



SAN DIEGO
HOUSING
COMMISSION

San Diego Housing Commission (SDHC)
Fiscal Year (FY) 2018 Proposed Budget
(July 1, 2017 - June 30, 2018)
Housing Authority Agenda Item #2
June 6, 2017

Jeff Davis
Executive Vice President and Chief of Staff

Tracey McDermott
Vice President and Chief Financial Officer





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SDHC FY 2018 Proposed Budget Presentation

Section 1 – Overview

SDHC FY 2018 Proposed Budget Overview

\$433 Million in Total Funding Sources



SDHC Headquarters
1122 Broadway
Downtown San Diego



SDHC FY 2018 Proposed Budget

Significant Factors Impacting Budget Development

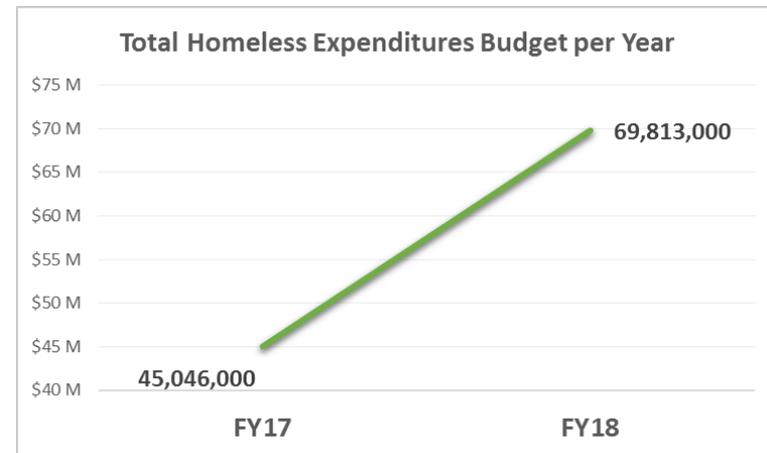
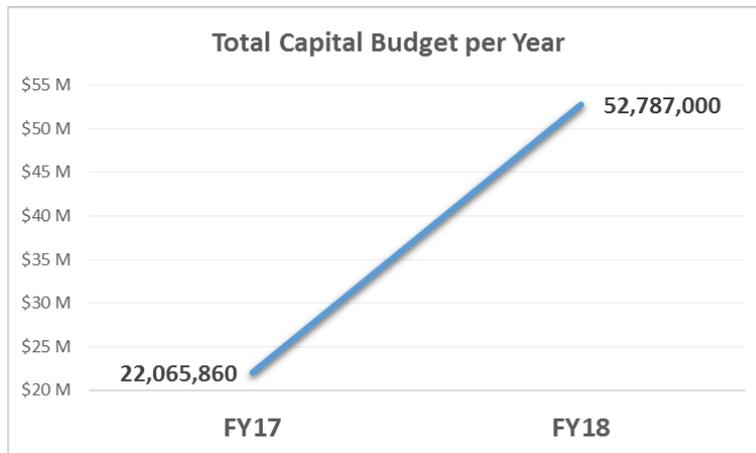
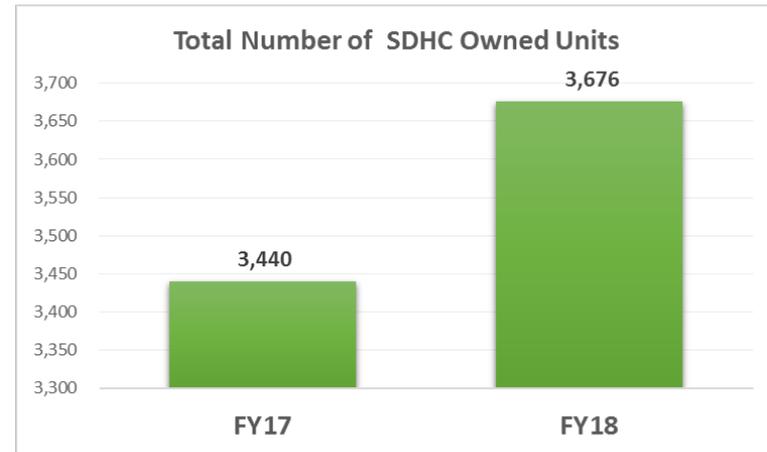
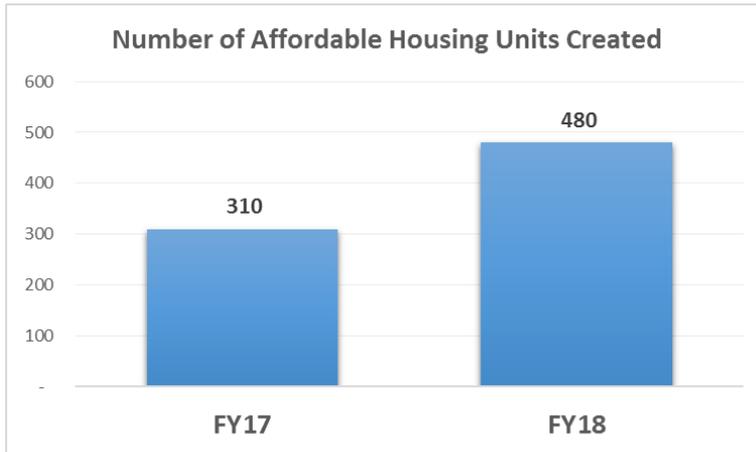
Federal Funding:

