

EXECUTIVE SUMMARY

DATE ISSUED: December 15, 2009

REPORT NO: HCR 09-120

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of December 18, 2009

SUBJECT: Proposed Fiscal Year 2010 Budget Revision (Citywide)

SUMMARY:

This proposed budget revision is mainly a reconciliation of the previously approved FY10 budget with current, more accurate financial data. The FY10 Housing Commission budget was prepared in early 2009 and approved by the Housing Commission on May 15, 2009 and by the Housing Authority on June 16, 2009. The original budget included estimates of carryover funds because exact amounts would not be known prior to the close of Fiscal Year 2009. At this point, more precise carryover data has been identified and this revision reflects these additions and deductions.

The Housing Commission also receives new and renewal funding from numerous federal, state and local sources and these revenues can change and require periodic update. All of this type of adjustment is included in this budget revision.

In addition to incorporating carryover and new funds, this revision contains an increase of seven new positions and seven reclassifications to better reflect increased workload and responsibilities of certain positions. Along with these changes, staff positions in the Real Estate and Special Housing Initiatives activities have been reallocated between activities to align with the Agency reorganization implemented earlier this fiscal year. While this realignment may increase or decrease salary and benefits costs in the individual activities, it does not impact the Agency's total salary and benefit costs. In contract/consultant, there is a request for the addition of one direct hire contractor and the transfer of three direct hire contractors between activities.

STAFF RECOMMENDATION:

That the Housing Commission approve this revision and forward to the Housing Authority for final approval.

FISCAL CONSIDERATIONS:

Housing Commission approval of this revision will result in a net increase to the Fiscal Year 2010 budget of \$31,998,087 bringing the FY10 budget to \$317,442,975.

Respectfully submitted,



John Pfeiffer, CPA
Chief Financial Officer

Approved by,



Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

REPORT

DATE ISSUED: December 15, 2009 REPORT NO: HCR 09-120
ATTENTION: Chair and Members of the Housing Commission
For the Agenda of December 18, 2009
SUBJECT: Proposed Fiscal Year 2010 Budget Revision (Citywide)

REQUESTED ACTION:

The Housing Commission and Housing Authority's approval of the revisions to the Fiscal Year 2010 Budget to reflect actual FY09 carryover and net new revenues.

STAFF RECOMMENDATION:

That the Housing Commission approve the revision (Attachments 1-7) that will result in a net increase to the Fiscal Year 2010 budget of \$31,998,087 bringing the FY10 budget to \$317,442,975 and forward the revision to the Housing Authority for final approval.

BACKGROUND:

This proposed budget revision is mainly a reconciliation of the previously approved FY10 budget with current, more accurate financial data. The FY10 Housing Commission budget was prepared in early 2009 and approved by the Housing Commission on May 15, 2009 and by the Housing Authority on June 16, 2009. The original budget included estimates of carryover funds because exact amounts would not be known prior to the close of Fiscal Year 2009. At this point, more precise carryover data has been identified and this revision reflects these additions and deductions.

The Housing Commission also receives new and renewal funding from numerous federal, state and local sources and these revenues can change and require periodic update. All of these adjustments are included in this budget revision.

In addition to incorporating carryover and new funds, this revision contains the addition of seven new positions including one Senior Program Analyst, two Housing Specialists and one Housing Assistant funded by the Homeless Prevention and Rapid Re-Housing (HPRP) grant and the Neighborhood Stabilization Program (NSP); one Housing Construction Specialist funded by the Housing and Urban Development (HUD) Lead Control and Lead Reduction Demonstration grants; one Senior Accountant and one Senior Administrative Assistant. This revision also includes seven reclassifications to better reflect the increased workload and responsibilities of certain positions. Along with these changes, staff positions in the Real Estate and Special Housing Initiatives activities have been reallocated between activities to align with the Agency reorganization implemented earlier this fiscal year. While this realignment may increase or decrease salary and benefits costs in the individual activities, it does not impact the Agency's total salary and benefit costs. In contract/consultant, there is a request for the addition of one direct hire contractor and the transfer of three direct hire contractors between activities. A detailed explanation of these changes by activity is provided in Attachment 3.

The total fiscal impact of this revision is an increase of \$31,998,087 to the previously approved FY10 budget. The various adjustments are described in narratives below and in the report attachments. There is \$30,482,079 in additional carryover funding adjustments and \$1,516,008 in

additional new funding adjustments. Both carryover and new funding adjustments are shown as restricted or unrestricted adjustments in this report.

DISCUSSION

In Housing Services & Special Initiatives, the proposed revision is \$3.4 million. A \$2.8 million increase in Special Housing Initiatives is due to \$3.3 million of State and Affordable Housing Funds carryover from FY09; \$900,000 reduction in new Linkage Fees based on actual revenues received this fiscal year and \$400,000 increase for salary and benefit changes. The Rental Assistance activity increase is \$600,000 due to the carryover of administrative and program funds from FY09.

Real Estate increased \$22.1 million primarily in the Rental Housing Development, Rental Housing Finance and Rehabilitation activities. The increase of \$9.5 million in Rental Housing Development was the result of transferring funds from Reserves to provide for \$5.2 million of predevelopment expenses and debt service as well as \$400,000 for salary and benefit changes; the addition of \$4.5 million of Capital Fund Replacement Housing and Calendar Year 2009 public housing repositioning fees awarded by HUD. These increases are offset by a \$600,000 transfer of NSP funds to the Rehabilitation activity. Rental Housing Finance increased \$6.8 million due to the carryover of \$5.4 million of HOME Program and Affordable Housing Funds from FY09 and the addition of \$2.0 million of Inclusionary Housing Fees received in FY09. These increases are offset by a \$400,000 reduction in salary and benefit costs and a \$200,000 reduction in the FY10 HOME Program award. Rehabilitation increased \$6.3 million due to the carryover of \$4.1 million of HOME and HUD Lead Control grants carryover; \$1.0 million additional award of CDBG Citywide funds; and the transfer of \$1.2 million of NSP funds from Rental Housing Development and Homeownership to provide for the rehabilitation of properties purchased with NSP funds. This activity also includes a revision to transfer Lead Control grant funds from contract/ consultants to salary and benefits for the addition of one Housing Construction Specialist to do lead inspections in-house rather than on a contractual basis.

