

## REPORT

**DATE ISSUED:** December 6, 2024

**REPORT NO:** HDP24-013

**ATTENTION:** Chair and Members of the Board of Directors of  
Housing Development Partners of San Diego  
For the Agenda of December 12, 2024

**SUBJECT:** Casa Colina 2025 Property Budget

**STAFF RECOMMENDATION:**

That the Housing Development Partners (HDP) Board of Directors (Board) take the following actions:

- 1) Approve the 2025 Property Budget for Casa Colina, a 75-unit affordable housing property for seniors with low income at 5207 52nd Place, San Diego, CA 92115, in the Colina Del Sol Neighborhood.
- 2) Find that the foregoing action is just and reasonable as to HDP for purposes of California Corporations Code Section 5234.

*Please note a Conflict Disclosure Statement at the end of this report has been included because HDP has financing from the San Diego Housing Commission (Housing Commission) on this project, and these transactions otherwise involve the Housing Commission.*

**SUMMARY**

Casa Colina is a 75-unit affordable housing property in the Colina Del Sol neighborhood for seniors with low income. The development was placed in service in 2004. It was funded with tax credit equity, a permanent loan, and a Housing Commission residual receipts loan. The property has a 100% project-based voucher program administered by the Los Angeles LoMod Corporation.

The Casa Colina Property Budget is prepared annually by the management company, Hyder & Company (Hyder). The budget is reviewed and refined by HDP staff for accuracy and consistency with HDP's business plan for the asset.

Before January 1 of each calendar year, the HDP Board adopts the annual Property Budget and authorizes Hyder to operate the property according to that approved budget. The budget is also provided to the partnership's lenders and financing partners.

Staff is requesting approval of the 2025 Property Budget.

**BUDGET SUMMARY**

The 2025 Property Budget was prepared using historical data from property operations combined with the professional experience of HDP's asset management team. Below is a summary chart, which compares the proposed 2025 budget to the 2024 budget.

	Casa Colina				
	FY 2024	FY 2025	\$ Variance	% Variance	Notes
Rental Income	1,049,676	1,782,436	732,760	70%	HUD-approved increase in subsidy to align with higher contract rent amounts based on HUD's regular "Mark up to Market" study, effective December 2024. No impact on the tenant's portion of the rent.
Other Income	90,312	96,530	6,218	7%	2025 budget includes increased grant award received in 2024.
<b>Total Revenue</b>	<b>1,139,988</b>	<b>1,878,966</b>	<b>738,978</b>	<b>65%</b>	
Total Admin	215,496	232,501	17,005	8%	Property management fee increase with new Property Management Company (HDP Board approved June 13, 2024). Increased audit and legal expense projection.
Total Utilities	93,468	102,157	8,689	9%	Based on published increases and rolling 12-month usage: water (4%), Electric (4%) and Gas (6.3%).
Total R&M	184,164	193,835	9,671	5%	Increased payroll budget (fully staffed), associated benefits, and plumbing contracts budget increase based on 2023 and 2024 history.
Taxes & Insurance	40,500	50,472	9,972	25%	Insurance increase based on 2024/25 rates, with a 10% escalation effective September for 2025/26 policy.
Other Expenses	166,572	163,956	(2,616)	-2%	SB 721 balcony inspections budgeted in 2024 are not required in 2025.
Other Debt (uncollectible rent write-offs)	0	0	0	0%	Historically minimal delinquency and turnover.
<b>Total Operating Expenses</b>	<b>700,200</b>	<b>742,921</b>	<b>42,721</b>	<b>6%</b>	Increased insurance, utilities and management fee drive increase.
<b>Net Operating Income</b>	<b>439,788</b>	<b>1,136,045</b>	<b>696,257</b>	<b>158%</b>	
Debt Service	249,372	243,518	(5,854)	-2%	
Total Entity Expenses	16,884	17,388	504	3%	
<b>Net Cash Flow</b>	<b>173,532</b>	<b>875,139</b>	<b>701,607</b>	<b>404%</b>	

**RENTS**

The property has a direct Section 8 Housing Assistance Payment Contract (HAP) with the U.S. Department of Housing and Urban Development (HUD) that assists residents with their rent. The Housing Commission does not administer the HUD contract. At each fifth anniversary of the HAP contract renewal, the contract rents are adjusted to current market levels. HUD requires a rent comparability study, known as a "mark up to market," which is used to set the rents. Rents at this property increased based on the study. The higher rents at the property will not affect the portion of the rent that the tenant pays. HUD's HAP contract with the property was renewed, effective December 1, 2024.

**MAINTENANCE AND REPAIRS**

The budget is based on the needs of the property and consistent with other similar assets. Staff will continue to monitor maintenance expenses and implement preventative maintenance measures to extend the useful life of the units.

**STAFFING**

The staffing for this property consists of one full-time property manager, one full-time maintenance technician and one full-time custodian.

**CAPITAL PLAN**

Total deposits to the replacement reserve account in 2025 will be \$37,200.

**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.

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.

San Diego City Councilmember and Housing Authority member, Councilmember Stephen Whitburn, is also a Director of HDP. Councilmember Whitburn is not compensated for his service on the HDP Board or as an officer of HDP. As it relates to this matter, as a Housing Authority member, Councilmember Whitburn has a noninterest under California Government Code section 1091.5(a)(9). This disclosure shall be incorporated into the record of the Housing Authority, if and when this matter is heard by the Housing Authority.