- The U.S. Department of Housing and Urban Development (HUD) has indicated potential for 2.5% to 6% cut in funding levels for future Housing Assistance funding.
- SDHC is currently receiving 5% reductions in actual disbursements from HUD for Housing Assistance Programs and has consequently included the cut in the proposed budget.
- HUD held reserves and unspent allocations from prior years will be utilized to increase the number of housing opportunities that serve low-income and homeless individuals and families.



SDHC FY 2018 Proposed Budget

Where we've been and where we're going in 2018





SDHC FY 2018 Proposed Budget Executive Summary

\$433 million balanced budget with 330 full-time equivalents to:

- Provide Rental Assistance to Low-Income Households
- Create and Preserve Affordable Housing
- Address Homelessness
- Maximize Resources
- Advocate and Collaborate





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SDHC FY 2018 Proposed Budget Presentation

Section 2 – Objectives and Deliverables



SDHC FY 2018 Proposed Budget Objectives and Deliverables

We're About People

Mission

Provide affordable, safe and quality homes for low- and moderate-income families and individuals in the City of San Diego and provide opportunities to improve the quality of life for the families that SDHC serves



SDHC FY 2018 Proposed Budget Objectives and Deliverables (Cont.)

Continuation of the SDHC Strategic Plan – 2016-2020

1. Maximize resources through operational efficiencies and technological innovations
2. Increase the number of housing opportunities that serve low-income and homeless individuals and families in the city of San Diego
3. Advocate for more effective affordable housing policies and resources



SDHC FY 2018 Proposed Budget Objectives and Deliverables (Cont.)

- **Provide Rental Assistance to Low-Income Households:**
 - Assist more than 15,400 households.
 - Continue specialized programs: Assist populations, such as transitional age youth, homeless individuals, and chronically homeless Veterans.
 - Expand Choice Communities: Increase housing choice for low-income families in the city of San Diego.
 - SDHC Moving Home: Implement a rapid rehousing program that increases housing choice for low-income, homeless families.

- To support the Rental Assistance Division's (RAD) expansion of housing assistance to more families, homeless individuals, and additional populations, four staff will be added.



SDHC FY 2018 Proposed Budget Objectives and Deliverables (Cont.)

- **Create and Preserve Affordable Housing**
 - Renovate and rehabilitate 577 SDHC-owned units
 - Acquire and develop 190 affordable housing units
 - Award Development funds to create 480 permanent affordable housing units, including units for homelessness
 - Own and/or manage 3,486 affordable housing units in the city of San Diego, including SDHC's nonprofit affiliate, Housing Development Partners
- To support Property and Asset Management's expanding role and oversight of SDHC properties, four staff will be added.
- To support the Housing Development Partners (HDP) team as the number of projects and developments in the pipeline continue to expand, three staff will be added (to be reimbursed by HDP).



