

Office of the City Auditor

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*Performance Audit of the*

**San Diego  
Housing Commission**

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Presentation to the San Diego Housing Authority  
October 20, 2009

# Audit Scope & Objectives

**The purpose of this audit included evaluating SDHC's:**

- Compliance with pertinent regulations, laws, and policies
- Administrative, financial and budgeting practices and procedures
- Performance and practices in comparison to housing agencies in other municipalities of comparable characteristics

# Audit Results

## **Part I Report**

- SDHC Governance Can Be Improved
- Controls over Executive Compensation Can Be Improved
- Federal Grant Related Issues Noted
- New Housing Projects May Be Subject To Delays

## **Part II Report**

- The Housing Commission faces unique challenges related to the accounting for the Affordable Housing Fund

# Part I – Summary of Key Findings

- SDHC governance can be improved in the timing of Board / Housing Authority approvals, the Board appointment process and executive succession planning
- Inconsistent controls over executive compensation were noted
- Improvements can be made in controls related to the submission of CDBG program related reimbursement documentation, the execution of CDBG agreements for fiscal years 2008 and 2009 and the reimbursement to SDHC for \$1.9 million in CDBG related expenses
- New development of Public Housing disposition related properties could potentially be delayed; and public housing disposition tenant data inconsistencies were noted
- Housing Commission operational and managerial risks associated with the \$2 million drawdown of SDHC reserves for the De Anza Harbor Resort were also noted

# Part I – Recommendations

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We made 19 recommendations to improve the controls and performance of the Housing Commission. The Housing Commission and Administration agreed or concurred with the recommendations.

# Part II – Summary of Key Findings

- The accounting for the Affordable Housing Fund needs to be improved and may not have been fully funded
- Housing Trust Fund commercial linkage fees are outdated and substantially lower than comparable cities
- The receipt of direct payments to SDHC from developers is inconsistent with the municipal code
- The City and SDHC reported, but did not reconcile, different fee revenue amounts
- SDHC IHF policies and regulations are inadequate or poorly defined
- The City's Inclusionary Affordable Housing regulations need to be updated
- City and SDHC reporting, monitoring, and disbursements of AHF revenues are fragmented and disjointed

# Part II – Recommendations

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We made 12 recommendations to improve the controls and performance of the Affordable Housing Fund. The Housing Commission and Administration agreed or concurred with the recommendations.

# Supporting Slides

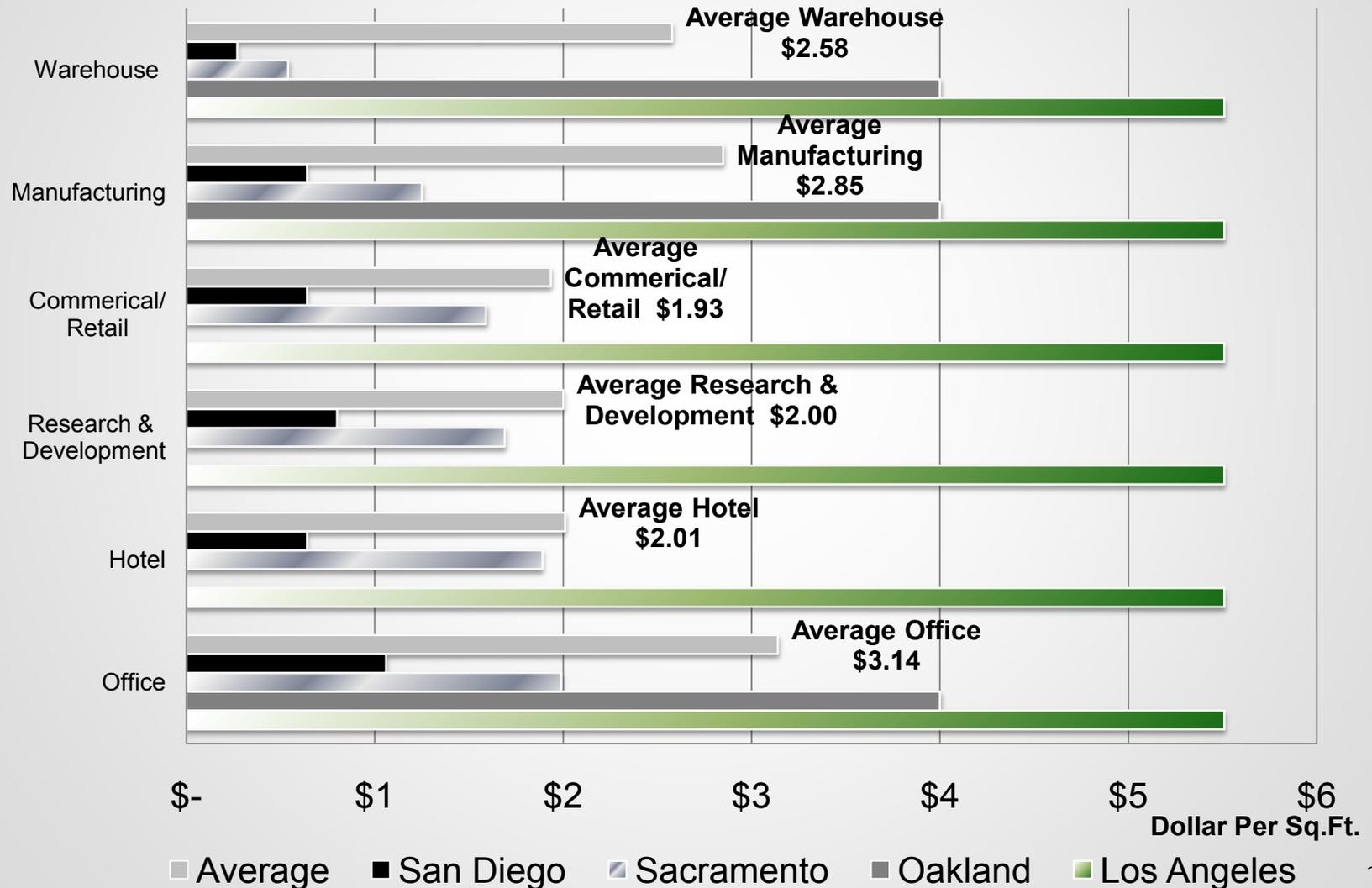
1. Current Housing Trust Fund commercial linkage fee list
2. Comparison of San Diego linkage fee to comparable cities by building type
3. Underfunding of the Housing Trust Fund

# Housing Trust Fund Commercial Linkage Fees

<b>Type of Use</b>	<b>Fee/Building Square Foot</b>
Office	\$1.06
Hotel	\$0.64
Research and Development	\$0.80
Retail	\$0.64
Manufacturing	\$0.64
Warehouse	\$0.27

Source: San Diego Municipal Code §98.0618, Appendix A

# Comparison of San Diego Linkage Fees to Comparable Cities by Building Type



# Housing Trust Fund Performance

\*Outdated fees have resulted in underfunding HTF by \$2.79M between 2006 and 2008