The SDHC has three types of reserve funds: Program, Contingency and Unobligated. Program Reserves provide for future salary and benefits, services and supplies or housing expenditures from specific grant programs. Contingency Reserves include amounts set aside to provide for potential litigation, uninsured losses and building reserves. Lastly, Unobligated Reserves are used for unanticipated housing needs. The overall increase to Reserves is \$5.3 million.

Program Reserves increased \$1.8 million primarily due to the increase in Property Management reserves of \$1.4 million resulting from a \$1.6 million cancellation of a development project commitment; \$500,000 of additional carryover and income from the Maya and State Rental sites; and the reduction of \$700,000 of Public Housing reserves due to less carryover and income than expected. Section 8 reserves increased \$300,000 due to the addition of \$500,000 of administrative carryover from FY09 offset by the transfer of \$200,000 from reserves to Rental Assistance to fund salary and benefit changes. Lastly, there was a net increase of \$100,000 to program reserves from a variety of funds due to more carryover than anticipated.

Contingency Reserves decreased \$1.0 million due to the transfer of Building Reserves to Facilities Management to provide for tenant improvements on the first and second floors of the Smart Corner office facility.

Unobligated Reserves increased \$4.5 million in San Diego Local Units and Local Funds reserves. The increases are the result of the cancellation of prior year commitments totaling \$7.2 million including the cancellation of a \$6.1 million rental development project commitment; \$2.5 million of carryover from FY09; and the transfer of \$5.2 from Reserves to Rental Housing Development to provide for predevelopment costs and debt service for the rental development program.

Operations increased \$1.2 million due to the transfer of \$1.0 million of Building Reserves to Facilities Management for tenant improvements on the first and second floors of the Smart Corner Offices and salary and benefits changes in Support Services.

REVENUE CHANGES

There are two types of revenue funds incorporated into this budget revision: carryover and new revenues. The addition to the budget from carryover sources was \$30.5 million and new revenues increased by \$1.5 million.

Carryover funds are those funds budgeted in the prior fiscal year that, for several reasons, do not get spent or obligated. Carryover may also indicate that revenues received were greater than expected. Carryover funds are split into two categories based on the requirements of the funding sources, restricted and unrestricted. First, "restricted carryover" is \$14,906,278. This carryover is restricted to a particular purpose or activity as required by the funding source. The second type of carryover is "unrestricted" and amounted to \$15,575,801. There is some discretion in the use of these funds. Historically, most of the unrestricted carryover funds have been used for financing housing needs and proposals that are anticipated to be ready for funding approval in FY10 and beyond.

New revenues sources are also broken into restricted and unrestricted funds. Restricted new funding increased by \$3,020,778. Finally, unrestricted new revenue decreased \$1,504,770. A detailed explanation of changes in carryover and new revenue is provided in Attachment 1.

The Housing Commission currently has approximately eighty revenue sources in its budget. Attachment 6 includes the detailed data by revenue source. The following table summarizes the changes in the revenues for local, state and federal sources:

Revenues	Current Budget	Proposed Revision	Proposed Budget	% of Change
Local Revenues	\$ 57,384,532	\$ 16,851,151	\$ 74,235,683	29%
State Revenues	2,045,328	428,739	2,474,067	21%
Federal Revenues	226,015,028	14,718,197	240,733,225	7%
Total Revenues	\$ 285,444,888	\$ 31,998,087	\$ 317,442,975	11%

EXPENDITURE CHANGES

The incorporation of additional revenue in the budget is offset by the uses for those funds. Of the \$32.0 million in revenue additions, approximately \$26.7 million is budgeted into various agency activities and the remaining \$5.3 million is placed into the program reserves. Generally, funds

carried over from a preceding year are placed within the same activities as originally funded. The Housing Commission will maintain the unexpected revenue and the administrative savings in reserves for future operations. The proposed changes in activities are presented in detail in Attachments 2 and 3. The following table summarized the changes in expenditures by major activity:

Activity	Current Budget	Proposed Revision	Proposed Budget	% of Change
Hsing Services & Special Initiatives	\$176,358,624	\$ 3,443,227	\$179,801,851	2%
Real Estate	62,608,120	22,119,851	84,727,971	35%
Operations	14,500,738	1,162,574	15,663,312	8%
Reserves	31,977,406	5,272,435	37,249,841	16%
Total	\$ 85,444,888	\$ 31,998,087	317,442,975	11%

The Agency summary of expenditures is detailed in Attachment 7. Salary and Benefits have increased \$334,772 due to the addition of seven new positions and the reclassifications of seven positions. The \$1,834,856 increase in Services and Supplies is due to the addition of \$1.8 million of SDHC Local Units funds to contract/consultants to provide for predevelopment costs in the rental housing development program.

Of the \$24.6 million increase in Housing Programs, the majority of the change is in loans and grants; site acquisition and development; and mortgage payments. The balance of the change is a \$5.3 million increase in Agency Reserves that is detailed in Attachment 3.

