



# INFORMATIONAL REPORT

**DATE ISSUED:** January 11, 2024

**REPORT NO:** HCR24-004

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of January 19, 2024

**SUBJECT:** Agency Financial Statements – First Quarter Fiscal Year 2024 (Unaudited)

**COUNCIL DISTRICT:** Citywide

**NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION**

## **SUMMARY**

The purpose of the San Diego Housing Commission’s (Housing Commission) Financial Statements Report is to show year-to-date variances of actual sources and uses of funds compared to Housing Commission Board-approved budgeted amounts (Attachment 1).

## **FINANCIAL SUMMARY – SOURCES AND USES OF FUNDS:**

**SOURCES OF FUNDS:** Total actual September 2023 year-to-date funding sources available were \$291.6 million, which was 17 percent, or \$42.6 million, higher than budget. This was primarily due to the beginning fund balance that was higher than budget by \$32.9 million in addition to new sources that were higher than budget by \$9.7 million. The explanations below provide more details about significant variances:

### **Federal Sources**

- The \$15.7 million higher-than-budget variance in Section 8/Moving to Work (MTW) funding was primarily due to the timing of property acquisitions and comprehensive renovation costs compared to the budget.
- The \$5.9 million lower-than-budget variance in U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnerships Program funds was primarily due to the timing of the loans to be funded. Committed loans are expected to be funded through the remainder of Fiscal Year (FY) 2024 and beyond.
- The \$5.2 million higher-than-budget variance in Community Development Block Grant (CDBG) & Other Federal funding is primarily due to the timing of Homekey 2 funds that were recognized during the quarter.

### **Local Sources**

Through the first quarter of FY 2024, Local Sources were in line with the budget.

### **State Sources**

- The \$3.9 million lower-than-budget variance was primarily due to the timing of expenditures relating to homelessness programs (Bridge Shelters, Sprung Shelter and LGBT Youth Shelter) due to the timing of expense reimbursements.

### **Beginning Fund Balance**

The beginning fund balance represents the sources available from the prior year. The \$32.9 million higher-than-budget variance consists of restricted-use funds that are committed to programs. The variance was primarily attributed to higher-than-anticipated federal HOME program income and lower-than-expected City of San Diego Affordable Housing Fund expenditures, which are committed for the development of future affordable housing units through the current Notice of Funding Availability (NOFA) process. The variance was also impacted by the timing of expenditures funded with MTW funds and by increased cash flows generated by the Housing Commission-owned property portfolio.

USES OF FUNDS: Total actual September 2023 year-to-date funding uses were \$291.6 million, which was 17 percent, or \$42.6 million, higher-than-budget. This was primarily due to a higher-than-budget variance in ending fund balance of \$50.1 million, offset by lower-than-budget variances in personnel expenditures and non-personnel expenditures of \$1.2 million and \$6.3 million respectively. The explanations below provide more details about significant variances:

### **Personnel Expenses**

- The \$1.2 million lower-than-budget variance in personnel expenses is primarily due to vacancies across the organization. The Housing Commission continues actively recruiting for vacant positions in a competitive job market. Staff anticipates personnel expenses to align with budget later in the fiscal year.

### **Non-Personnel Expenses**

- The \$1.5 million lower-than-budget variance in grant expense was primarily due to:
  - Lower-than-expected expenditures relating to Bridge Shelters, Sprung Shelter, Prevention & Diversion and City General Fund funded programs due to the timing of expense reimbursements. These were offset by:
  - Timing of expenditures relating to the issuance of Homekey 2 funds.
- The \$1.7 million lower-than-budget variance in Loans Made was primarily due to the timing of funding multifamily housing loans.

### **Ending Fund Balance**

Ending fund balance as of September 30, 2023, was \$186.0 million, which was 37 percent, or \$50.1 million, higher than budget, primarily due to lower-than-expected personnel and non-personnel expenses in addition to higher-than-expected sources (beginning fund balance plus new sources), as previously explained. Funds in the ending fund balance are committed for use to create and preserve affordable housing.

