

## INFORMATIONAL REPORT

**DATE ISSUED:** December 8, 2022

**REPORT NO:** HDPM22-002

**ATTENTION:** Chair and Members of the Board of Directors of HDP Mason  
For the Agenda of December 15, 2022

**SUBJECT:** Third Quarter 2022 Mason Hotel Budget-to-Actual Report

**NO ACTION IS REQUIRED ON THE PART OF THE HDP MASON BOARD OF DIRECTORS**

### **SUMMARY**

The Budget-to-Actual Report provides an overview of the HDP Mason Housing Corporation (HDP Mason) property financial performance during the third quarter (July through September) of Fiscal Year 2022. Variance notes are provided for line items where actual performance considerably deviates from staff's projections based on the approved 2022 property budget.

Please note a Conflict Disclosure Statement at the end of this report.

### **CONFLICT DISCLOSURE STATEMENT:**

Two San Diego Housing Commissioners (Commissioners), Stefanie Benvenuto and Eugene "Mitch" Mitchell, and Interim President & Chief Executive Officer (CEO) of the San Diego Housing Commission (Housing Commission), Jeff Davis, are each directors of HDP Mason Housing Corporation (HDP Mason), a California nonprofit public benefit corporation qualified as an Internal Revenue Code Section 501(c)(3) corporation for federal purposes. Any Commissioner who is also a director of HDP Mason as of the date of this staff report and Interim CEO Davis have no conflict of interest as discussed below.

The Commissioners and Interim CEO Davis receive no compensation for their service on HDP Mason's Board of Directors and/or as officers of HDP Mason. Pursuant to the provisions of Government Code Sections 1091.5(a)(7) and 1091.5(a)(8), the Commissioners and Interim CEO Davis each have a "non-interest" as described in Government Code Section 1091.5 for purposes of their action on Housing Commission matters associated with this matter, if any. This disclosure shall be incorporated into the record of the Housing Commission, if and when this matter is heard by the Housing Commission.

Further, as members of the Housing Commission Board of Commissioners, the Commissioners are legally entitled to vote and be counted for quorum purposes in this HDP Mason matter. Further, Mr. Davis is not compensated by HDP Mason, and he sits on the HDP Mason Board of Directors. He is legally entitled to vote and to be counted for quorum purposes for this HDP Mason matter.

None of HDP Mason's board members has a financial interest in this action item that would legally preclude their participation under the provisions of Government Code Sections 1090 and/or 87100 et. seq.

Further, the Housing Commission is a public agency, and the Commissioners are not compensated for their service as Commissioners of the Housing Commission. Further, Mr. Davis's compensation from a public agency, the Housing Commission, is a non-interest under the provisions of Government Code Section 1091.5(a)(9) as well as for the purposes of Government Code Section 87100 et. seq. Mr. Davis's compensation with the Housing Commission is not a financial interest that would, in any way, preclude him being counted for quorum purposes or voting on these matters before HDP Mason.

Further, to the extent that HDP Mason is a public agency for local Ethics Ordinance purposes, neither the Commissioners nor Director Davis have any conflicts of interest under the local ethics ordinance that would preclude their, or any of their, actions in this matter or from being counted for quorum purposes.

This disclosure shall be and is hereby documented in the official records of HDP Mason. Similar disclosures will be made in the records of the Housing Commission, if and when this matter is heard by the Housing Commission.

**MUTUAL DIRECTORS STATEMENT:**

To the extent that Commissioners may be considered to be "directors" of the Housing Commission for purposes of California Corporations Code Section 5234 and, hence, common directors with HDP Mason, a vote on this matter should incorporate a finding that these transactions are just and reasonable as to HDP Mason.

Respectfully submitted,



Emmanuel Arellano  
Vice President of Asset Management  
Housing Development Partners

