



SAN DIEGO
HOUSING
COMMISSION

We're About People

San Diego Housing Commission (SDHC) Fiscal Year (FY) 2026 Moving to Work (MTW) Annual Plan Amendment Presentation to the SDHC Board of Commissioners November 7, 2025

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Overview

- Federal funding is not sufficient to support rental assistance for SDHC's existing voucher families.
- SDHC is proposing updates to the way it calculates the family contribution amount, which is the amount that rental assistance participants contribute toward the monthly contract rent.
- This is due to rising rental assistance costs amid diminishing federal funding.
- The proposed updates will help SDHC continue to serve as many existing Housing Choice Voucher families as possible and minimize the risk of having to terminate voucher assistance for existing families.



Fiscal Challenges



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Fiscal Challenges (Continued)

Federal Budget

- Federal government shut down since October 1, 2025.
 - **Continuing Resolution Option:** Typically extends prior-year funding levels, but does not account for inflation, rising insurance premiums or increased demand for services.
 - **Proposed Senate Budget – Transportation, Housing and Urban Development (THUD)**
 - Cuts to the Public Housing Operations fund and Community Development Block Grant program
 - Funding for Housing Choice Vouchers is below full funding levels, does not cover costs of supporting existing families, and does not account for inflation and rent increases.

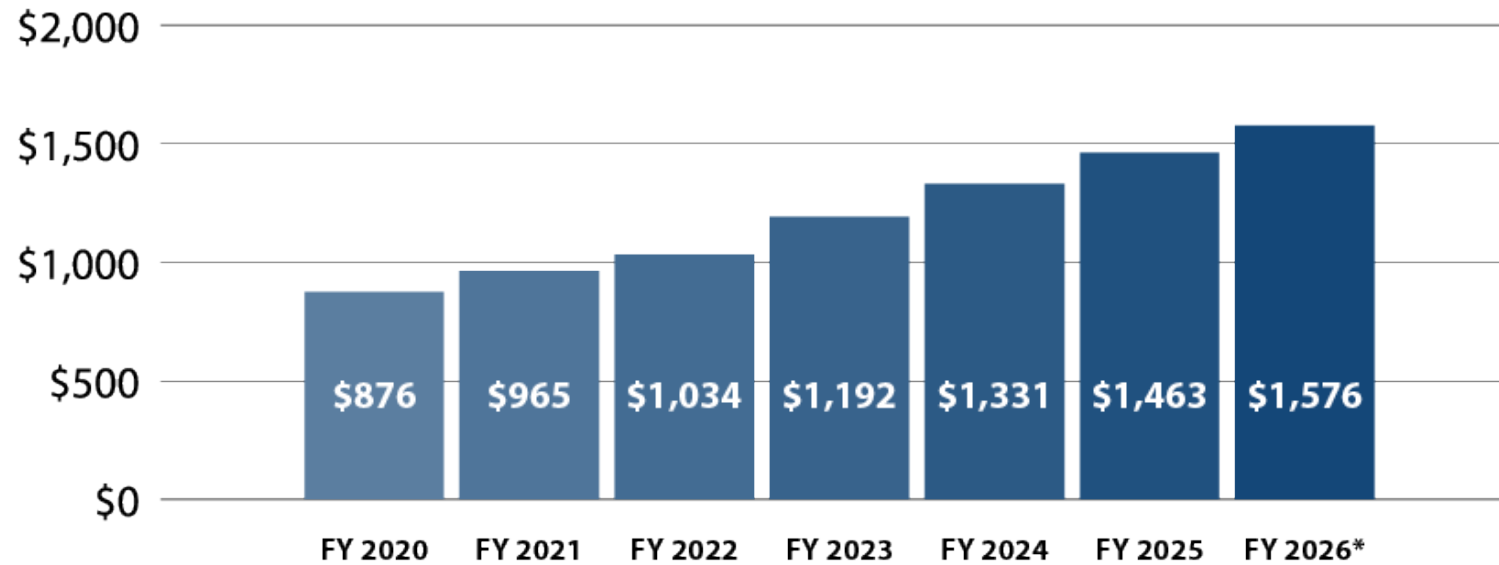


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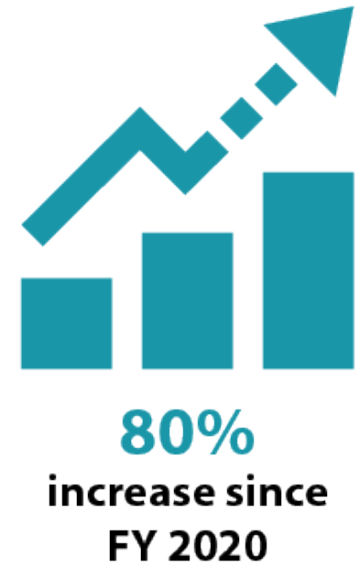
Fiscal Challenges (Continued)

