SAN DIEGO HOUSING COMMISSION

INFORMATIONAL REPORT

DATE ISSUED: October 30, 2026 **REPORT NO**: HCR26-059

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners For the Agenda of November 5, 2026

SUBJECT: Agency Financial Statements – Third Quarter Fiscal Year 2026 (Unaudited)

NO ACTION IS REQUIRED ON THE PART OF THE SDHC BOARD OF COMMISSIONERS

SUMMARY

The San Diego Housing Commission's (SDHC) Agency Financial Statements report (Attachment 1) shows year-to-date variances between actual sources and uses of funds when compared to the budgeted amounts approved by the SDHC Board of Commissioners (Board) for the fiscal year. The SDHC Agency Financial Statements report is submitted to the SDHC Board quarterly throughout the fiscal year.

The annual budget is developed and approved as a planning document based on financial information available at the time and projects what is anticipated to occur throughout the fiscal year. The budget generally divides anticipated revenue and expenditures equally across 12 months of the fiscal year; however, actual receipt of revenue and payment of expenditures occur in different amounts from month to month. As actual circumstances occur during a fiscal year, the timing of expenditures and the availability of funding sources are affected, resulting in variances from what had been forecast in the budget. Variances are generally expected to decline and resolve by the end of the fiscal year.

The report includes a "fund balance" at the beginning and end of the year to date. The fund balance consists of funds committed to specific programs that have not yet been expended, such as loans awarded to affordable housing developments that have not completed financing/construction. Those funds are committed and not available for other uses.

Year-to-Date through Third Quarter of Fiscal Year 2026 (July 1, 2025 – March 31, 2026)

A variety of factors affect the sources and uses of funds throughout the year when compared to the approved budget.

Funding Sources

The total funding sources (beginning fund balance plus new funds) available through the third quarter were $579.7 million, or 3 percent ($14.9 million) higher than the $564.8 million budgeted. New sources of funds through the third quarter were $20.8 million less than what had been budgeted. The specific differences that make up this $20.8 million are detailed in the "Over/(Under) Budget" column in the "Sources of Funds" section of Attachment 1. Key variances are discussed in more detail below:

- The U.S. Department of Housing and Urban Development (HUD) performs a calculation involving SDHC's recent rental assistance program expenditures reported in the Voucher Management System (VMS) to determine the amount HUD will allocate to SDHC for a given month. The amount allocated to SDHC reflects past activity instead of current or future expenditures. Through the third quarter of Fiscal Year 2026, this contributed to a Section 8/Moving to Work funding variance of $1.3 million higher than budgeted. This variance is also impacted by the timing of HUD-Held funding draws, which cover the shortfall between funding

allocated and actual expenditures. Revenue from the federal HOME Investment Partnerships Program (HOME) includes repayments of previously disbursed loans and draws of new HOME funds awarded to the City of San Diego, which SDHC administers. Income from repayments from a specific fiscal year must be expended before new HOME funds. This may also result in a difference in when new HOME funds are recognized as funding sources, producing a variance from the budgeted amount. Therefore, the budget variance in HOME funds through the third quarter of Fiscal Year 2026 was $11.5 million less than budgeted.

- "Housing Innovation Funds," "Other Local Funds," and "State" were also less than budgeted by $2.1 million, $7.5 million, and $17.5 million, respectively. The key components of these variances were:
    - The timing of capital expenditures relating to the rehabilitation of Starling Place, acquired during the quarter with Homekey+ funds, as well as ongoing rehabilitation following the acquisitions of Pacific Village and Presidio Palms in FY 2024 and FY 2025.
    - The timing of reimbursement requests for City of San Diego homelessness programs that SDHC administers. The City of San Diego reimburses SDHC for expenditures for homelessness programs and services that SDHC administers, once SDHC receives the expense reimbursement request from the provider. As a result, the timing of reimbursement requests for homelessness programs will affect when funding appears as sources of funds for those programs.
    - The timing of loans to be funded with California's Infill Infrastructure Grant Catalytic Program funds.
- Community Development Block Grant (CDBG) & Other Federal Funds were higher than budget by $11.2 million, primarily due to the timing of rehabilitation expenditures relating to a new property acquisition. The variance is also affected by the receipt of higher than anticipated CDBG funds awarded to SDHC for a Notice of Funding Availability.
- SDHC Real Estate revenues were higher than budget by $2.2 million, primarily due to lower-than-anticipated vacancies as well as higher-than-expected insurance proceeds.
- Revenues from Unrestricted Funds were higher than budget by $1.6 million, primarily due to the award of local grants through SDHC's nonprofit affiliate, SDHC Building Opportunities Inc. The variance was also impacted by higher-than-anticipated Land Use fees.

While new sources of funds were $20.8 million less than budgeted through the third quarter, this was offset by a beginning fund balance that was $35.7 million higher than budgeted. As mentioned previously, the beginning fund balance includes funds committed for specific uses, such as the development of future affordable housing units previously competitively awarded through the Notice of Funding Availability (NOFA) process. The higher-than-budgeted beginning fund balance was primarily attributed to the timing of the utilization of funds drawn to cover the increasing cost of housing assistance payments, additional program income for the City of San Diego Affordable Housing Fund, as well as lower-than-anticipated expenditures for both the City of San Diego Affordable Housing Fund and federal HUD HOME program funds due to the timing of disbursements of funds, such as loans for affordable housing developments based on when they achieve development milestones, as described below under "Uses of Funds."