Respectfully submitted,


John A. Pfeiffer, CPA
Chief Financial Officer

Approved by,


Carrol M. Vaughan
Executive Vice President & Chief Executive Officer

Attachments:

- 1: Detailed Explanation of Proposed Revenue Revisions
- 2: Proposed FY10 Budget by Activity
- 3: Explanation of Proposed FY10 Budget Revision by Activity
- 4: Previous FY10 Budget Revisions
- 5: Schedule of Agency Reserves
- 6: Agency Summary of Revenues
- 7: Agency Summary of Expenses

Distribution of these attachments may be limited. Copies are available for review during business hours at the Housing Commission offices at 1122 Broadway, Main Lobby.

DETAILED EXPLANATION OF PROPOSED REVENUE REVISIONS

The following chart details the \$31,998,087 budget revision by each major component of restricted and unrestricted revenue.

REVENUES	Current Budget	Proposed Revision	Proposed Budget	% of Change
Restricted Revenues				
Section 8	172,852,346	1,075,116	173,927,462	1%
Other HUD & HHS	38,584,029	4,711,565	43,295,594	12%
State	2,045,328	428,739	2,474,067	21%
CDBG	2,752,746	962,806	3,715,552	35%
Restricted Local	31,740,020	10,748,830	42,488,850	34%
Subtotal	247,974,469	17,927,056	265,901,525	7%
Unrestricted Revenues				
Rental Rehabilitation	5,097	1,538	6,635	30%
Local	21,048,478	1,679,907	22,728,385	8%
Affordable Housing Fund	4,596,034	4,422,414	9,018,448	96%
HOME	11,820,810	7,967,172	19,787,982	67%
Subtotal	37,470,419	14,071,031	51,541,450	38%
Total Revenues	285,444,888	31,998,087	317,442,975	11%

For ease of review, this budget revision has been divided into four sections that are:

1. Restricted Carryover Funding adjustments (+ \$14,906,278)
2. Restricted New Funding adjustments (+ \$3,020,778)
3. Unrestricted Carryover Funding adjustments (+ \$15,575,801)
4. Unrestricted New Funding Adjustments (- \$1,504,770)

Each of these sections is explained on the following pages.

1. Restricted Carryover Funding Adjustments + \$14,906,278

The following is a detailed listing of all restricted carryover funding adjustments.

- A. + \$10,725,643 Increase in Restricted Local funds is the result of
 - \$7.7 million cancellation of prior year commitments including \$7.6 million of SDHC Local Units funds and University Canyon funds freed up by the cancellation of a rental housing development project commitment (Chollas Creek)
 - \$2.8 million of administrative and program carryover in the Property Management SDHC Local Units, University Canyon and Maya Apartments funds as well as in the Rehabilitation Redevelopment Agency and Housing Rehab Trusts funds
 - \$200,000 additional funds primarily the result of unanticipated income received in FY09

- B. + \$2,722,094 Increase in Other HUD funds is the result of
 - \$2.5 million additional income due to the approval of CY09 public housing repositioning fees from HUD
 - \$200,000 of administrative and program carryover in the NSP, Public Housing and HUD Lead Control grants from FY09
- C. + \$1,075,116 Increase in Section 8 funds is the result of
 - \$2.6 million additional income for rent to owners and administrative funds for the Section 8 VASH and Housing Choice Voucher programs is slightly offset by less investment income than anticipated in the original budget
 - \$2 million less carryover of rent to owners than anticipated in the original budget due to higher housing costs in the Housing Choice Voucher program
 - \$500,000 more carryover of administrative fees than anticipated in the original budget due to lower costs in the Housing Choice Voucher program
- D. + \$428,739 Increase in State funds is the result of
 - \$352,000 carryover of administrative and program funds in the two State Rental projects and in the Cal State HTF and Cal Home programs.
 - \$76,000 additional income primarily from State Rental projects rental and annuity income.
- E. - \$45,314 Decrease in CDBG funds is the result of less carryover offset by additional income than anticipated in the original budget

2. Restricted New Funding Adjustments + \$3,020,778

The following is a detailed listing of all restricted new funding adjustments.

- A. + \$1,989,471 The increase in Other HUD funds is due to
- The award of the \$2.0 million of Capital 501-09 Replacement Housing grant
 - The \$16,000 reduction of the annual Capital 501-09 grant to reflect the actual award
- B. + \$ 1,008,120 The increase is due to the award of additional CDBG Citywide funds not anticipated in the original budget
- C. + \$23,187 The increase in Restricted Local funds is due to the award of \$15,000 from Family Health Center of San Diego and \$8,187 of interest received due to the return of a rental housing development project deposit.
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3. Unrestricted Carryover Funding Adjustments + \$15,575,801

The following is a detailed listing of all unrestricted carryover funding adjustments.

- A. + \$8,427,515 Increase in HOME funds is the result of
- \$7.2 million more program carryover than anticipated in the original Rental Housing Finance & Special Housing Initiatives budgets slightly offset by less carryover in Homeownership
 - \$1.2 million more HOME program income received in FY09 than anticipated
- B. + \$5,469,991 Increase in Affordable Housing Funds is the result of
- \$3.2 million more program carryover than anticipated in the original Rental Housing Finance and Special Housing Initiatives budgets
 - \$2.2 million more income including the addition of \$2.3 million of new inclusionary fees and \$300,000 of interest, payoffs, loan fees and principal & interest income offset by \$400,000 less linkage fees than anticipated
- C. + \$1,676,757 Increase in Local Funds is the result of
- \$1.2 million cancellation of prior year commitments including \$1.0 million of Lease Sale Proceeds funds freed up by the cancellation of a rental housing development project commitment
 - \$500,000 of income received from multi-family bonds, investment interest, fees earned and rental income
- D. + \$ 1,538 Increase in Rental Rehabilitation Fund is the result of \$4,197 income offset by \$2,659 less program carryover than expected