Rising Costs

HOUSING VOUCHER AVERAGE MONTHLY RENT SUBSIDY BY FISCAL YEAR



*This graph displays the average monthly rent subsidy in each fiscal year.
FY 2026 year to date, as of August 31, 2025



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Fiscal Challenges (Continued)

FY2026 SDHC Budget Gap



\$26.6 Million

Anticipated gap between allocated
federal funds and SDHC's actual
Housing Assistance Payments



1,700

Approximate number of families currently in the program that
WOULD LOSE
their rental assistance



SDHC – FY 2026 MTW Annual Plan Amendment

Fiscal Challenges (Continued)

SDHC Cost-Containment

- Ongoing analysis will result in reductions in SDHC staff, including leadership positions.
 - Multiple leadership positions left vacant through attrition.
 - 10 additional positions that became vacant in the past three months will not be filled.
 - Other positions have not been filled after becoming vacant prior to this fiscal year.
- No Performance Incentive Payments for Vice Presidents and above
- No Cost-of-Living Adjustments for Senior Vice Presidents and above
- SDHC Strategic Plan includes many cost containment and revenue generation initiatives, including a comprehensive review of all SDHC functions and the personnel needs, funding sources, and revenue associated with those functions. Determine which functions are mission-critical and which are ancillary. Identify where programs and activities may be adjusted to reduce costs and/or increase revenue.



CONFIDENTIAL – Deliberative Process Privilege

SDHC – Fiscal Challenges and Decision Points

Fiscal Challenges (Continued)

SDHC Budget Projections

	2026	2027	2028	2029
	Projections	Projections	Projections	Projections
SOURCES				
Housing Assistance Payment (HAP)	\$254,395,096	\$256,204,637	\$258,792,304	\$261,406,106
MTW Revenues				
MTW Admin Revenues	\$19,650,948	\$19,191,481	\$19,191,481	\$19,191,481
TOTAL SOURCES	\$274,046,044	\$275,396,118	\$277,983,785	\$280,597,587
USES				
Total MTW HAP Expenses	\$280,948,158	\$281,329,715	\$280,586,376	\$278,371,735
Other MTW Program and Administrative Expenses	\$28,610,017	\$23,987,780	\$23,987,780	\$23,987,780
TOTAL OPERATING USES	\$309,558,175	\$305,317,495	\$304,574,156	\$302,359,515
VOUCHER FUNDING DEFICIT	-\$35,512,131	-\$29,921,377	-\$26,590,371	-\$21,761,928
Ending MTW Reserve Balance	\$17,768,991	-\$12,152,386	-\$38,742,757	-\$60,504,685



CONFIDENTIAL – Deliberative Process Privilege

SDHC – Fiscal Challenges and Decision Points

Fiscal Challenges (Continued)

SDHC Budget Projections with Path to Success Savings

	2026	2027	2028	2029
	Projections	Projections	Projections	Projections
SOURCES				
HAP MTW Revenue	\$254,395,096	\$256,204,637	\$258,792,304	\$261,406,106
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Path to Success Savings	-	\$9,674,088	\$31,173,948	\$31,173,948
Ending MTW Reserve Balance	\$17,768,991	-\$2,478,298	\$2,105,279	\$11,517,299



SDHC – FY 2026 MTW Annual Plan Amendment Options

Option 1

End rental assistance for
approximately
1,700 households

Option 2

Approve and implement
recommended updates to SDHC's
Path to Success Initiative to continue
to assist approximately 14,500
existing families



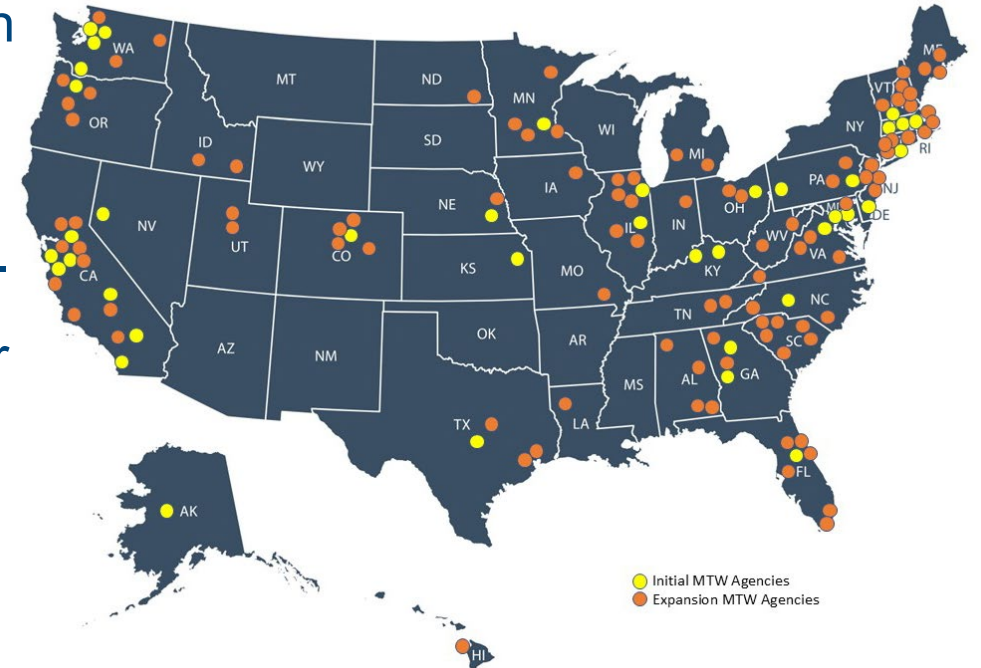
Moving to Work and Recommended Path to Success Updates