Uses of Funds

SDHC's corresponding uses of funds through March 31, 2026, also totaled $579.7 million, or 3 percent ($14.9 million) higher than the $564.8 million budgeted. "Personnel" expenditures were $4.2 million less than budgeted, and "Non-Personnel" expenditures were $29.4 million less than budgeted. The specific amounts that make up the variances in "Personnel" and "Non-Personnel" uses of funds are detailed in the "Over/(Under) Budget" column in the "Uses of Funds" section of Attachment 1. Key variances, such

as those relating to Capital Expenditures, Grant Expense and Housing Assistance Payments, are discussed in more detail below:

- The timing of construction on the rehabilitation of affordable housing resulted in variances in the line item for Capital Expenditures, which shows a variance of $11.1 million lower than budgeted through the third quarter of Fiscal Year 2026. A large portion of this variance is expected to remain unspent through the end of the fiscal year as rehabilitation work continues; $8 million has been included in the budget for Fiscal Year 2027.
- The timing of the receipt of Requests for Reimbursement played a major part in the $11.2 million lower-than-budget variance relating to Grant Expense.
- Expenditures on housing assistance payments are influenced by the lease-up rate of the vouchers as well as the average cost applied to each of the vouchers. In addition, enrollment in federally funded Continuum of Care programs has been paused for several months due to funding uncertainty. These factors have contributed to expenditures being $5.1 million below budget through the third quarter.

Additionally, “Personnel,” “Services, Supplies & Other,” and “Professional Services” are $4.2 million, $2.5 million, and $1.3 million respectively, less than budgeted.

- Personnel costs were affected by employment vacancies across the organization.
- Services, Supplies & Other were impacted by the timing of software and related Information Technology projects.
- Professional Services savings can be attributed to lower-than-anticipated Professional Consultants as a result of a concerted cost-containment effort.

In contrast, Property expenses are $1.3 million higher than budget primarily due to an increase in extraordinary maintenance costs, such as relocation, flood remediation and partial rebuilding of units. The variances in the majority of these areas, as well as other categories, are expected to decrease and more closely align with the budgeted amounts by the end of the fiscal year.

While the uses of funds were $4.2 million less than budgeted in “Personnel” and $29.4 million less than budgeted for “non-personnel” expenses, these were offset by a fund balance at the end of the third quarter that was $48.5 million higher than budgeted. As noted in the discussion of “Funding Sources” above, the fund balance includes funds committed for specific uses, such as the development of SDHC-awarded future affordable housing units. The variance in the ending fund balance is expected to decrease during the remainder of the fiscal year and more closely align with the budget.

SDHC STRATEGIC PLAN

This item relates to the Core Value “Commit to transparency and being strong financial stewards” in SDHC’s Fiscal Year 2026-2030 Strategic Plan.

NONDISCRIMINATION ASSURANCE

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

Respectfully submitted,

Christelle Van Der Windt

Christelle Van Der Windt
Vice President of Financial Services
San Diego Housing Commission

Approved by,

Azucena Valladolid

Azucena Valladolid
Chief Operating Officer
San Diego Housing Commission

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

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

SAN DIEGO HOUSING COMMISSION
STATEMENT OF SOURCES AND USES
FISCAL YEAR-TO-DATE AS OF March 31, 2026

	YTD Actual	YTD Budget	Over/(Under) Budget	% Variance
SOURCES OF FUNDS				
NEW SOURCES				
FEDERAL				
Section 8/MTW	279,984,000	278,667,000	1,317,000	0%
HOME	9,357,000	20,815,000	(11,458,000)	-55%
Housing Innovation Funds	6,933,000	9,062,000	(2,129,000)	-23%
CDBG & Other Federal Funds	27,078,000	15,908,000	11,170,000	70%
TOTAL FEDERAL	323,352,000	324,452,000	(1,100,000)	0%
LOCAL				
SDHC Real Estate	44,848,000	41,692,000	3,156,000	8%
Unrestricted Funds	5,467,000	3,861,000	1,606,000	42%
Affordable Housing Fund	4,425,000	3,864,000	561,000	15%
Other Local Funds	23,463,000	30,967,000	(7,504,000)	-24%
TOTAL LOCAL	78,203,000	80,384,000	(2,181,000)	-3%
STATE	30,397,000	47,909,000	(17,512,000)	-37%
TOTAL NEW SOURCES	431,952,000	452,745,000	(20,793,000)	-5%
BEGINNING FUND BALANCE	147,766,000	112,020,000	35,746,000	32%
TOTAL SOURCES OF FUNDS	579,718,000	564,765,000	14,953,000	3%
USES OF FUNDS				
PERSONNEL				
Salaries and Wages	30,380,000	33,101,000	(2,721,000)	-8%
Fringe Benefits	10,613,000	12,094,000	(1,481,000)	-12%
SUBTOTAL PERSONNEL	40,993,000	45,195,000	(4,202,000)	-9%
NON-PERSONNEL				
Housing Assistance Payments	263,998,000	269,131,000	(5,133,000)	-2%
Grant Expense	28,648,000	39,884,000	(11,236,000)	-28%
Property Expenses	16,918,000	15,628,000	1,290,000	8%
Professional Services	3,418,000	4,690,000	(1,272,000)	-27%
Services, Supplies & Other	8,320,000	10,801,000	(2,481,000)	-23%
Loans Made	25,812,000	25,387,000	425,000	2%
Debt Principal Payments	5,670,000	5,573,000	97,000	2%
Capital Expenditures	39,774,000	50,841,000	(11,067,000)	-22%
SUBTOTAL NON-PERSONNEL	392,558,000	421,935,000	(29,377,000)	-7%
TOTAL FUNDS EXPENDED	433,551,000	467,130,000	(33,579,000)	-7%
ENDING FUND BALANCE	146,167,000	97,635,000	48,532,000	50%
TOTAL USES OF FUNDS	579,718,000	564,765,000	14,953,000	3%