4. Unrestricted New Funding Adjustments - \$1,504,770

- A. - \$ 1,047,577 The HTF Linkage Fees are being reduced based on the actual revenues received in FY10. This revision reflects the reduction of \$900,000 in loans & grants and \$100,000 of administrative fees.
 - B. - \$ 460,343 The Home Program administrative and program funds are being reduced to reflect the actual award for FY10.
 - C. +\$ 3,150 \$3,150 of interest received due to the return of a rental housing development project deposit.
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PROPOSED FY10 BUDGET BY ACTIVITY

Activities	Current Budget	Revision	Proposed Budget	% of Change
Housing Services & Special Initiatives	176,358,624	3,443,227	179,801,851	2%
Rental Assistance	163,569,911	594,245	164,164,156	0%
Workforce & Economic Development	3,061,627	(570)	3,061,057	0%
Special Housing Initiatives	9,727,086	2,849,552	12,576,638	29%
Real Estate	62,608,120	22,119,851	84,727,971	35%
Rental Housing Development	19,067,900	9,453,878	28,521,778	50%
Rental Housing Finance	10,353,456	6,753,850	17,107,306	65%
Homeownership	5,316,349	(115,601)	5,200,748	-2%
Portfolio Servicing & Compliance Monitoring	2,765,069	(38,713)	2,726,356	-1%
Rehabilitation	13,230,794	6,256,031	19,486,825	47%
Rental Housing	5,603,407	4,182,080	9,785,487	75%
Owner Occupied	7,627,387	2,073,951	9,701,338	27%
Property Management	11,874,552	(189,594)	11,684,958	-2%
Management	2,835,807	0	2,835,807	0%
Routine Maintenance	6,232,149	(78,808)	6,153,341	-1%
Construction Services	2,806,596	(110,786)	2,695,810	-4%
Operations	14,500,738	1,162,574	15,663,312	8%
Board & Executive Functions	1,804,365	17,072	1,821,437	1%
Board & Executive Functions	1,697,105	0	1,697,105	0%
Reinvestment Task Force	107,260	17,072	124,332	16%
Support Services	12,113,286	1,145,502	13,258,788	9%
Human Resources	577,696	37,077	614,773	6%
Information Technology	2,535,117	2,367	2,537,484	0%
Business Services	1,143,237	117,075	1,260,312	10%
Financial Services	2,226,234	44,983	2,271,217	2%
Facilities Management	5,631,002	944,000	6,575,002	17%
Community Relations & Communications	583,087	0	583,087	0%
Program ,Contingency & Unobligated Reserves	31,977,406	5,272,435	37,249,841	16%
FY09 Proposed Activity Based Budget	285,444,888	31,998,087	317,442,975	11%

EXPLANATION OF PROPOSED FY10 BUDGET REVISIONS BY ACTIVITY

Housing Services & Initiatives

Rental Assistance

The \$600,000 increase in Rental Assistance is the result of:

- \$600,000 increase due to the receipt of \$2.5 million more Section 8 Voucher and VASH income received in FY09 offset by \$1.9 million less carryover of Section 8 rent to owners than anticipated in FY09
- Transfer of \$12,083 from Reserves to fund the reclassification of two Housing Assistant positions to Administrative Assistant and Program Analyst. These reclassified positions will provide more in-depth administrative and analytical support for the Move-to-Work program.

Workforce & Economic Development

The \$570 net reduction in Workforce & Economic Development is due to \$753 more administrative funds carryover than anticipated offset by \$1,323 less program carryover than anticipated.

Special Housing Initiatives

The \$2.8 million increase in Special Housing Initiatives is the result of:

- \$3.3 million more carryover of Cal State Housing Trust Fund, HTF Linkage Fees and HOME program funds than anticipated
- \$900,000 reduction in new HTF Linkage funds budgeted for FY10; the original estimate of new funds was reduced based on the actual funds received in the first quarter of FY10
- \$400,000 increase to implement the following changes in salaries, benefits and contract and consultants:
 - \$180,000 for the reallocation of staff in the Real Estate and Special Housing Initiatives activities to align with the Agency reorganization implemented earlier this fiscal year
 - \$180,000 for the addition of 3.50 positions for the Homeless Prevention & Rapid Re-Housing (HPRP) grant and 0.50 position for the Neighborhood Stabilization Program (NSP). These positions are grant funded.
 - \$40,000 for the addition of a direct hire contractor to assume project management of the Special Housing Initiatives loans and grants funding

Real Estate

Rental Housing Development

The \$9.5 million increase in Rental Housing Development is the result of:

- \$5.2 million increase due to the transfer of SDHC Local Units funds from Reserves for costs related to the new development projects including: \$3.3 million for debt service payments securing the development loans; \$1.8 million for predevelopment costs; and \$100,000 for loan fees to secure a line of credit
- \$4.5 million increase in income due to the following HUD awards: \$2.0 million Capital Fund Replacement Housing grant and \$2.5 million of repositioning fees
- \$600,000 reduction due to the transfer of NSP funds from this activity to Rehabilitation Owner Occupied to provide additional funding for the rehabilitation of units purchased under NSP
- \$400,000 increase in salaries and benefits to implement the reallocation of staff in the Real Estate and Special Housing Initiatives activities to align with the Agency reorganization implemented earlier this fiscal year and the transfer and reclassification of a maintenance position to a Financial Specialist to provide financial analysis and risk assessment of the proposed acquisition and development projects.