SDHC FY 2018 Proposed Budget Objectives and Deliverables (Cont.)

▪ Address Homelessness

The next phase of HOUSING FIRST – SAN DIEGO (2017-2020), SDHC’s Homelessness Action Plan, will build upon prior accomplishments by providing additional, multifaceted solutions to provide housing opportunities for up to 3,000 homeless individuals in the city of San Diego, such as:

- Homeless Prevention & Diversion Services
- Coordinated Street Outreach for Coordinated Entry
- Expanded Landlord Engagement
- Additional Rapid Rehousing Assistance
- New Permanent Supportive Housing
- Introduction of a “Moving On” Rental Assistance Program



SDHC FY 2018 Proposed Budget Objectives and Deliverables (Cont.)

▪ **Address Homelessness (Cont.)**

- Continue to provide rapid rehousing programs and Federal rental housing vouchers, such as the Monarch School Project and San Diego State University Guardian Scholars Program.
- Administer the City of San Diego's Homeless Shelters and Services Programs.
- To support the expanded homelessness activities: 10 temporary full-time staff will be added, as well as one permanent full-time staff for oversight of all ongoing homelessness initiatives.



SDHC FY 2018 Proposed Budget Objectives and Deliverables (Cont.)

- **Maximize resources**

- To enhance customer service, increase operational efficiencies, and support the growing operations of SDHC, four additional staff are being added to Operational Support departments.

- **Advocate and Collaborate**

- SDHC has set aside approximately \$10 million for a Transit-Oriented Development (TOD) fund that will provide below-market rate financial resources to help secure TOD development sites and increase production of affordable housing located near transit.





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SDHC FY 2018 Budget Proposed Presentation

Section 3 – Sources of Funds

SDHC FY 2018 Proposed Budget Funding

| | FY18 Budget | FY17 Budget | \$\$ Change | % Change |
|----------------------|----------------|----------------|----------------|-------------|
| Total Funding | \$433M | \$368M | \$65M | 18% |

- Increase in total sources of \$65 million, primarily due to increases in:
 - Moving to Work funding of about \$24 million due to expected utilization of HUD-held reserves for affordable housing acquisition and rehabilitation of SDHC-owned assets, offset by cut in actual disbursement rates from HUD by 5% for Housing Assistance Programs.
 - Additional \$29 million of City of San Diego Affordable Housing Funds to be used for agency's investment in affordable housing opportunities in FY 2018.
 - SDHC Real Estate funding of \$13M due to increased property replacement reserves.



