



SAN DIEGO
HOUSING
COMMISSION

INFORMATIONAL REPORT

DATE ISSUED: December 4, 2025

REPORT NO: HCR25-079

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of December 11, 2025

SUBJECT: Agency Financial Statements – First Quarter Fiscal Year 2026 (Unaudited)

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

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 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 First Quarter of Fiscal Year 2026 (July 1, 2025 – September 30, 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 first quarter were \$270.7 million, or 3 percent (\$8.4 million) higher than the \$262.3 million budgeted. New sources of funds through the first quarter were \$27.4 million less than what had been budgeted. The specific differences that make up this \$27.4 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 first quarter of Fiscal Year 2026, this contributed to a Section 8/Moving to Work funding variance of \$1.8 million lower than budgeted. This variance is also impacted 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 actual revenue from HOME funds through the first quarter of Fiscal Year 2026 was \$5.5 million less than budgeted.
- “CDBG & Other Federal Funds,” “Other Local Funds,” and “State” were also less than budgeted by \$4.7 million, \$3.6 million, and \$13.3 million, respectively. The key components of these variances were:
 - The timing of capital expenditures relating to 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 homelessness programs and services that SDHC administers, once SDHC receives the expense reimbursement request from the provider. As a result, the timing of reimbursement requests for homelessness programs will affect when funding appears as “State” or “Local” sources of funds for those programs.
 - The timing of loans to be funded with California’s Infill Infrastructure Grant Catalytic Program funds.
- Unrestricted fund revenues were \$1 million higher than budgeted due to higher-than-anticipated Multifamily Housing Revenue Bond fee revenues received during the quarter.

While new sources of funds were \$27.4 million less than budgeted through the first 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 September 30, 2025, also totaled \$270.7 million, or 3 percent (\$8.4 million) higher than the \$262.3 million budgeted. “Personnel” expenditures were \$2.3 million less than budgeted, and “Non-Personnel” expenditures were \$28.4 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 \$16.2 million lower than budgeted through the first quarter of Fiscal Year 2026. The timing of the

receipt of Requests for Reimbursement also played a major part in the \$6.8 million variance relating to Grant Expense. Expenditures on housing assistance payments are influenced by the lease-up rate for project-based vouchers as developments are completed and the rising average cost of these vouchers. These factors have contributed to expenditures being \$4.1 million below budget through the first 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 \$2.3 million and \$1.2 million, respectively, less than budgeted.

- “Personnel” costs were affected by employment vacancies across the organization.
- “Services, Supplies & Other” costs were impacted by the timing of software and related Information Technology projects.

While the uses of funds were \$2.3 million less than budgeted in “Personnel” and \$28.4 million less than budgeted for “non-personnel” expenses, these were offset by a fund balance at the end of the first quarter that was \$39.1 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 SDHC awarded future affordable housing units. 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 Years 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,

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

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 September 30, 2025

| | YTD <u>Actual</u> | YTD <u>Budget</u> | Over/(Under) <u>Budget</u> | % <u>Variance</u> |
|-------------------------------|------------------------------------|------------------------------------|---|------------------------------------|
| SOURCES OF FUNDS | | | | |
| NEW SOURCES | | | | |
| FEDERAL | | | | |
| Section 8/MTW | 91,082,000 | 92,889,000 | (1,807,000) | -2% |
| HOME | 1,473,000 | 6,938,000 | (5,465,000) | -79% |
| Housing Innovation Funds | 1,783,000 | 3,021,000 | (1,238,000) | -41% |
| CDBG & Other Federal Funds | 644,000 | 5,303,000 | (4,659,000) | -88% |
| TOTAL FEDERAL | 94,982,000 | 108,151,000 | (13,169,000) | -12% |
| LOCAL | | | | |
| SDHC Real Estate | 14,152,000 | 13,277,000 | 875,000 | 7% |
| Unrestricted Funds | 2,581,000 | 1,287,000 | 1,294,000 | 101% |
| Affordable Housing Fund | 1,789,000 | 1,288,000 | 501,000 | 39% |
| Other Local Funds | 6,744,000 | 10,304,000 | (3,560,000) | -35% |
| TOTAL LOCAL | 25,266,000 | 26,156,000 | (890,000) | -3% |
| STATE | 2,656,000 | 15,970,000 | (13,314,000) | -83% |
| TOTAL NEW SOURCES | 122,904,000 | 150,277,000 | (27,373,000) | -18% |
| BEGINNING FUND BALANCE | 147,766,000 | 112,020,000 | 35,746,000 | 32% |
| TOTAL SOURCES OF FUNDS | 270,670,000 | 262,297,000 | 8,373,000 | 3% |
| USES OF FUNDS | | | | |
| PERSONNEL | | | | |
| Salaries and Wages | 9,370,000 | 11,034,000 | (1,664,000) | -15% |
| Fringe Benefits | 3,352,000 | 3,975,000 | (623,000) | -16% |
| SUBTOTAL PERSONNEL | 12,722,000 | 15,009,000 | (2,287,000) | -15% |
| NON-PERSONNEL | | | | |
| Housing Assistance Payments | 85,626,000 | 89,710,000 | (4,084,000) | -5% |
| Grant Expense | 6,529,000 | 13,295,000 | (6,766,000) | -51% |
| Property Expenses | 4,473,000 | 5,205,000 | (732,000) | -14% |
| Professional Services | 1,131,000 | 1,560,000 | (429,000) | -28% |
| Services, Supplies & Other | 2,433,000 | 3,588,000 | (1,155,000) | -32% |
| Loans Made | 9,378,000 | 8,468,000 | 910,000 | 11% |
| Debt Principal Payments | 1,842,000 | 1,840,000 | 2,000 | 0% |
| Capital Expenditures | 782,000 | 16,947,000 | (16,165,000) | -95% |
| SUBTOTAL NON-PERSONNEL | 112,194,000 | 140,613,000 | (28,419,000) | -20% |
| TOTAL FUNDS EXPENDED | 124,916,000 | 155,622,000 | (30,706,000) | -20% |
| ENDING FUND BALANCE | 145,754,000 | 106,675,000 | 39,079,000 | 37% |
| TOTAL USES OF FUNDS | 270,670,000 | 262,297,000 | 8,373,000 | 3% |