Rental Housing Finance

The \$6.8 increase in Rental Housing Finance is the result of:

- \$5.4 million more carryover of HOME, HTF Linkage Fees and Inclusionary Housing than anticipated in the original budget
- \$2.0 million additional income primarily due to the receipt of \$2.1 million of Inclusionary Housing income offset by a reduction of less than \$100,000 in a variety of funds
- \$400,000 reduction in salaries and benefits to implement the reallocation of staff in the Real Estate and Special Housing Initiatives activities to align with the Agency reorganization implemented earlier this fiscal year
- \$200,000 reduction in the FY10 award of HOME Program funds

Homeownership

The \$115,601 reduction in Homeownership is the result of:

- \$800,000 of additional carryover and income primarily due to additional HOME program income received in FY09
- \$600,000 transfer of Neighborhood Stabilization Program funds from this activity to Rehabilitation Owner Occupied to provide additional funding for the rehabilitation of units purchased under this program
- \$200,000 reduction in the FY10 award of HOME Program funds and the anticipated FY10 income from HTF Linkage Fees
- \$100,000 decrease in salary and benefit costs due to the reallocation of staff in the Real Estate and Special Housing Initiatives activities to align with the Agency reorganization implemented earlier this fiscal year

Portfolio Servicing & Compliance Monitoring

The \$38,713 reduction in PS&CM is the result of:

- \$38,671 reduction in the anticipated HTF Linkage Fee income in FY10
- \$6,643 less carryover and income than anticipated in the original budget
- \$6,601 increase in salaries and benefits due to the reallocation of staff in the Real Estate and Special Housing Initiatives activities to align with the Agency reorganization implemented earlier this fiscal year and the reclassification of a Senior Housing Assistant to Housing Specialist in order to equally distribute the monitoring of 400 projects with 15,000 units among three budgeted positions

Rehabilitation - Rental Housing

The \$4.2 million increase in Rehabilitation - Rental Housing is the result of:

- \$3.2 million of carryover and income from FY09 of HOME Program and HUD Lead grants not anticipated in the original budget
- \$1.0 million of CDBG funds awarded by the City of San Diego to be used for foreclosure activities
- \$29,094 increase in salaries and benefits will provide for the addition of 0.75 of a Housing Construction Specialist position to conduct lead inspections using in-house staff rather than contracting for this service. The funds for this position were transferred from contract and consultant budget included in the Lead Control grants awarded by HUD.

Rehabilitation-Owner Occupied

The \$2.1 million increase in Rehabilitation-Owner Occupied is the result of:

- \$1.2 million of NSP funds transferred from Rental Housing Development and Homeownership to provide additional funding for the rehab of units purchased under the NSP
- \$900,000 HUD Lead grants carryover and income from FY09
- A \$2,313 increase in salary & benefits is the result of:
 - \$9,698 addition of 0.25 of a Housing Construction Specialist position to conduct lead inspections using in-house staff rather than contracting for this service. The funds for this position were transferred from contract and consultant budget included in the Lead Control grants awarded by HUD.
 - \$7,385 reduction due to the reallocation of staff in the Real Estate and Special Housing Initiatives activities to align with the Agency reorganization implemented earlier this fiscal year

Property Management – Routine Maintenance

The \$78,808 decrease in salaries and benefits is due to the transfer of a Maintenance Supervisor position to Rental Housing Development

Property Management – Construction Services

The \$110,786 decrease in salaries and benefits is due to the transfer of a Senior Program Analyst position to Business Services (-\$97,222) and the reduction in the annual Capital Fund grant to the actual award (-\$13,564).

Operations

Board & Executive Functions – Reinvestment Task Force

The \$17,072 increase in Reinvestment Task Force is the result of the carryover from FY09.

Support Services

The \$1.1 million increase in Support Services will provide:

- \$39,444 for the addition of one Senior Administrative Assistant in Human Resources and Information Technology to supplement staff in light of increased staffing needs as noted in the Performance Audit by the City's Internal Auditor.
- \$117,075 for the transfer a Senior Program Analyst position from PM Construction Services to Business Services and the reclassification of a Storekeeper to a Senior Program Analyst in Business Services to coordinate the creation, supervision and operation of the new centralized procurement work unit. This unit was established to ensure full compliance with ongoing recommendations of the Independent Auditor.
- \$44,983 for the addition of a Senior Accountant to oversee the additional accounting and auditing requirements of the Agency's housing development program; the reclassification of a Senior Accounting Technician to a Budget Analyst to assist with the development and monitoring of the Agency's project based budgets as well as the new rental development project budgets coming on line later this year; and the reclassification of an Accounting Technician to a Senior Accounting Technician to assume more complex account receivable duties related to changes brought about by the change to project based accounting.
- \$944,000 increase in Facilities Management from the transfer of \$1,000,000 from Office Facility Reserves to fund tenant improvements on the first and second floors of Smart Corner. This addition is offset by the reduction of \$56,000 of ROSS Neighborhood Networks funding that was committed in FY09.

Reserves

Reserves

The overall increase of \$5.3 in Reserves includes an increase of \$1.8 in Program Reserves; a \$1.0 million reduction in Contingency Reserves and a \$4.5 increase in Unobligated Reserves. Each of these changes in Reserves is explained below.

The increase of \$1.8 million in Program Reserves is primarily due to the following changes:

- The University Canyon reserves increased \$1.6 million primarily due to the cancellation of rental development project commitment in FY10
- The Maya Apartment and State Rental Housing reserves increased by \$500,000 due to the addition of administrative and program carryover and income received in FY09
- The Section 8 Voucher reserves increased \$300,000 due to the addition of \$500,000 administrative carryover from FY09 offset by the transfer of 200,000 from reserves to fund the reclassification of two Housing Assistant positions to Administrative Assistant and Program Analyst in Rental Assistance; the transfer of a Senior Program Analyst from Property Management to Business Services; the reclassification of a Storekeeper to Senior Program Analyst in Business Services; and the addition of a Senior Administrative Assistant in Human Resources and Information Technology
- There is a net increase of \$100,000 in a variety of funds due to the reallocation of staff to align with the new organization structure
- The Public Housing reserves decreased \$700,000 due to less carryover and income than anticipated in the original budget.