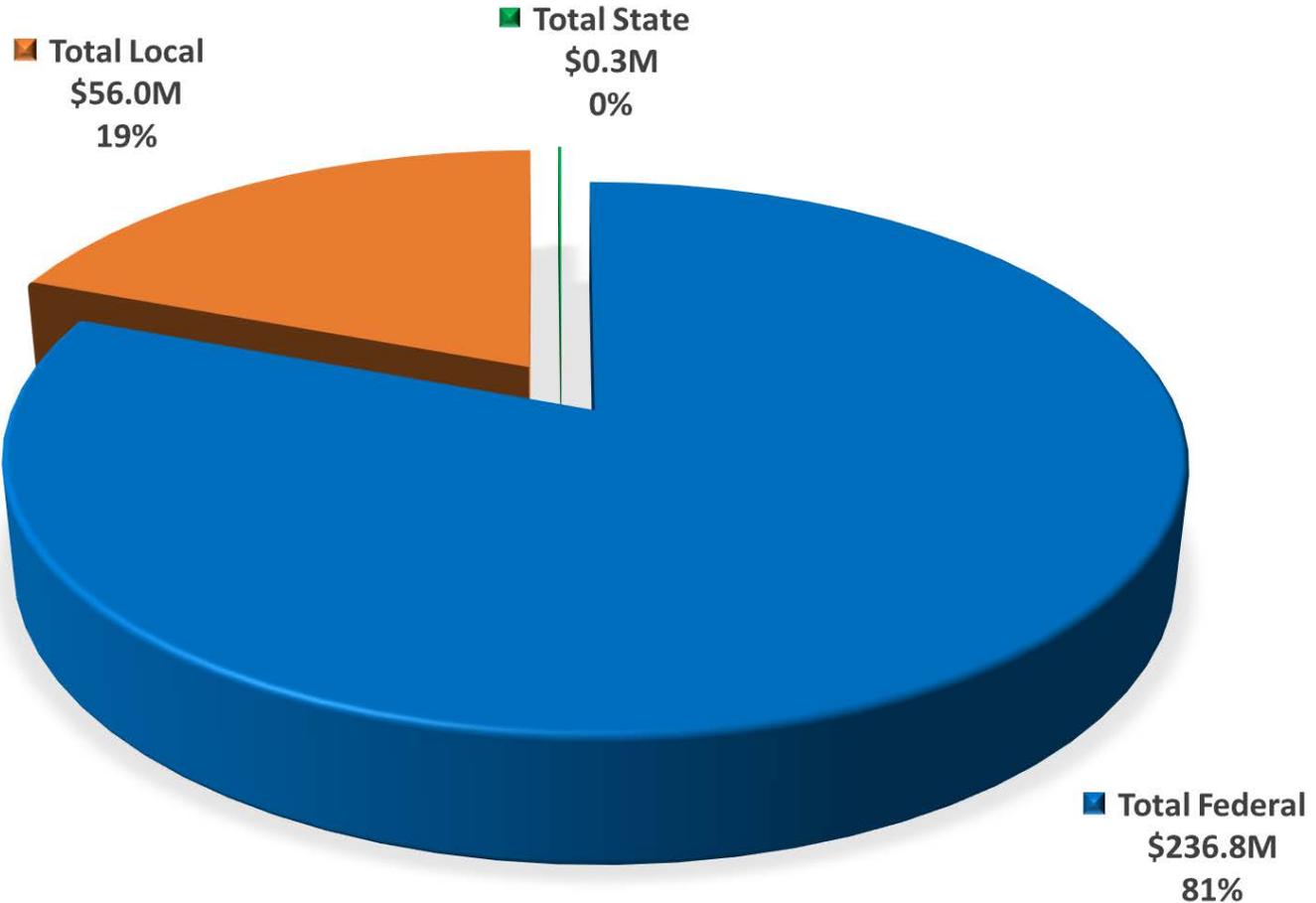


SDHC FY 2018 Proposed Budget Funding Sources Available

| | FY18 Budget | | | FY17 Budget | | | FY18 Budget versus FY17 Budget Increase/(Decrease) | | | |
|-----------------------------|---------------------------|----------------------|----------------------|---------------------------|----------------------|----------------------|---|----------------------|---------------------|-------------|
| | Beginning Fund Balance | New Revenue | Total Sources | Beginning Fund Balance | New Revenue | Total Sources | Fund Balance \$ Change | Revenue \$ Change | Total \$ Change | % Change |
| FEDERAL | | | | | | | | | | |
| Sec 8/MTW | \$12,360,000 | \$208,827,000 | \$221,187,000 | \$12,521,000 | \$187,540,000 | \$200,061,000 | (\$161,000) | \$21,287,000 | \$21,126,000 | 11% |
| Hsng Innovation | - | 5,688,000 | 5,688,000 | - | 4,607,000 | 4,607,000 | - | 1,081,000 | 1,081,000 | 23% |
| HOME, CDBG & Other Federal | 1,760,000 | 22,241,000 | 24,001,000 | 1,488,000 | 20,900,000 | 22,388,000 | 272,000 | 1,341,000 | 1,613,000 | 7% |
| FEDERAL Total | \$14,120,000 | \$236,756,000 | \$250,876,000 | \$14,009,000 | \$213,047,000 | \$227,056,000 | \$111,000 | \$23,709,000 | \$23,820,000 | 10% |
| LOCAL | | | | | | | | | | |
| SDHC Real Estate | \$33,443,000 | \$37,194,000 | \$70,637,000 | \$27,046,000 | \$30,406,000 | \$57,452,000 | \$6,397,000 | \$6,788,000 | \$13,185,000 | 23% |
| Contingency Reserves (5%) | 14,652,000 | - | 14,652,000 | 12,997,000 | - | 12,997,000 | 1,655,000 | - | 1,655,000 | 13% |
| Affordable Hsng Fund | 62,665,000 | 11,359,000 | 74,024,000 | 34,222,000 | 10,754,000 | 44,976,000 | 28,443,000 | 605,000 | 29,048,000 | 65% |
