to operate the SafeTAY Network Outreach Program, with a focus on serving youth experiencing unsheltered homelessness. For FY 2025, the City of San Diego has recommended eliminating the Bridge Shelter Outreach Team that Alpha Project operates through a contract with SDHC.
- **Transitional Housing** programs provide service-enhanced temporary housing for up to 24 months along with a variety of supportive services to assist individuals and families in transitioning to permanent housing.

- **The Day Center for Adults Experiencing Homelessness**, operated by Father Joe’s Villages through a contract with SDHC, is a drop-in facility where adults experiencing homelessness or at risk of homelessness may receive a variety of services and resources to meet their basic and longer-term needs, such as:
  - Information and referrals to stabilization services and other community resources and services
  - Showers and bathrooms
  - Food and water
  - Mail services
  - Cell phone charging
  - Laundry services
  - Safe space for temporary respite

The proposed funding reductions in the City’s FY 2025 budget, if adopted, would require significant changes in operations, including reduced number of days open, limiting daily hours of operation and access to showers for unhoused San Diegans.

- **The City’s storage centers**, operated through contracts with SDHC, serve San Diegans experiencing homelessness. They provide a safe place for people to keep their belongings as they attend to personal needs, which may include working on housing options, looking for or going to work, attending classes, meeting with service providers, seeking medical care, or other activities such as accessing cleaning or washing facilities.
- **The City of San Diego’s Homelessness Response Center (HRC)** provides a broad range of services to help individuals and families experiencing homelessness on their path to permanent or other long-term housing. SDHC operates and administers the HRC, in collaboration with the City of San Diego, People Assisting the Homeless (PATH), the RTFH, and homelessness service providers.
- **Rapid Rehousing (RRH)** programs provide up to 24 months of rental assistance and supportive services to households experiencing homelessness. SDHC operates its Moving Home program and administers eight rapid rehousing programs, operated by five providers: The Salvation Army, People Assisting the Homeless (PATH), Home Start, Inc., South Bay Community Services Corporation, and Father Joe’s Villages.
- **Permanent Supportive Housing (PSH)** is long-term rental assistance paired with intensive wraparound supportive services to help maintain housing stability for households that experienced homelessness and have long-term disabilities, extensive service needs, and lengthy or repeated episodes of homelessness. SDHC receives grants from the U.S. Department of Housing and Urban Development (HUD) Continuum of Care (CoC) program to fund PSH. SDHC administers 11 PSH programs with these funds. They provide rental assistance for more than 275 units. These programs are operated by eight homelessness service providers: Father Joe’s Villages, Housing Innovation Partners, Townspeople, Mental Health Systems, Home Start, Inc., South Bay Community Services Corporation, Pathfinders, and The San Diego LGBT Community Center. In addition, SDHC collaborates with developers to provide rental housing vouchers to help pay rent at affordable housing developments for individuals and families who experienced homelessness and receive access to supportive services through their residence. SDHC also works with the U.S. Department of Veterans Affairs to help veterans experiencing homelessness obtain PSH with Veterans Affairs Supportive Housing (VASH) vouchers.



## HOUSING INSTABILITY PREVENTION PROGRAM (HIPP)

HIPP helps pay rent and other housing-related expenses for families in the City of San Diego with low income and unstable housing situations, such as facing eviction for nonpayment of rent. The program can assist approximately 300 households. The program pays \$250, \$500 or \$750 per month, based on the household's circumstances, for 24 months for qualifying households in the City of San Diego and assists with housing-related expenses such as security deposits, past-due rent, utilities, etc., depending on the family's need. Payments are made directly to the approved vendor, such as the landlord or utility company.