SDHC – FY 2026 MTW Annual Plan Amendment

What is MTW?

- MTW is a demonstration program for public housing authorities (PHAs) that provides them flexibilities to design and test innovative, locally designed strategies.
- SDHC is one of 39 original MTW agencies out of approximately 3,200 public housing authorities nationwide.
- A total of 138 agencies now have MTW status either under the original agreement or as an expansion agency.
- Three Statutory MTW Objectives:
 - Reduce costs (increase efficiency) in federal expenditures
 - Help families to become economically self-sufficient.
 - Improve housing choices for families.



SDHC – FY 2026 MTW Annual Plan Amendment

Recommended Path to Success Updates – Reproposed Activity 2012-1

Path to Success Overview

- Rent Reform initiative implemented July 1, 2013.
 - Developed with SDHC's MTW flexibility.
 - Defines households as able to work (Work-Able) or Elderly/Disabled

	Work-Able	Elderly / Disabled
Factors That Determine Household Type	Under 62	62 or older
	Not Disabled	Disabled
	AND	OR
	Not a full-time student ages 18-23	A full-time student ages 18-23
Family's Contribution to the Rent	Pay either the minimum family contribution or a family contribution amount based on a percentage family's income, whichever is greater.	Pay 28.5 percent of adjusted monthly income.
	Minimum Family Contribution • One Work-Able Adult: \$400/month • Two or more Work-Able Adults: \$650/month	Minimum Family Contribution: \$0
	The family's contribution amount is calculated on the lower edge of an income range. Families pay 24-30% of their income. • Example: If annual income is between \$25,000 and \$29,999, SDHC will use \$25,000 to calculate the family's portion of the rent.	



SDHC – FY 2026 MTW Annual Plan Amendment

Recommended Path to Success Updates – Reproposed Activity 2012-1

(Continued)

Family Contribution (FC) Determination

Work-Able Households Only

Expand to include an additional minimum FC for three or more Work-Able adults

Calculate FC at 40% of adjusted income

No longer use income ranges for FC calculations

Update minimum FC amounts based on minimum wage increases in recent years (\$17.75/hour effective January 2026)



SDHC – FY 2026 MTW Annual Plan Amendment

Recommended Path to Success Updates – Reproposed Activity 2012-1

(Continued)

Family Contribution (FC) Determination

Recommended Minimum FC for Work-Able Households Only		
1 Work-Able Adult	2 Work-Able Adults	3 or More Work-Able Adults
\$580/month	\$1,155/month (approximately \$578 per person)	\$1,735/month (approximately \$578 per person)
Minimum FC is approximately 30% of monthly income working 25 hours/week at \$17.75/hour (\$576.88).	Minimum FC is approximately 30% of monthly income with two adults each working 25 hours/week at \$17.75/hour (\$1,153.75).	Minimum FC is approximately 30% of monthly income with three adults each working 25 hours/week at \$17.75/hour (\$1,730.63).

- Elderly/Disabled FC would increase to 32% of adjusted income instead of 28.5%.
 - No minimum FC for Elderly/Disabled households



SDHC – FY 2026 MTW Annual Plan Amendment

Recommended Path to Success Updates – Reproposed Activity 2012-1 (Continued)

Household Impact Analysis and Hardship Policy



SDHC – FY 2026 MTW Annual Plan Amendment

Recommended Path to Success Updates – Reproposed Activity 2012-1

(Continued)

Household Impact – Elderly/Disabled Households

- Family Contribution (FC) = 32% of adjusted household income (3.5% increase from 28.5%)

FC Increase Per Month	# of Households
\$0 - \$99	8,713
\$100 - \$199	617
\$200 - \$299	31
\$300 - \$350	2
Total	9,363