| Bond, Lease and Other Local | 15,082,000 | 7,434,000 | 22,516,000 | 18,942,000 | 6,439,000 | 25,381,000 | (3,860,000) | 995,000 | (2,865,000) | (11%) |
| LOCAL Total | \$125,842,000 | \$55,987,000 | \$181,829,000 | \$93,207,000 | \$47,599,000 | \$140,806,000 | \$32,635,000 | \$8,388,000 | \$41,023,000 | 29% |
| STATE | - | \$300,000 | \$300,000 | - | \$142,000 | \$142,000 | - | \$158,000 | \$158,000 | 111% |
| Grand Total | \$139,962,000 | \$293,043,000 | \$433,005,000 | \$107,216,000 | \$260,788,000 | \$368,004,000 | \$32,746,000 | \$32,255,000 | \$65,001,000 | 18% |



SDHC FY 2018 Proposed Budget New Revenue by Major Category \$293M (\$ in Millions)





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SDHC FY 2018 Budget Proposed Presentation

Section 4 – Uses of Funds

SDHC FY 2018 Proposed Budget

Total Uses

| | FY18 Budget | FY17 Budget | \$\$ Change | % Change |
|---|----------------|----------------|----------------|-------------|
| Total Uses (not including ending fund balance) | \$349M | \$289M | \$60M | 21% |

- Increase in total uses of approximately \$60 million, primarily due to increases in:
 - Personnel Expenses of \$4 million due to 26 staff additions and 3.0 percent Cost of Living Adjustment (COLA) increase.
 - Housing Program expenses of \$25 million due loans made to fund the development of affordable housing, as well as the programs of the next phase of HOUSING FIRST - SAN DIEGO.
 - Capital Expenditures of about \$31 million due to expected \$25 million in acquisition of affordable housing, as well as \$6 million increase in capital improvements and rehabilitation of SDHC-owned properties.