Respectfully submitted,

*Suket Dayal*

Suket Dayal  
Executive Vice President of Business Administration &  
Chief Financial Officer  
San Diego Housing Commission

Approved by,

*Jeff Davis*

Jeff Davis  
Deputy Chief Executive Officer  
San Diego Housing Commission

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

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Agency Financial Statements – First Quarter Fiscal Year 2024 (Unaudited)

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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**  
**STATEMENT OF SOURCES AND USES**  
**FISCAL YEAR-TO-DATE AS OF September 30, 2023**

	<u>YTD</u> <u>Actual</u>	<u>YTD</u> <u>Budget</u>	<u>Over/(Under)</u> <u>Budget</u>	<u>%</u> <u>Variance</u>
<b>SOURCES OF FUNDS</b>				
<b>NEW SOURCES</b>				
<b>FEDERAL</b>				
Section 8/MTW	91,164,000	75,429,000	15,735,000	21%
HOME	784,000	6,635,000	(5,851,000)	-88%
Housing Innovation Funds	852,000	1,744,000	(892,000)	-51%
CDBG & Other Federal Funds	5,792,000	674,000	5,118,000	759%
<b>TOTAL FEDERAL</b>	<b>98,592,000</b>	<b>84,482,000</b>	<b>14,110,000</b>	<b>17%</b>
<b>LOCAL</b>				
SDHC Real Estate	11,039,000	11,226,000	(187,000)	-2%
Unrestricted Funds	1,187,000	1,034,000	153,000	15%
Affordable Housing Fund	1,803,000	1,454,000	349,000	24%
Other Local Funds	3,548,000	4,384,000	(836,000)	-19%
<b>TOTAL LOCAL</b>	<b>17,577,000</b>	<b>18,098,000</b>	<b>(521,000)</b>	<b>-3%</b>
<b>STATE</b>	<b>3,475,000</b>	<b>7,375,000</b>	<b>(3,900,000)</b>	<b>-53%</b>
<b>TOTAL NEW SOURCES</b>	<b>119,644,000</b>	<b>109,955,000</b>	<b>9,689,000</b>	<b>9%</b>
<b>BEGINNING FUND BALANCE</b>	<b>171,940,000</b>	<b>139,037,000</b>	<b>32,903,000</b>	<b>24%</b>
<b>TOTAL SOURCES OF FUNDS</b>	<b>291,584,000</b>	<b>248,992,000</b>	<b>42,592,000</b>	<b>17%</b>
<b>USES OF FUNDS</b>				
<b>PERSONNEL</b>				
Salaries and Wages	8,597,000	9,628,000	(1,031,000)	-11%
Fringe Benefits	3,283,000	3,410,000	(127,000)	-4%
<b>SUBTOTAL PERSONNEL</b>	<b>11,880,000</b>	<b>13,038,000</b>	<b>(1,158,000)</b>	<b>-9%</b>
<b>NON-PERSONNEL</b>				
Housing Assistance Payments	69,754,000	70,110,000	(356,000)	-1%
Grant Expense	11,186,000	12,678,000	(1,492,000)	-12%
Property Expenses	3,108,000	3,948,000	(840,000)	-21%
Professional Services	1,203,000	1,360,000	(157,000)	-12%
Services, Supplies & Other	2,259,000	3,025,000	(766,000)	-25%
Loans Made	3,768,000	5,468,000	(1,700,000)	-31%
Debt Principal Payments	1,879,000	2,390,000	(511,000)	-21%
Capital Expenditures	573,000	1,080,000	(507,000)	-47%
<b>SUBTOTAL NON-PERSONNEL</b>	<b>93,730,000</b>	<b>100,059,000</b>	<b>(6,329,000)</b>	<b>-6%</b>
<b>TOTAL FUNDS EXPENDED</b>	<b>105,610,000</b>	<b>113,097,000</b>	<b>(7,487,000)</b>	<b>-7%</b>
<b>ENDING FUND BALANCE</b>	<b>185,974,000</b>	<b>135,895,000</b>	<b>50,079,000</b>	<b>37%</b>
<b>TOTAL USES OF FUNDS</b>	<b>291,584,000</b>	<b>248,992,000</b>	<b>42,592,000</b>	<b>17%</b>