

INFORMATIONAL REPORT

DATE ISSUED: December 8, 2023

REPORT NO: HDPM23-007

ATTENTION: Chair and Members of the Board of Directors of
HDP Mason Housing Corporation
For the Agenda of December 14, 2023

SUBJECT: Third Quarter 2023 Property Budget-to-Actual Report

NO ACTION IS REQUIRED ON THE PART OF THE BOARD OF DIRECTORS

SUMMARY

The Budget-to-Actual Report provides an overview of the HDP Mason Housing Corporation (HDP Mason) property's financial performance during the third quarter (July through September) of Fiscal Year 2023. Variance notes are provided for line items where actual performance considerably deviates from staff's projections based on the approved 2023 property budget.

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

CONFLICT DISCLOSURE STATEMENT:

Two San Diego Housing Commissioners (Commissioners), Eugene "Mitch" Mitchell and Ryan Clumpner, 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 the HDP Mason. Similar disclosures will be made in the records of the Housing Commission, if and when this matter his heard by the 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

Emmanuel Arellano
Vice President of Asset Management
Housing Development Partners

Approved by,

Emily S. Jacobs

Emily S. Jacobs
Executive Vice President
Housing Development Partners

Attachment: First Quarter 2023 Property Budget-to-Actual Report

Docket materials are available on HDP's website at www.hdpartners.org

MASON HOTEL

1345 Fifth Ave
San Diego, CA 92101

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	2023 - Quarter Three			2023 - Year to Date			NOTE
	Quarterly Actual	Quarterly Budget	\$over/ (under)	YTD Actual	YTD Budget	\$over/ (under)	
INCOME							
Gross Potential Income	110,517	107,304	3,213	\$ 277,831	\$ 272,476	5,355	
Gain/Loss to Lease	-	(6,902)	6,902	\$ (875)	(20,706)	19,831	Note 1
Vacancy	-	(4,402)	4,402	\$ (6,696)	(13,206)	6,510	
Manager's unit(s)	(6,501)	(5,179)	(1,322)	\$ (16,343)	(15,537)	(806)	
Other deductions	-	-	-	\$ -	-	-	
Other Income	8,259	8,151	108	\$ 28,060	24,454	3,606	Note 2
TOTAL INCOME	112,275	98,972	13,303	281,977	247,481	34,496	
EXPENSES							
Admin	19,431	21,495	(2,064)	52,856	64,485	(11,629)	Note 3
Utilities	11,174	8,157	3,017	32,290	24,470	7,820	Note 4
Maintenance & Repair	13,846	12,278	1,568	47,636	36,834	10,802	Note 5
Extraordinary Maintenance	-	-	-	-	-	-	
Taxes & Insurance	2,940	3,684	(744)	10,268	11,053	(785)	
Bad Debt	-	1,517	(1,517)	-	4,552	(4,552)	
Other expenses	2,125	2,215	(90)	6,375	6,645	(270)	
TOTAL EXPENSES	49,516	49,346	170	149,425	148,039	1,386	
NET OPERATING INCOME	62,759	49,626	13,133	132,552	99,442	33,110	
Debt Service	-	-	-	-	-	-	
CASH FLOW	\$ 62,759	\$ 49,626	\$ 13,133	\$ 132,552	\$ 99,442	\$ 33,110	Note 6

Notes:

Note 1: QTD/YTD is lower than anticipated due to the property obtaining the current payment standard rents which are increased compared to what was anticipated in 2023.

Note 2: QTD/YTD is higher due to damages being charged to tenant ledgers and appearing as accrued income. Attempts to collect are utilized via the rental assistance program and via LEAP, if applicable.

Note 3: QTD/YTD is lower due to less anticipated cost in manager salary, employee benefits.

Note 4: QTD/YTD is increased due to higher than anticipated electricity, sewer and water cost. Property has a 3rd party vendor conducting a energy efficiency analysis in 4th Qtr. of FY23.

Note 5: QTD/YTD is increased due to elevator repairs and furniture & appliance replacements (A/C). Much of the budget overage is scheduled to be reimbursed through the reserve account, as scheduled in the 2023 budget.

Note 6: Cashflow increased due to higher than anticipated income, low vacancy rate and the property adhering to the budget in regard to expenses.