The increase in Unobligated Reserves of \$4.5 million is primarily the result of:

- The SDHC Local Units reserves increased \$2.8 million due to: the addition of \$6.1 million from the cancellation of prior year commitments; the addition of \$1.9 million of carryover and income from FY09; and the transfer of \$5.2 million from reserves to Rental Housing Development to provide for debt service, predevelopment costs and finance fees on the line of credit
- The Local Reserves increased by \$1.7 million primarily due to the addition of \$1.1 million from the cancellation of prior year commitments and the addition of \$600,000 of carryover and income from FY09

The decrease in Contingency Reserves of \$1.0 million is due to the transfer of Building Reserves to Facilities Management to provide for tenant improvements on the first and second floors of the Smart Corner office facility.

PREVIOUS FY10 BUDGET REVISIONS

<u>DATE OF REVISION</u>	<u>CHANGE TO THE FY08 BUDGET</u>	<u>APPROVING AUTHORITY</u>	<u>COMMENTS:</u>
	279,438,923		Approved Original Budget.
06/04/09	0	President & CEO	Transfer \$25,829 SDHC Local funds from Reserves to Business Services consultants for an internship program with SDSU.
08/03/09	1,000	President & CEO	Add \$1,000 new grant received from State Farm to Youth IDA funds in Workforce & Economic Development academic incentives and Reserves
08/03/09	10,000	President & CEO	Add \$10,000 new grant received from H&R Block to Youth IDA funds in Workforce & Economic Development academic incentives and Reserves
08/03/09	62,925	President & CEO	Add \$62,925 new grant received from United way to Youth IDA funds in Workforce & Economic Development academic incentives, youth individual savings accounts, and Reserves
08/03/09	7,040	President & CEO	Add \$6,000 ROSS Neighborhood Network funds and \$1,040 SDHC Local funds to Workforce & Economic Development technical support account. Funds are unspent balances remaining from prior year commitments.
09/02/09	0	President & CEO	Transfer \$60,000 of various funding from LOC technical equipment to office & computer equipment to correctly identify purchases made for the Economic Development Academy
09/02/09	65,000	President & CEO	Add \$65,000 Bond Program funds to Board & Executive Functions contract/ consultants. Funds are the unspent balance from a prior year commitment.
09/02/09	0	President & CEO	Transfer \$30,000 SDHC Local funds from Reserves to Financial Services contract/ consultants for a temporary agency real estate accountant position.
09/08/09	0	President & CEO	Transfer \$14,784 Bond Program funds from Reserves to Real Estate Rental Housing Development equipment for furniture and office repairs.
09/09/09	0	President & CEO	Transfer \$100,000 SDHC Local funds from Reserves to Real Estate Rental Housing Development contract/consultants for bond counsel assistance related to the development financing plan.
09/15/09	0	President & CEO	Transfer \$50,000 from loans & grants to contract/consultants in Special Housing Initiatives to fund a physical needs assessment of a potential site for the Homeless Service Center.
09/15/09	0	Housing Authority (HAR09-033)	Transfer \$1,700,000 Neighborhood Stabilization Program funds in loans & grants from Homeownership to Real Estate Rental Housing Development
09/15/09	5,760,000	Housing Authority (HAR09-031)	Add \$5,760,000 Homeless Prevention and Rapid Re-Housing Program funds to Special Housing Initiatives various accounts and Reserves for the administration of a new program.
09/22/09	0	President & CEO	Transfer \$10,256 SDHC Local funds from Reserves to Smart Corner Offices capital improvements for common area signage.
09/22/09	0	President & CEO	Transfer \$45,800 Section 8 Voucher funds from Reserves to Workforce & Economic Development contract/consultants to fund the Housing Opportunity Collaborative's one-stop information center.
09/22/09	0	President & CEO	Transfer \$2,400 Lease Sale funds from Reserves to Special Housing Initiatives contract/consultant for mediation services
09/25/09	100,000	President & CEO	Add \$100,000 carryover HTF Linkage Fee funds to Real Estate Rehabilitation Rental Housing loans & grants for mobile home repair grants and tenant accessibility grants.
10/30/09	0	President & CEO	Transfer \$2,700 Bond Program funds from Reserves to Construction Services contract/ consultant to fund a right-of-way survey at the Nimitz & Famosa property.
10/30/09	0	President & CEO	Transfer \$90,000 Bond Program funds from Reserves to Board & Executive Functions equipment for the purchase of boardroom equipment.
10/30/09	0	President & CEO	Transfer \$99,000 Bond Program funds from Reserves to Real Estate Rehabilitation Rental Housing, Rehabilitation Owner-Occupied, Rental Housing Development, and Construction Services contract/consultant to create building standards to be utilized in a variety of affordable housing programs.
11/02/09	0	President & CEO	Transfer \$25,000 SDHC Local funds from Reserves to Construction Services and Smart Corner Offices contract/consultant for a solar study at 15 SDHC-owned residential properties and the central office facility.
11/16/09	0	President & CEO	Transfer \$29,000 ROSS Neighborhood Networks and Section 8 Voucher funds from site acquisition to contract/consultant in Smart Corner Office to fund a contract change order related to tenant improvements on the facility.
11/19/09	0	President & CEO	Transfer \$15,000 HTF Redevelopment funds in loans & grants Real Estate Rental Housing Finance to Special Housing Initiatives to fund a nonprofit's unexpected mold remediation expense.

SCHEDULE OF AGENCY RESERVES

Type of Reserve	FY10 Proposed Use	FY09 Amount	FY10 Original	FY10 Current	FY10 Proposed
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I Program Reserves

The Program Reserves provide for future personnel, services and supplies or housing expenditures on specific housing programs. These funds are generally restricted and must be used in support of each program or returned to the funding source. This reserve also includes a sinking fund for the future purchase of State units.