SDHC FY 2018 Proposed Budget Funding Uses by Fiscal Year

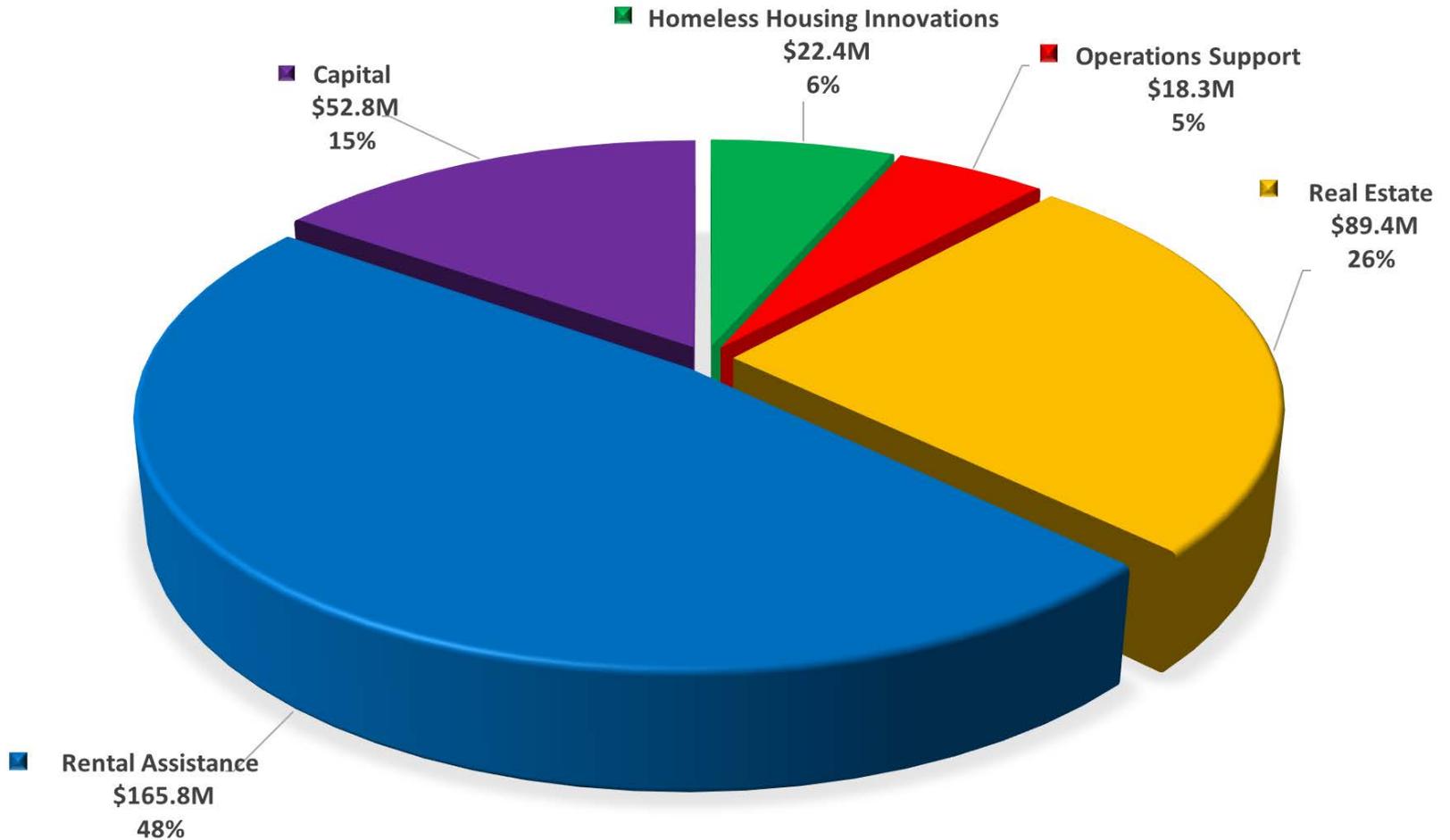
| | FY18 Budget | FY17 Budget | \$ Change | % Change |
|---|----------------------|----------------------|---------------------|------------|
| PERSONNEL COSTS | \$34,387,000 | \$30,181,000 | \$4,206,000 | 14% |
| NON-PERSONNEL Costs | | | | |
| Housing Program Expense | \$233,054,000 | \$207,999,000 | \$25,055,000 | 12% |
| Property Expense, Professional Services, Supplies and Other | 28,465,000 | 28,800,000 | (335,000) | (1%) |
| Capital Expenditures | 52,787,000 | 22,065,000 | 30,722,000 | 139% |
| NON-PERSONNEL Costs Total | \$314,306,000 | \$258,864,000 | \$55,442,000 | 21% |
| Grand Total (Excluding Ending Fund Balance) | \$348,693,000 | \$289,045,000 | \$59,648,000 | 21% |



SDHC FY 2018 Proposed Budget

Funding Uses by Division (Excluding Ending Reserves)

\$349M (\$ in Millions)





