



INFORMATIONAL REPORT

DATE ISSUED: April 9, 2026

REPORT NO: HCR26-024

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of April 16, 2026

SUBJECT: Agency Financial Statements – Second 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 Second Quarter of Fiscal Year 2026 (July 1, 2025 – December 31, 2025)

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 second quarter were \$404.1 million, or 2 percent (\$9.3 million) lower than the \$413.4 million budgeted. New sources of funds through the second quarter were \$45.1 million less than what had been budgeted. The specific differences that make up this \$45.1 million are detailed in the "Over/(Under) Budget" column in the "Sources of Funds" section of Attachment 1.

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 second quarter of Fiscal Year 2026, this contributed to a Section 8/Moving to Work funding variance of \$1.4 million lower than budgeted. This variance is also affected by the timing of HUD-held funding draws, which cover the shortfall between funding allocated and actual expenditures.

Variances shown on Attachment 1 include “HOME Investment Partnerships Program funds” and “Community Development Block Grant (CDBG) & Other Federal Funds.”

- 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 second quarter of Fiscal Year 2026 was \$8.1 million lower than budgeted.
- CDBG & Other Federal Funds, Housing Innovation Funds, Other Local Funds, and State were also less than budgeted by \$6.3 million, \$1.7 million, \$6.3 million, and \$25.3 million, respectively. The key components of these variances were:
 - The timing of capital expenditures related to new property acquisitions as well as the rehabilitation of the properties SDHC acquired in calendar year 2024 with state Homekey funds.
 - 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 these homelessness programs and services once SDHC receives the expense reimbursement request from the provider. As a result, the timing of reimbursement requests for homelessness programs and services 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.
- SDHC Real Estate revenues were higher than budget by \$2.2 million due to lower-than-anticipated vacancies as well as higher-than-expected insurance proceeds.

While new sources of funds were \$45.1 million less than budgeted through the second 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 December 31, 2025, also totaled \$404.1 million, or 2 percent (\$9.3 million) lower than the \$413.4 million budgeted. “Personnel” expenditures were \$4.0 million less than budgeted, and “Non-Personnel” expenditures were \$49.9 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.

Variances shown on Attachment 1 include “Capital Expenditures,” “Grant Expense” and “Housing Assistance Payments.” For example, the timing of construction on the rehabilitation of affordable housing may result in variances in the line item for Capital Expenditures, which shows a variance of

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\$32.5 million lower than budgeted through the second quarter of Fiscal Year 2026. The timing of the receipt of Requests for Reimbursement also played a major part in the variance \$9.4 million 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. These factors have contributed to expenditures being \$5.3 million below budget through the second quarter. The variances in each of these areas, as well as other categories, are expected to decrease and more closely align with the budgeted amounts as the Fiscal Year continues.

Additionally, “Personnel” and “Services, Supplies & Other” are \$4.0 million and \$1.7 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.

While the uses of funds were \$4.0 million less than budgeted in “Personnel” and \$49.9 million less than budgeted for “non-personnel” expenses, these were offset by a fund balance at the end of the second quarter that was \$44.6 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 future affordable housing units for which SDHC has awarded funding. 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 Strategic Plan for Fiscal Year 2026-2030.

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 December 31, 2025

	<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	184,419,000	185,778,000	(1,359,000)	-1%
HOME	5,811,000	13,876,000	(8,065,000)	-58%
Housing Innovation Funds	4,327,000	6,041,000	(1,714,000)	-28%
CDBG & Other Federal Funds	4,297,000	10,606,000	(6,309,000)	-59%
TOTAL FEDERAL	198,854,000	216,301,000	(17,447,000)	-8%
LOCAL				
SDHC Real Estate	29,582,000	27,361,000	2,221,000	8%
Unrestricted Funds	3,506,000	2,574,000	932,000	36%
Affordable Housing Fund	3,364,000	2,576,000	788,000	31%
Other Local Funds	14,325,000	20,633,000	(6,308,000)	-31%
TOTAL LOCAL	50,777,000	53,144,000	(2,367,000)	-4%
STATE	6,661,000	31,939,000	(25,278,000)	-79%
TOTAL NEW SOURCES	256,292,000	301,384,000	(45,092,000)	-15%
BEGINNING FUND BALANCE	147,766,000	112,020,000	35,746,000	32%
TOTAL SOURCES OF FUNDS	404,058,000	413,404,000	(9,346,000)	-2%
USES OF FUNDS				
PERSONNEL				
Salaries and Wages	19,160,000	22,067,000	(2,907,000)	-13%
Fringe Benefits	6,807,000	7,949,000	(1,142,000)	-14%
SUBTOTAL PERSONNEL	25,967,000	30,016,000	(4,049,000)	-13%
NON-PERSONNEL				
Housing Assistance Payments	174,118,000	179,421,000	(5,303,000)	-3%
Grant Expense	17,143,000	26,589,000	(9,446,000)	-36%
Property Expenses	10,989,000	10,417,000	572,000	5%
Professional Services	2,261,000	3,122,000	(861,000)	-28%
Services, Supplies & Other	5,435,000	7,182,000	(1,747,000)	-24%
Loans Made	16,296,000	16,927,000	(631,000)	-4%
Debt Principal Payments	3,733,000	3,733,000	-	0%
Capital Expenditures	1,398,000	33,894,000	(32,496,000)	-96%
SUBTOTAL NON-PERSONNEL	231,373,000	281,285,000	(49,912,000)	-18%
TOTAL FUNDS EXPENDED	257,340,000	311,301,000	(53,961,000)	-17%
ENDING FUND BALANCE	146,718,000	102,103,000	44,615,000	44%
TOTAL USES OF FUNDS	404,058,000	413,404,000	(9,346,000)	-2%