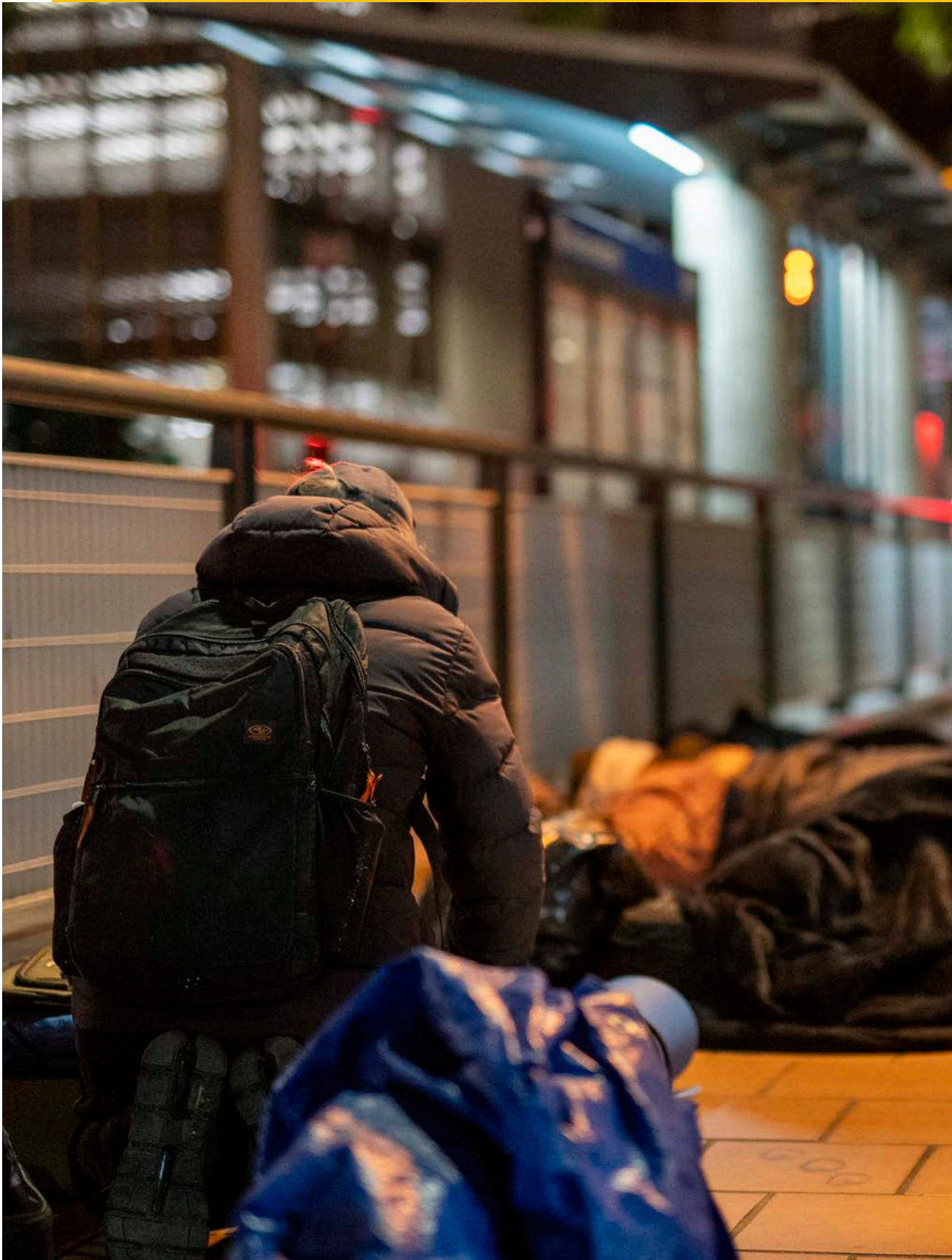
For the FY 2025 proposed budget, SDHC requested \$5,584,346. This amount would allow SDHC to adjust rental tiers to better align with rising rent costs observed over the last year. The current tiers of \$250, \$500 or \$750 per month in assistance would be adjusted upward to \$550, \$800 or \$1,050 per month. The amount SDHC requested for FY 2025 would also maintain existing enrolled households for up to 24 months as the program intended and allow the flexibility to extend financial support beyond 24 months for highly vulnerable households that are on a fixed income (seniors, disabling condition) to ensure enough time to locate a more affordable unit since the option to increase income is highly unlikely for this group. The City's proposed FY 2025 budget of \$2,250,000 does not provide enough funding to cover households currently enrolled in the program.