CalHOME Program	Administration for FY11	61,776	13,770	13,770	5,556
Coastal, Condo & NCFUA	Administration for FY11	79,931	36,398	36,398	44,604
Family Health Centers of San Diego	Administration for FY11	22,451	0	0	15,000
HOME	Administration for FY11 & FY12	910,144	641,010	641,010	619,244
Homeless Prevention & Rapid Rehousing	Administration for FY11 & FY12	0	0	808,534	666,128
Housing Rehab Trust Fund	Administration for FY11	19,602	0	0	299
Housing Trust Fund - CDBG	Administration for FY11	12,887	0	0	51
Housing Trust Fund - Linkage	Administration for FY11	0	0	0	15,303
Housing Trust Fund - Redevelopment	Administration for FY11	0	0	0	335
Housing Trust Fund - TOT	Administration for FY11	0	0	0	208
HUD Development		443,207	0	0	0
HUD Lead Hazard Control	Administration for FY11 & FY12	1,394,154	814,942	814,942	798,438
Inclusionary Housing	Administration for FY11	0	0	0	186,059
Neighborhood Stabilization	Administration for FY10 & FY11	944,237	579,492	579,492	554,092
Property Mgmt - Chollas Creek	Future Capital Improvements	0	128,355	128,355	128,355
Property Mgmt - City Properties	Administration for FY11	0	0	0	181
Property Mgmt - Maya Apartments	Future Capital Improvements	820,430	921,353	921,353	1,176,138
Property Mgmt - SDHC Local Units	Future Capital Improvements	467,664	900,371	900,371	900,371
Property Mgmt - State Rental	Future Capital Improvements	186,182	21,772	21,772	231,090
Property Mgmt - State Rental Local Funds	Provide Sinking Fund for State Units	2,000,000	2,000,000	2,000,000	2,000,000
Property Mgmt - University Canyon Management	Future Capital Improvements	2,302,615	2,975,937	2,975,937	4,536,562
Public Housing - Management/AMPS	Future Capital Improvements	8,877,249	2,741,110	2,741,110	2,023,814
Redevelopment Agency - CCDC Homeownership	Administration for FY11	109,915	37,000	37,000	25,658
Redevelopment Agency - City Heights Redevelopment	Administration for FY11	194,979	186,427	186,427	207,403
Redevelopment Agency - College Grove Redevelopment	Administration for FY11	26,087	39,131	39,131	39,131
Redevelopment Agency - Crossroads HELP	Administration for FY11	72,871	100,942	100,942	89,113
Redevelopment Agency - Grantville HELP	Administration for FY11	0	32,609	32,609	32,609
Redevelopment Agency - North Park HELP	Administration for FY11	61,304	34,235	34,235	65,667
Redevelopment Agency - San Ysidro HELP	Administration for FY11	65,217	1,695	1,695	62,962
Rental Rehabilitation	Administration for FY11		5,097	5,097	6,635
SEDC Linda Vista	Administration for FY11	52,789	34,302	34,302	35,003
SEDC Market Street Redevelopment	Administration for FY11	13,241	306	306	13,983
SEDC Mt Hope Rehabilitation	Administration for FY11	13,852	12,283	12,283	13,106
SEDC Southwest Redevelopment	Administration for FY11	14,260	6,485	6,485	6,552
SEDC Southeast Redevelopment	Administration for FY11	0	39,131	39,131	39,131
Section 8 - HCV FSS Coordinator	Administration for FY11	134,000	132,000	132,000	132,000
Section 8 - HCV FSS Homeownership Coordinator	Administration for FY11	67,000	66,000	66,000	75,593
Section 8 - Local Funds	Provide for Section 8 Support	1,900,000	1,900,000	1,900,000	1,900,000
Section 8 Surplus Admin Fees	Administration for FY11	3,917,664	1,641,828	1,596,028	1,921,631
Shea Homes	Administration for FY11	9,919	0	0	0
Shelter Plus Care	Administration for FY11	51,307	0	0	8,970
State REO	Administration for FY11	21,810	22,190	22,190	26,322
WED Youth Individual Development Accounts	Administration for FY11	0	0	11,088	11,088
	Subtotal	25,268,744	16,066,171	16,839,993	18,614,385

II Contingency Reserves

The Contingency Reserves include amounts to provide for potential litigation, uninsured losses and building reserves. The unexpended Contingency Reserves will be re-budgeted in the following year.

Local Funds	Provide for potential litigation	250,000	300,000	300,000	300,000
Local Funds	Provide for uninsured losses	300,000	300,000	300,000	300,000
Local Funds	Provide for office facility	2,000,000	2,000,000	2,000,000	1,000,000
SDHC Local Units	Provide for housing development	1,213,330	0	0	0
	Subtotal	3,763,330	2,600,000	2,600,000	1,600,000

III Unobligated Reserves

The Unobligated Reserves include amounts that are available for any unanticipated housing purpose.

Local Funds	Unanticipated Needs	5,928,327	12,937,382	12,537,413	17,035,456
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Total Program, Contingency & Unobligated Reserves 34,960,401 31,603,553 31,977,406 37,249,841

