

INFORMATIONAL REPORT

DATE ISSUED: June 6, 2024

REPORT NO: HDP24-007

ATTENTION: Chair and Members of the Board of Directors of
Housing Development Partners of San Diego
For the Agenda of June 13, 2024

SUBJECT: First Quarter 2024 Financials

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

SUMMARY

The First Quarter 2024 Financials provide a fiscal status update of Housing Development Partners (HDP). The report includes HDP's financial statements, revenue and expenditure activity compared to the 2024 Operating Budget, and a 2024 Sources and Uses report detailing the nonprofit's fund balance.

The following are included in this report:

- Statement of Financial Position
- Statement of Activities
- Operating Budget compared to Actual
- Sources and Uses

Please note a Conflict Disclosure Statement at the end of this report has been included because HDP is the Housing Commission's nonprofit affiliate, and these transactions otherwise involve the Housing Commission.

CONFLICT DISCLOSURE STATEMENT:

Two San Diego Housing Commissioners (Commissioners), Eugene "Mitch" Mitchell and Ryan Clumpner, and the San Diego Housing Commission's (Housing Commission) President and Chief Executive Officer (President and CEO), Lisa Jones, are each directors of Housing Development Partners (HDP), 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 as of the date of this staff report and President and CEO Jones have no conflict of interest as discussed below. After approval of action before the HDP Board on June 13, 2024, Councilmember/Housing Authority Member Stephen Whitburn will become a Director of HDP. As a member of the Housing Authority, he has responsibilities for oversight of the Housing Commission. The Councilmember/Housing Authority Member receives no compensation for his service on the HDP Board and/or as an officer of HDP. Pursuant to the provisions of 1091.5(a)(9), the City Councilmember/Housing Authority Member has a non-interest as described in Government Code Section 1091.5 for purposes of his action on Housing Authority matters associated with this matter, if any. This disclosure shall be incorporated into the record of the Housing Authority, if and when this matter is heard by the Housing Authority, if ever.

The Commissioners and President and CEO Jones receive no compensation for their service on HDP's Board of Directors and/or as officers of HDP. Pursuant to the provisions of Government Code Sections 1091.5(a)(7) and 1091.5(a)(8), the Commissioners and President and CEO Jones 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 or the Housing Authority, the Commissioners and the Councilmember/Housing Authority Member are legally entitled to vote and be counted for quorum purposes in this HDP matter. Further, Ms. Jones is not compensated by HDP, and she sits on the HDP Board of Directors. She is legally entitled to vote and to be counted for quorum purposes for this HDP matter.

None of HDP'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, the Housing Authority, which are both public agencies, and their respective Commissioners are not compensated for their service as Commissioners of the Housing Commission or the Housing Authority. Further, Ms. Jones' 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. Ms. Jones' 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.

Further, to the extent that HDP is a public agency for local Ethics Ordinance purposes, neither the Commissioners nor Director Jones has 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. Similar disclosures will be made in the records of the Housing Commission, if and when this matter his heard by the Housing Commission and/or the Housing Authority.

MUTUAL DIRECTORS STATEMENT:

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

Respectfully submitted,

Julie Conserva

Julie Conserva
Vice President of Finance – Real Estate
Housing Development Partners

Approved by,

Jeff Davis

Jeff Davis
Deputy Chief Executive Officer
Housing Development Partners

Attachments: 1) First Quarter 2024 Financials

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

Housing Development Partners of San Diego
Statement of Financial Position
As of March 31, 2024

<i>Assets</i>	March 31, 2024
Current Assets	
Cash & Cash Equivalents	\$ 6,852,122
Short Term Investments	5,742,699
Accounts Receivable	1,991,702
Prepaid Expenses	9,563
Total Current Assets	14,596,085
 Noncurrent Assets	
Fixed Assets	11,647
Seller Notes Receivable	15,188,284
Developer Fees Receivable - Non Current	10,932,845
Other Assets	318,310
Total Noncurrent Assets	26,451,085
Total Assets	\$ 41,047,170
 <i>Liabilities & Net Assets</i>	
Current Liabilities	
Accounts Payable & Accrued Expenses	406,949
Total Current Liabilities	406,949
 Noncurrent Liabilities	
Liabilities in Partnerships	3,889,708
Other Deferred Liabilities	16,118,837
Total Noncurrent Liabilities	20,008,546
 Net Assets	
Unrestricted Net Assets	20,631,676
Total Net Assets	20,631,676
Total Liabilities & Net Assets	\$ 41,047,170