## HOUSING VOUCHERS FOR PEOPLE EXPERIENCING HOMELESSNESS

Federal rental housing vouchers are among the resources SDHC administers and awards to create permanent housing solutions for people experiencing homelessness in the City of San Diego. Approximately 30 percent of SDHC's rental housing vouchers are committed to addressing homelessness. However, the federal funding for the rental housing voucher program is limited. The same funding applies to vouchers for permanent supportive housing and rental assistance for families with low income in the City of San Diego. Without additional voucher funding being made available by the federal government through its annual budgeting process, SDHC will not be able to continue to commit rental housing vouchers to permanent supportive housing units in the future at anywhere near the same level that SDHC has in the past.

## HOMELESSNESS PROGRAM FOR ENGAGED EDUCATIONAL RESOURCES (PEER)

A first-of-its kind collaboration between SDHC and San Diego City College, the Homelessness PEER course provides specialized education, training and job placement assistance to develop the workforce needed for programs and services that help San Diegans experiencing homelessness. As a leader in collaborative efforts to address homelessness in the City of San Diego, SDHC identified the need for additional qualified applicants for positions in the area of homelessness programs and services. This course builds upon established San Diego City College certificate programs in mental health work, alcohol and other drug studies, gerontology, and the Associate of Arts Degree in Behavioral Health: Social Work. Students in these programs are the focus of City College outreach efforts to identify students for the new course. SDHC and the City of San Diego fund the PEER program, while San Diego City College leverages existing San Diego Community College District resources. The City's proposed FY 2025 budget eliminated City funding for PEER.







## A SOURCE OF OPTIMISM AFTER STRUGGLE

The dark cloud that hung over Teri when she worried about paying rent each month is gone, lifted with the help she receives from the Housing Instability Prevention Program (HIPP), which SDHC administers.

"If not for this program, I would be struggling," she said.

HIPP helps pay rent and other housing-related expenses for families in the City of San Diego with low income and unstable housing situations, such as facing eviction for nonpayment of rent.

Enrolled participants may receive assistance for up to 24 months. HIPP provides \$250, \$500 or \$750 per month, based on the household's circumstances.

Teri learned about HIPP from the property manager at the affordable rental housing for seniors where Teri lives in the Gaslamp Quarter.

At the time, she was struggling to stay on top of her monthly rent payment. Having experienced homelessness before, she tried to prioritize paying for housing, but she still struggled to pay rent on her fixed income from Social Security Disability Insurance.

Sometimes she chose to delay paying rent so she could buy food. She would then borrow money from someone to cover her rent. She still remembers how surprised and grateful she was when she

learned she was accepted to participate in HIPP.

"I sat down in the hallway of the physical therapy place and just cried," she said.

No longer having to choose between paying rent and eating healthy food, she said she is making strides in her health and overall well-being. She is determined to complete a marathon, and the former model also recently posed for a photoshoot.

"I have a little sign that says, 'Create the life you want.' And I feel like that is what the program is doing. It's helping me to create the life that I want—physically, mentally and emotionally," she said.

Knowing that she'll be receiving assistance through HIPP has given Teri some breathing room to determine how to achieve long-term stability, whether it means finding a way to increase her income or relocating to a more affordable place.

In the meantime, the recently renovated apartment that Teri has called home for three years brims with colorful art—much made by Teri's own hand—photos of her relatives back East, personal mementos and memorabilia that speak to an artistic life.

When asked how her life has improved with HIPP, Teri said: "What's the next chapter of your life, Teri? I don't know, but it feels hopeful. Feels positive. Doesn't feel like the cloud is still there. There's no doom and gloom in my head. No, there's just optimism."