Approved by,



Emily S. Jacobs  
Executive Vice President  
Housing Development Partners

Attachment: First Quarter 2022 Property Budget-to-Actual Repo

# MASON HOTEL

1345 Fifth Ave  
San Diego, CA 92101

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|  | 2022 - Quarter Three |                  |                    |  | 2022 - Year to Date |                  |                    |  |        |
|--|----------------------|------------------|--------------------|--|---------------------|------------------|--------------------|--|--------|
|  | Quarterly Actual     | Quarterly Budget | \$over/ (under)    |  | YTD Actual          | YTD Budget       | \$over/ (under)    |  | NOTE   |
| <b>INCOME</b>                          |                      |                  |                    |  |                     |                  |                    |  |        |
| Gross Potential Income                 | 69,105               | 70,227           | (1,122)            |  | \$ 202,827          | \$ 210,681       | (7,854)            |  | Note 1 |
| Gain/Loss to Lease                     | -                    | (1,122)          | 1,122              |  | \$ -                | (3,366)          | 3,366              |  | Note 2 |
| Vacancy                                | (10,453)             | (3,455)          | (6,998)            |  | \$ (23,661)         | (10,366)         | (13,295)           |  | Note 3 |
| Manager's unit(s)                      | (4,263)              | (4,065)          | (198)              |  | \$ (12,129)         | (12,195)         | 66                 |  |        |
| Other deductions                       | 1,090                | -                | 1,090              |  | \$ 2,793            | -                | 2,793              |  | Note 4 |
| Other Income                           | 8,597                | 8,087            | 510                |  | \$ 29,295           | 24,262           | 5,033              |  | Note 5 |
| <b>TOTAL INCOME</b>                    | <b>64,076</b>        | <b>69,672</b>    | <b>(5,596)</b>     |  | <b>199,125</b>      | <b>209,016</b>   | <b>(9,891)</b>     |  |        |
| <b>EXPENSES</b>                        |                      |                  |                    |  |                     |                  |                    |  |        |
| Admin                                  | 23,190               | 20,964           | 2,226              |  | 62,344              | 62,893           | (549)              |  |        |
| Utilities                              | 8,555                | 7,390            | 1,165              |  | 23,306              | 22,170           | 1,136              |  |        |
| Maintenance & Repair                   | 15,672               | 11,174           | 4,498              |  | 53,031              | 33,521           | 19,510             |  | Note 6 |
| Extraordinary Maintenance              | -                    | -                | -                  |  | -                   | -                | -                  |  |        |
| Taxes & Insurance                      | 2,519                | 3,517            | (998)              |  | 8,762               | 10,550           | (1,788)            |  |        |
| Bad Debt                               | 7,964                | -                | 7,964              |  | 10,999              | -                | 10,999             |  | Note 7 |
| Other expenses                         | 2,141                | 2,210            | (69)               |  | 6,408               | 6,630            | (222)              |  |        |
| <b>TOTAL EXPENSES</b>                  | <b>60,041</b>        | <b>45,255</b>    | <b>14,786</b>      |  | <b>164,850</b>      | <b>135,764</b>   | <b>29,086</b>      |  | Note 8 |
| <b>NET OPERATING INCOME</b>            | <b>4,035</b>         | <b>24,417</b>    | <b>(20,382)</b>    |  | <b>34,275</b>       | <b>73,252</b>    | <b>(38,977)</b>    |  |        |
| Debt Service                           | -                    | -                | -                  |  | -                   | -                | -                  |  |        |
| <b>CASH FLOW</b>                       | <b>\$ 4,035</b>      | <b>\$ 24,417</b> | <b>\$ (20,382)</b> |  | <b>\$ 34,275</b>    | <b>\$ 73,252</b> | <b>\$ (38,977)</b> |  |        |
| <b>PUPA (less financial expense)</b>   | <b>3,532</b>         | <b>2,662</b>     | <b>870</b>         |  | <b>9,697</b>        | <b>7,986</b>     | <b>1,711</b>       |  |        |
| <b>Physical Occupancy (percentage)</b> | <b>85%</b>           | <b>95%</b>       | <b>-5%</b>         |  | <b>88%</b>          | <b>95%</b>       | <b>-7%</b>         |  |        |

## Notes:

- Note 1: QTD/YTD is lower due to rents not being at the current payment standard in the 1st quarter. Rent increase took place in May. Any variance should be included in gain/loss to lease.
- Note 2: QTD/YTD is lower due to G/L to Lease reflecting in GPR.
- Note 3: QTD/YTD increased due to high turnover in the 2nd & 3rd quarter. Property currently at 1 vacant unit.
- Note 4: QTD/YTD should reflect income in GPR as these are rent/subsidy variances.
- Note 5: QTD/YTD is higher due to damages being charged to tenant ledgers and appearing as income that may not necessarily be collectible. However, attempts to collect are utilized via the rental assistance program and via LEAP, if applicable.
- Note 6: YTD is higher due to high turnover resulting in increased cost in furniture and appliances expenses, as well as fire and safety expenses. YTD scheduled to align with budget as FY22 proceeds. RR withdrawal of \$18,290 in process.
- Note 7: QTD/YTD increased due to bad debt. In FY2023 this was not budgeted.
- Note 8: YTD total expenses will decrease once RR withdrawal is received, bad debt will still have a negative impact against budget.