AGENCY SUMMARY OF REVENUES

	Current FY10 Budget (Column A)	Proposed FY10 Revision (Column B)	Revised FY10 Budget (Column C)	% of Chg Rev/Curr (Column D)
Revenues				
Assets for Independence - Federal	192,593	(3,168)	189,425	-2%
Assets for Independence - Nonfederal	180,332	13,722	194,054	8%
Bond Program	10,309,421	460,402	10,769,823	4%
Cal State Housing Trust Fund	1,000,000	148,347	1,148,347	15%
CalHOME Program	74,402	78,388	152,790	105%
Capital Fund & Capital AMP Funds	2,786,384	1,996,053	4,782,437	72%
Centre City Development Corporation	47,620	(10,375)	37,245	-22%
CDBG	2,752,746	962,806	3,715,552	35%
Chollas Creek	358,108	0	358,108	0%
City's Properties Management	39,106	0	39,106	0%
Coastal Housing/FUA	28,923	10,215	39,138	35%
Condo Conversion/Density Bonus	181,752	22,588	204,340	12%
County CDBG RTF	50,000	0	50,000	0%
Discretionary	6,749,022	1,483	6,750,505	0%
Family Health Centers of San Diego	48,532	5,030	53,562	10%
HCV FSS Coordinator	398,000	10,657	408,657	3%
HCV FSS Homeownership Coordinator	199,000	1,286	200,286	1%
HOME Program	11,820,810	7,967,172	19,787,982	67%
Homeless Prevention & Rapid Rehousing	5,760,000	0	5,760,000	0%
Housing Rehabilitation Trust Fund	327,355	63,359	390,714	19%
HTF - CDBG	66,060	(31,559)	34,501	-48%
HTF - Linkage Fees	1,893,833	1,979,192	3,873,025	105%
HTF - Redevelopment Agency	51,852	12,016	63,868	23%
HTF - TOT	30,136	2,463	32,599	8%
HUD Development	443,207	2,687	445,894	1%
HUD Lead Reduction Demo	3,730,275	164,910	3,895,185	4%
HUD Lead Hazard Control Grant Program	2,703,255	164,779	2,868,034	6%
Inclusionary Housing Fund	2,554,153	2,460,302	5,014,455	96%
Lease Sale Proceeds	3,990,035	1,218,022	5,208,057	31%
Maya Apartments	2,255,512	241,415	2,496,927	11%
Neighborhood Stabilization Program	8,668,770	677,993	9,346,763	8%
North County Future Urbanizing Area (NCFUA)	149,209	4,323	153,532	3%
Public Housing Asset Management Projects (AMPS)	12,234,001	1,765,709	13,999,710	14%
Redevelopment Agency - City Heights HELP	1,321,457	299,331	1,620,788	23%
Redevelopment Agency - College Grove HELP	300,000	0	300,000	0%
Redevelopment Agency - Crossroads HELP	532,622	161,110	693,732	30%
Redevelopment Agency - Grantville HELP	250,000	0	250,000	0%
Redevelopment Agency - Linda Vista HELP	176,880	126,613	303,493	72%
Redevelopment Agency - North Park HELP	423,768	106,506	530,274	25%
Redevelopment Agency - San Ysidro HELP	428,217	55,302	483,519	13%
Rental Rehabilitation	5,097	1,538	6,635	30%
ROSS Neighborhood Networks	347,612	(57,398)	290,214	-17%
San Diego Housing Commission Local Units	20,399,780	8,084,961	28,484,741	40%
Section 8 Disaster Voucher	0	31,248	31,248	0%
Section 8 Moderate Rehabilitation	535,102	4,537	539,639	1%
Section 8 VASH	1,132,853	135,285	1,268,138	12%
Section 8 Voucher	170,587,391	892,103	171,479,494	1%
SEDC Market Street Redevelopment	120,508	551	121,059	0%
SEDC Mt Hope Rehabilitation	73,232	(210)	73,022	0%
SEDC Southerest Redevelopment Agency	82,506	82	82,588	0%
SEDC Southeast Redevelopment Agency	300,000	0	300,000	0%
Shea Homes	21,214	1,105	22,319	5%
Shelter Plus Care	1,717,932	0	1,717,932	0%
State Rental	948,736	197,872	1,146,608	21%
State REO	22,190	4,132	26,322	19%
University Canyon Management	3,554,759	1,552,114	5,106,873	44%
WED Youth Individual Development Account	88,628	11,088	99,716	13%
Total Budget	285,444,888	31,998,087	317,442,975	11%

AGENCY SUMMARY OF EXPENDITURES

	Current FY10 Budget (Column A)	Proposed FY10 Revision (Column B)	Revised FY10 Budget (Column C)	% of Chg Rev/Curr (Column D)
Staffing	250.50	7.00	257.50	3%
Expenditures				
1 Salaries & Benefits	19,734,336	334,772	20,069,108	2%
Services & Supplies				
2 Legal	708,691		708,691	0%
3 Training	205,272	9,742	215,014	5%
4 Travel	134,941	10,025	144,966	7%
5 Audit	91,000		91,000	0%
6 Contract/Consultant	3,890,350	1,730,143	5,620,493	44%
7 Office & Building Rent	2,808,691		2,808,691	0%
8 Sundry	2,214,911	13,646	2,228,557	1%
9 Insurance	522,591	10,000	532,591	2%
10 Office Equipment	856,096	61,300	917,396	7%
Total Services & Supplies	11,432,543	1,834,856	13,267,399	16%
Housing Programs				
11 Workforce & Economic Development	905,980	(920)	905,060	0%
12 Maintenance Expenses	3,019,393		3,019,393	0%
13 Utilities	2,128,587		2,128,587	0%
14 PILOT & Property Taxes	42,450		42,450	0%
15 Collection Loss	155,762		155,762	0%
16 Mortgage Payments	2,049,502	3,275,737	5,325,239	160%
17 Protective Services	428,744	(403)	428,341	0%
18 Rent to Owners	160,692,887	788,172	161,481,059	0%
19 Loans & Grants	29,809,832	15,705,982	45,515,814	53%
20 Relocation	705,900	984	706,884	0%
21 Site Acquisition & Housing Development	20,358,423	4,800,036	25,158,459	24%
22 Capital Improvements	1,831,893	(13,564)	1,818,329	-1%
23 Dwelling Equipment	171,250		171,250	0%
Total Housing Programs	222,300,603	24,556,024	246,856,627	11%
Program, Contingency & Unobligated Reserves	31,977,406	5,272,435	37,249,841	16%
Total Budget	285,444,888	31,998,087	317,442,975	11%