# SDHC DIVISIONS AND DEPARTMENTS

## OPERATIONS AND SUPPORT DIVISIONS AND DEPARTMENTS

**Proposed FY 2025 Budget: \$31 million**

- Operations Support provides support services to carry out SDHC’s mission. These include:
  - Board & Executive Functions, which provides strategic planning, leadership and management to implement housing programs.
  - Communications & Government Relations, which fosters transparency through government relations activities, responds to public records requests, and ensures consistency and accuracy in SDHC communications.
  - Equity Assurance, which ensures high-quality and equitable development and processing of all SDHC programs, policies and initiatives.
  - Human Resources
  - Financial Services
  - Information Technology
  - Procurement
  - Section 3 & Labor Compliance
  - Compliance and Special Programs
  - Agency Policy
  - City-County Reinvestment Task Force

## BOARD & EXECUTIVE FUNCTIONS

SDHC is governed by the Housing Authority of the City of San Diego (Housing Authority), which consists of the members of the San Diego City Council. The Housing Authority has final authority over SDHC’s budget and major policy changes. The actions of the seven-member SDHC Board of Commissioners (Board) are advisory to the Housing Authority. The SDHC Board’s members are appointed by the Mayor of San Diego and confirmed by the City Council. Two of the SDHC Board’s seats are reserved for residents of agency-owned housing units or recipients of federal Section 8 Housing Choice Voucher rental assistance. One of these Board members must be 62 years of age or older. SDHC is managed by a President and Chief Executive Officer, who also serves as the Executive Director of the Housing Authority. “Board & Executive Functions” provides strategic planning, leadership and management to implement housing assistance programs.

## COMMUNICATIONS AND GOVERNMENT RELATIONS

The Communications and Government Relations Division is responsible for SDHC’s internal and external communications activities. This division identifies strategies to communicate with and to educate stakeholders, customers, lawmakers and the general public about SDHC and its initiatives to provide rental assistance, address homelessness, and create and preserve affordable housing in the City of San Diego. SDHC’s intent is to expand public awareness of SDHC and its programs by sharing SDHC’s message in a compelling manner with accuracy, creativity and transparency. Communications activities include, but are not limited to, media relations, news releases, website content, social media, video production, SDHC presentations, flyers, fact sheets, internal employee communications messages, and special reports, such as SDHC’s multimedia annual report.

In addition, this division performs government relations activities that include, but are not limited to, preparing, posting and distributing agendas, staff reports and presentations for meetings of the SDHC Board of Commissioners and the Housing Authority of the City of San Diego, in accordance with the Brown Act. The Communications and Government Relations Division also responds to requests submitted to SDHC pursuant to the California Public Records Act.

## EQUITY ASSURANCE

SDHC created its Equity Assurance Department to strengthen the agency’s diversity, equity and inclusion (DEI) efforts, including ensuring high-quality and equitable development and processing of all SDHC programs, policies and initiatives. These include SDHC’s annual budget. The Equity Assurance Department supports integrating diversity, equity and inclusion into decision making, planning and implementation throughout all services, policies, practices and procedures at SDHC. Additionally, the Equity Assurance Department manages agencywide grant activities.



# HUMAN RESOURCES

The Human Resources (HR) Department provides overall policy direction on human resource management issues and administrative support functions related to the management of employees for all SDHC departments. The mission of the department is to be a strategic partner by providing HR programs that attract, develop, retain and engage a skilled and diverse workforce.

# FINANCIAL SERVICES

The Financial Services Department plans, organizes, leads and monitors SDHC’s financial activities, including Accounting Services such as Accounts Payable, Accounts Receivable, Financial Reporting, Internal Controls and Audits, and Financial Services such as Cash Management, Financial Analysis and Projections, Investments and Budget Development. The department also provides pre-award grant review and post-award grant setup, establishes grant administration guidelines, and monitors grant compliance. For the past 15 consecutive years, the Financial Services Department has achieved the highest level of recognition from the Government Finance Officers Association of the United States and Canada (GFOA)—a Certificate of Achievement for Excellence in Financial Reporting for SDHC’s Annual Comprehensive Financial Report.

