

EXECUTIVE SUMMARY

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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FY 2012 Proposed Budget for the San Diego Housing Commission

The FY 2012 Proposed Operating Budget for the San Diego Housing Commission (SDHC) is \$285.1 million, reflecting a reduction of \$6.6 million from the original FY 2011 Adopted Budget, and a reduction of \$27.0 million from the FY 2011 Current (revised) Budget. The FY 2012 Proposed Budget also includes a \$35.4 million capital budget, while continuing appropriations are projected to be \$23.3 million. Total operating revenues include \$212.5 million in new revenues and \$72.6 million in carryover funds, a reduction of \$7.8 million and \$19.1 million respectively. Carryover fund represent revenues that were received in prior years but not expended or obligated, while new revenues reflect funding that is anticipated to be received in FY 2012.

The Proposed Budget includes 268.50 FTE positions, a net increase of 3.00 positions from the FY 2011 Current Budget. Total personnel expenditures are budgeted at \$21.5 million, an increase of approximately \$390,000 from the FY 2011 Current Budget, primarily attributable to the new positions. The budget does not include any funding for raises or bonuses, but does include a 3% contingency of approximately \$579,000 for performance incentives pursuant to the implementation of the new Performance Management System approved in March 2011.

One of the most significant budgetary adjustments in the FY 2012 Proposed Budget is the transfer of funding for capital improvements, rehabilitation, and housing development projects from the operating budget to the capital budget. In FY 2011, the FY 2011 capital budget primarily reflected the development and acquisition of new affordable units funded by financing proceeds. In FY 2012, the capital budget has been expanded to reflect all capital expenditures associated with the creation of new affordable housing units, including rehabilitation and tenant improvements, as well as housing development and acquisition. As a result, approximately \$24.9 million has been transferred from the operating budget to the capital budget in FY 2012.

Finally, Housing Commission staff is requesting that the Housing Authority delegate to the Housing Commission Board the authority to amend the FY 2012 Budget for amounts up to \$500,000. In prior years, the Housing Authority has delegated the authority for the Housing Commission Board to amend the budget for amounts up to \$250,000, and for the President & CEO to amend the budget for amounts up to \$100,000. The IBA recommends that Housing Commission staff provide additional information as to why this additional delegation of authority is necessary, and what benefit it would provide.