SDHC – FY 2026 MTW Annual Plan Amendment

Recommended Path to Success Updates – Reproposed Activity 2012-1

(Continued)

Household Impact – Work-Able Households

- Number of Households Subject to Minimum Family Contribution: 1,890
 - Work Able 1 – 876
 - Work Able 2 – 609
 - Work Able 3+ – 405
- Number of Households Subject to 40% of Adjusted Income: 3,060
 - Work Able 1 – 2,033
 - Work Able 2 – 769
 - Work Able 3+ – 258



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Recommended Path to Success Updates – Reproposed Activity 2012-1

(Continued)

Household Impact – Work-Able Households (Continued)

Work Able Households Paying Minimum FC

FC Increase Per Month	# of Households
\$100 - \$199	847
\$200 - \$299	2
\$300 - \$399	8
\$400 - \$499	125
\$500 - \$599	506
\$600 - \$699	57
\$700 - \$799	57
\$800 - \$899	57
\$900 - \$999	46
\$1,000+	185
Total	1,890

Work-Able Households Paying 40% of Income

FC Increase Per Month	# of Households
\$100 - \$199	85
\$200 - \$299	499
\$300 - \$399	678
\$400 - \$499	689
\$500 - \$599	518
\$600 - \$699	298
\$700 - \$799	161
\$800 - \$899	73
\$900 - \$999	31
\$1,000+	28
Total	3,060



SDHC – FY 2026 MTW Annual Plan Amendment

Recommended Path to Success Updates – Reproposed Activity 2012-1 (Continued)

Hardship

Eligibility

- Households with 1 Work-Able adult or 2 Work-Able adults
- At least one dependent in the household
- Currently at the minimum FC

Terms

- Six-month hardship if the household pays more than 50% of its income per month toward rent.
- Household FC will be adjusted to \$50, their previous FC, or 50% of their adjusted income—whichever is greater.
- While on the hardship, the head of household will be required to sign a document consenting to participate in self-sufficiency activities, which may include:
 - Attending work-readiness classes
 - Applying for benefits
 - Regaining employment, etc.
- The household will be referred to the SDHC Achievement Academy to work with a Work Readiness Specialist during their hardship period.



SDHC – FY 2026 MTW Annual Plan Amendment

Recommended Path to Success Updates – Reproposed Activity 2012-1

(Continued)

Robust Noticing Period

- Obtain approval from the U.S. Department of Housing and Urban Development (HUD).
- First Notice to Housing Choice Voucher families.
- Ongoing notices leading up to implementation.
- Notices will explain updates to the Family Contribution calculation, why the updates were necessary, and how the updates will impact households.
- Notices will include information on resources to help households increase their income in preparation for the updates, such as the SDHC Achievement Academy and partnerships with nonprofit organizations.
- Updates will be applied within Fiscal Year 2027.



SDHC – FY 2026 MTW Annual Plan Amendment

Recommended Path to Success Updates – Reproposed Activity 2012-1 (Continued)

Public Comment

- **October 31 – November 30:** Public Comment Period
 - Public comment information posted on SDHC's website.
 - Public notice published in Voice & Viewpoint, El Latino, and the San Diego Union-Tribune.
 - Letter mailed to random sample of participants, and email sent to all Housing Choice Voucher heads of households for whom SDHC has an email address.
- **November 7, 2025:** SDHC Board of Commissioners Informational Workshop
- **November 17, 2025:** Public hearing held at SDHC's offices.
- **December 11, 2025:** SDHC Board of Commissioners Special Meeting to consider action item



SDHC – FY 2026 MTW Annual Plan Amendment

Recommended Path to Success Updates – Reproposed Activity 2012-1 (Continued)

Remaining Uncertainties

- With unprecedented changing federal priorities, reserves may be at risk.
- Federal funding may be less than what is anticipated.
- Ongoing federal budget uncertainty in coming years.



SDHC – FY 2026 MTW Annual Plan Amendment

Recommended Path to Success Updates – Reproposed Activity 2012-1

(Continued)

Summary

- When a federal Continuing Resolution or Budget is approved, **it will not provide sufficient funding** to resolve the Voucher Funding Deficit SDHC is experiencing.
- Approximately **1,700 families (approximately 6,000 individuals)** currently in the Housing Choice Voucher program **WOULD LOSE** their rental assistance unless recommended updates to Path to Success are implemented.
- SDHC's average Housing Assistance Payment **expenses have risen 80% since Fiscal Year 2020.**
- **Minimum Family Contribution has not been adjusted** since January 2020.
- Recommended updates to Path to Success will produce **Housing Assistance Payment savings** that should enable SDHC to continue to assist current participating rental assistance households.



Questions & Comments