Housing Development Partners of San Diego
Statement of Activities
January - March 2024

	January - March 2024	Year-to-Date 2024
Revenue		
Rental Income	\$ -	\$ -
Fee Income	\$ 30,855	\$ 30,855
Interest Income	319,588	319,588
Grant Income	-	-
Miscellaneous Income	-	-
Total Revenue	350,443	350,443
Expenses		
Administrative Expenses		
Salaries & Benefits	178,298	178,298
Office Expenses	379	379
Rent	-	-
Training Travel and Parking	-	-
Repairs and Maintenance	-	-
Utilities and Telephone	-	-
Property Tax and Insurance	3,213	3,213
Legal and Accounting	9,695	9,695
Other Admin Expenses	108,614	108,614
Depreciation	1,036	1,036
Total Administrative Expenses	301,235	301,235
Program Expenses		
Salaries & Benefits	122,724	122,724
Other Program Exp	8,075	8,075
Total Program Expenses	130,799	130,799
Total Expenses	432,034	432,034
Change in Net Assets	\$ (81,591)	\$ (81,591)

Housing Development Partners of San Diego
2024 HDP Budget vs Actual

	2024 YTD Actuals 03/2024	2024 YTD Budget 03/2024	\$ Over/ (Under) Budget	% of YTD Budget	2024 Annual Budget
SOURCES					
Developer Fees (from Capital/Perm Sources)	\$ -	\$ -	\$ -	0%	1,525,099
Receipts from Project Operating Cash Flows	-	-	-	0%	3,196,551
Partnership Management Fees	30,855	50,847	(19,992)	61%	203,387
Interest from Corporate Investments	155,776	50,000	105,776	312%	200,000
TOTAL SOURCES	186,631	100,847	85,784	185%	5,125,037
USES					
Salaries & Benefits	301,022	321,569	(20,547)	94%	1,286,277
<i>Professional Fees</i>					
Legal - General Counsel	-	7,500	(7,500)	0%	30,000
Audit & Tax Return	9,695	9,695	0	100%	38,779
Asset Management	-	-	-	0%	-
Consultants - Other	-	31,250	(31,250)	0%	125,000
Total Professional Fees	9,695	48,445	(38,750)	20%	193,779
<i>Office Expense and Admin</i>					
SDHC Overhead	108,614	135,313	(26,699)	80%	541,252
Insurance	3,188	3,380	(193)	94%	13,520
Travel, Training & Mileage	-	3,605	(3,605)	0%	14,420
Other Admin Expenses	404	1,776	(1,372)	23%	7,106
Total Office Expense and Admin	112,206	144,074	(31,869)	78%	576,298
Contingency 10%	-	-	-	0%	51,250
Due Dilligence for Abandon Projects	-	12,500	(12,500)	0%	50,000
Ground Lease Expense	8,075	6,437	1,638	125%	25,750
Total Operating Expenses	430,998	533,026	(102,028)	81%	2,183,354
Transfer In/(Out) of Unrestricted Reserves	(244,367)	(432,179)	187,812	57%	2,941,683
TOTAL USES	\$ 186,631	\$ 100,847	\$ 85,784	185%	\$ 5,125,037

Housing Development Partners
2024 Sources and Uses
As of 03/31/2024

SOURCES

Beginning Fund Balance (1/1/2024)

Reserves & Commitments	\$ 6,241,965
Working Capital	<u>6,971,176</u>
Total Beginning Fund Balance	13,213,141

New Revenue	186,631
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Total Sources	<u>\$ 13,399,772</u>
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USES

Operating Expenses	\$ 430,998
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Ending Fund Balance

Reserves & Commitments	6,715,948
Working Capital	<u>6,252,826</u>
Total Ending Fund Balance	12,968,774

Total Uses	<u>\$ 13,399,772</u>
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