# INFORMATION TECHNOLOGY

The Information Technology (IT) Department delivers core infrastructure services, security, development and cloud applications while supporting business innovation, technical efficiency and data-driven projects. IT duties include the implementation a two-year pilot program, effective November 1, 2022, to allow some staff to work remotely while continuing to provide quality service to SDHC’s customers by phone, email, mail, virtually and with in-person appointments, as needed.

# PROCUREMENT

The Procurement Department’s mission is to provide SDHC with strategic guidance in the acquisition of goods and services while ensuring superior service for both internal and external customers. The Procurement Department is committed to fair and open procurement procedures consistent with applicable laws and regulations while adhering to SDHC’s core values and delivering efficient, cost-effective and ethical business practices. SDHC’s Procurement Department has received an Achievement of Excellence in Procurement Award for the past seven consecutive years from the National Procurement Institute, Inc.

# SECTION 3 & LABOR COMPLIANCE

SDHC’s Section 3 Unit leads the agencywide implementation and compliance with Section 3, a federally mandated program of the U.S. Department of Housing and Urban Development (HUD). Under Section 3 of the HUD Act of 1968, federal funds invested in housing and community development shall provide contracts, employment, training, and other economic opportunities to low- and very low-income persons in the local jurisdiction, referred to as “Section 3 Workers;” and to businesses that employ such persons, referred to as “Section 3 Business Concerns.” Section 3 requires that “to the greatest extent feasible,” businesses working on projects that receive certain financial assistance from HUD must make a good faith effort to train and hire Section 3 Workers, and contract with Section 3 Business Concerns. SDHC’s Section 3 Unit’s roles include: administering the program; monitoring compliance; certifying Section 3 Workers and Section 3 Business Concerns; providing technical and outreach assistance; and notifying Section 3 Workers and Section 3 Business Concerns of economic opportunities. In addition, Section 3 & Labor Compliance administers and monitors prevailing wage and apprentice utilization requirements.

# AGENCY POLICY AND LAND USE

SDHC’s Policy Department monitors legislative and regulatory activities closely to identify issues and legislation that could affect the individuals and families SDHC’s programs serve. In addition, SDHC provides policy recommendations to address a variety of issues. SDHC works to advance policies consistent with SDHC’s vision, mission, purpose, core values and strategic priorities, as defined in SDHC’s Strategic Plan for Fiscal Year 2022-2024. SDHC engages with elected leaders and officials at local, state and federal levels of government, as well as stakeholders, on policy initiatives. In addition, SDHC administers City of San Diego land use programs, such as Inclusionary Housing and Density Bonus, which support the creation of affordable housing in the City of San Diego. City laws set requirements for developers to set aside units as affordable for households with low income through these programs.

SDHC executes documents recorded on the deeds of developed properties that require rents on specified units to remain affordable. SDHC’s Compliance Monitoring Department, which is part of the Rental Assistance Division, then reviews documentation annually to make sure that the units are occupied by households with income at or below the required income level and that the rent charged for the affordable unit is at or below the amount allowed for a household of that income.

# CITY-COUNTY REINVESTMENT TASK FORCE

SDHC, the County of San Diego and corporate bank grants fund the City-County Reinvestment Task Force (RTF). The RTF is a public-private body that was created by the City and the County of San Diego to evaluate local bank lending practices and develop strategies for reinvestment in low- and moderate-income communities. It is co-chaired by a member of the San Diego City Council and the San Diego County Board of Supervisors, who jointly appoint 13 members, representing local governments, banks and community development nonprofits.



SAN DIEGO  

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HOUSING  

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COMMISSION

*We're About People*

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**[www.sdhc.org](http://www.sdhc.org)**