OCA

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Highlights

Why OCA Did This Study

In accordance with the City Auditor's FY 2016 Work Plan, we conducted a performance audit of the San Diego Housing Commission (SDHC). This is the second SDHC-related audit released in conjunction with the Fiscal Year 2016 Work Plan. The first audit covering the Affordable Housing Fund was released July 21, 2016. For the second audit, our audit objectives were to determine:

1. SDHC's impact on affordable housing production in the City of San Diego;
2. Whether SDHC is cost effective in the production of affordable housing.

What OCA Recommends

- To maximize the number of affordable housing units produced, SDHC should establish targets and performance measures and annually report on those results. SDHC should also consider the number of units that are at risk of conversion to market rate when setting goals.

- SDHC should establish an evaluation methodology that includes performance measures and benchmarks to demonstrate that SDHC-related projects provide the best option to achieve cost-effectiveness in federal housing expenditures. Results should be reported at least annually to the San Diego Housing Commission Board (Board) and the San Diego Housing Authority (SDHA).

- SDHC should develop loan servicing guidelines that include review timelines, reconciliation procedures and dispute procedures.

- SDHC should report loan collection results annually to their Board and SDHA.

- SDHC should conduct periodic analysis, no less than annually, of the cost/benefit of the loan servicing activities. If the loan servicing activities are not cost effective, alternatives such as streamlined reconciliation procedures or a simplified payment structure should be considered.

Management agreed to implement all recommendations. For more information, contact Eduardo Luna at (619)533-3165 or cityauditor@sandiego.gov

San Diego Housing Commission Audit

Additional Performance Measures and Benchmarks are Needed to Better Demonstrate Results and Improve Monitoring

What OCA Found

The need for affordable housing in the City of San Diego (City) far exceeds the money available for its development. Therefore it is imperative that the most cost effective affordable housing is funded to keep cost reasonable while maximizing the number of housing units produced. It is also important to have monitoring procedures in place to ensure loan payments are maximized for reinvestment in affordable housing. With considerable latitude for innovation at the federal level and significant autonomy at the local level, better performance measures are needed to demonstrate results and improve the monitoring and evaluation of the San Diego Housing Commission's (SDHC) affordable housing efforts.

SDHC is a participating agency in the federal Moving to Work (MTW) demonstration program administered by the U.S. Department of Housing and Urban Development (HUD). These agencies have the flexibility to design and test various approaches for providing and administering housing assistance. SDHC reports annually on multiple activities, but HUD has not identified the performance data that would be needed to assess the results of these activities for the City. Improved performance measures would better inform SDHC's oversight body, the San Diego Housing Authority (SDHA), for monitoring and evaluation purposes.

Specifically we found that additional performance measures and benchmarks are needed for SDHC's housing production goals and housing development cost as well as a better monitoring process to improve loan collections. SDHC has numerous goals, objectives, and outputs reported at the federal and local level. However, a more robust set of indicators that are compared to affordable housing benchmarks would demonstrate the results of SDHC's housing objectives and provide SDHA with relevant information to strengthen its monitoring and evaluation activities.

COMM22 Family Housing, 2225 and 2325 Commercial Street – Logan Heights

Image Credit: San Diego Housing Commission