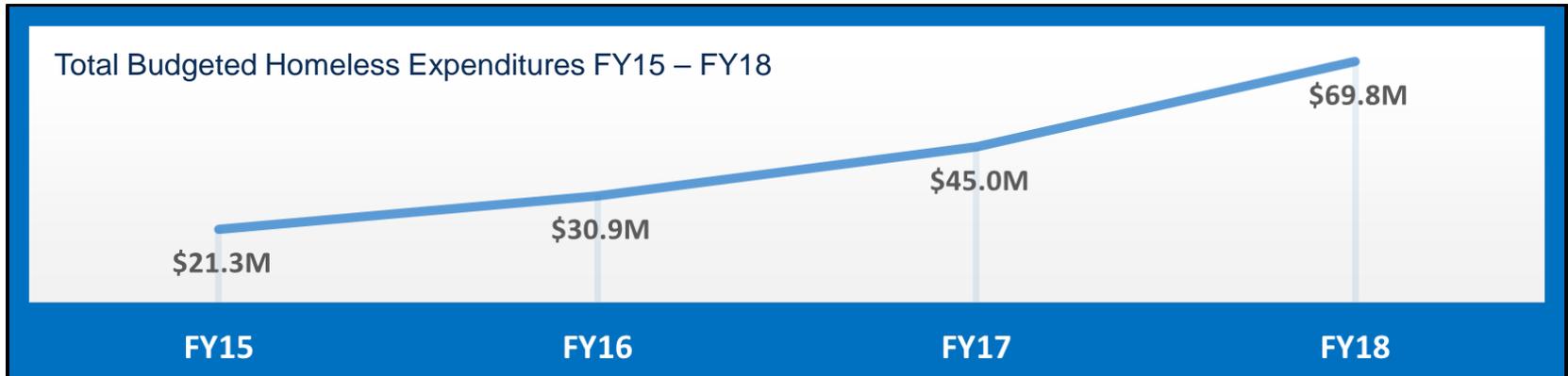
SDHC FY 2018 Proposed Budget Summary – Staffing by Division

| SDHC Divisions | FY 2018 Budget | FY 2017 Budget | Change from FY17 to FY18 |
|---------------------------------------|---------------------------|---------------------------|-------------------------------------|
| Rental Assistance | 115 | 111 | 4 |
| Real Estate | 103 | 96 | 7 |
| Homeless Housing Innovations | 9 | 8 | 1 |
| Housing First San Diego | 16 | 6 | 10 |
| Operations Support | 87 | 83 | 4 |
| Total of Full-Time Equivalents | 330 | 304 | 26 |



SDHC FY 2018 Proposed Budget Homeless Programs Expenditures

| Homeless Programs | Homeless Housing Innovations | Homeless Initiatives | Total |
|--|------------------------------|----------------------|----------------|
| Permanent Supportive Housing | \$3.5M | \$25.0M | \$28.5M |
| Federal Housing Voucher Support | 22.7M | 3.5M | 26.2M |
| Shelters | 4.7M | - | 4.7M |
| Supportive Services | 5.3M | 5.1M | 10.4M |
| Total FY2018 Budgeted Homeless Expenditures | \$36.2M | \$33.6M | \$69.8M |



SDHC FY 2018 Proposed Budget Homeless Programs Expenditures (Cont.) HOUSING FIRST – SAN DIEGO

| Component | Populations Served | Funding Source | FY18 Budgeted Expenditures |
|------------------------------|--------------------------------|---|----------------------------|
| Coordinated Outreach | All | Inclusionary | \$100,000 |
| Prevention & Diversion | At-Risk of Homelessness | Inclusionary SDHC Real Estate/Local Funds | 637,000 |
| Landlord Engagement | All | Inclusionary SDHC Real Estate/Local Funds | 3,188,000 |
| Rapid Re-Housing | Episodic & Short-Term Homeless | MTW Inclusionary SDHC Real Estate/Local Funds | 2,548,000 |
| Permanent Supportive Housing | Chronically Homeless | MTW Inclusionary | 21,959,000 |
| Moving On | Formerly Chronically Homeless | MTW | 263,000 |
| TOTAL | | | \$28,695,000 |

The total investment over three years for the next phase of HOUSING FIRST – SAN DIEGO will be \$78.7 million.



Approval Request

FY 2018 Budget - \$433 Million



SDHC FY 2018 Proposed Budget



Rental
Assistance



Creating Affordable
Housing



Solutions To
Homelessness

Thank You