Further, because of their non-interests, the Commissioners, as members of the Housing Commission Board of Commissioners, and Councilmember Whitburn, as a member of the Housing Authority, are entitled to vote on this matter and may be counted for quorum.

Further, no HDP Director or officer has a financial interest in this matter that would legally preclude their participation under the provisions of California Government Code section 87100 et. seq.

The Commissioners are not compensated for their services on the board of the Housing Commission, a public agency. Councilmember Whitburn’s compensation as a member of the Housing Authority, a public agency, is a non-interest under Government Code section 1091.5(a)(9). Further, Ms. Jones’ compensation from a public agency, the Housing Commission, is a noninterest under the provisions of Government Code Section 1091.5(a)(9) as well as for the purposes of Government Code Section 87100 et. seq.

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

These disclosures shall be and are hereby documented in the official records of the Housing Commission and Housing Authority.

**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, a vote on this matter should incorporate a finding that these transactions are just and reasonable as to HDP.

Respectfully submitted,

Approved by,

*Branden Sarkissian*

*Emmanuel Arellano*

Branden Sarkissian  
Director of Asset Management  
Housing Development Partners

Emmanuel Arellano  
Vice President of Asset Management  
Housing Development Partners

Attachments:      1) Casa Colina – 2025 Property Operations Budget  
                          2) Casa Colina – 2025 Replacement Reserves

Docket materials are available on HDP’s website at [www.hdpartners.org](http://www.hdpartners.org)

<b>Casa Colina - 2025 Operating Summary</b>		
	<b>2024 Budget</b>	<b>2025 Budget</b>
<b>INCOME</b>		
<b>Gross Potential Rent</b>		
Gross Potential Revenue	1,088,544	1,902,956
Gain Loss to Lease	32,100	-
Less: Vacancies	(56,028)	(95,148)
Less: Down Unit	-	-
Less: Manager's Unit	(14,940)	(25,373)
Less: Discounts and Concesss	-	-
Less: Office Community Room Unit	-	-
Less: COVID Hardship	-	-
Rent Subsidy Variances	-	-
Net Rental Income	1,049,676	1,782,436
<b>Other Income</b>		
Rental Income Commercial	-	-
Prepaid Income	-	-
Application Fees	-	-
Credit Check Income	-	-
Damages Cleaning Fees	300	-
Carport Garage Gate Income	-	-
Laundry and Vending Revenue	4,200	4,351
NSF Late Charges	-	-
Former Tenant Income	-	-
Tenant Rent Recovery	-	-
Other Tenant Charges Recovery	-	-
Interest Income - Restricted	1,548	1,548
Interest Income - Replacement Reverse	900	100
Interest Income Investments	360	100
Interest Income Notes Receivable	-	-
Grant Income - Fed - Svc Coord	83,004	90,431
Donations Income	-	-
Commercial Tenant - Reimb	-	-
Miscellaneous Income	-	-
Security Deposit Forfeiture	-	-
Total Other Income	90,312	96,530
<b>Total Income</b>	<b>1,139,988</b>	<b>1,878,966</b>
<b>EXPENSES</b>		
<b>Admin</b>		
Consultant Asset Mgmt	4,056	4,202
Broker Fees	-	271
Audit and Tax Prep Fees	13,572	15,253

<b>Casa Colina - 2025 Operating Summary</b>		
	<b>2024 Budget</b>	<b>2025 Budget</b>
IT Support Maintenance	-	-
Property Management Fees	60,252	72,000
Bookkeeping Fees	7,500	7,770
Office Expense	-	-
Internet and Telephone	-	-
Office Supplies	-	-
Parking	-	-
Software Exp Admin	-	-
Copier Printer	1,920	-
Office Repairs and Maint	-	-
Bank Charges Admin	-	250
Mileage	-	-
Dues Subs and Memberships	180	180
Other Admin Expense	-	-
Manager Salaries	56,820	58,954
Office Salaries	6,576	6,578
Employee Benefits PM Co - Program Admin	12,492	11,277
Payroll Taxes - Manager and Admin	6,108	6,270
Workman's Comp Mgr and Admin	4,632	5,096
Temp Services - Property Manager	-	-
Temp Services - Admin	-	-
Consultant Other Program Admin	14,364	14,225
Legal - Program Admin	1,188	2,333
Cleaning and Janitorial Contract	996	1,755
Credit Check Service Fee	-	-
Internet and Telephone Prog Admin	10,380	11,218
Advertising	672	696
Bank Charges Program Admin	372	385
Mileage and Travel Exp Prog Admin	348	361
Training - Program Admin	3,084	3,084
Postage and Delivery Prog Admin	216	224
Software Exp Program Admin	8,796	9,113
Misc Program Admin	972	1,007
Lease Up Expenses	-	-
<b>Total Admin</b>	<b>215,496</b>	<b>232,501</b>

Casa Colina - 2025 Operating Summary		
	2024 Budget	2025 Budget
Utilities		
Cable Expenses	-	-
Electricity	18,084	23,135
Gas	14,664	15,874
Sewer	17,772	18,483
Water	42,948	44,666
Total Utilities	93,468	102,157
Maintenance and Repair		
Fire Protection and Alarm	4,500	4,810
AC Contracts	600	622
Clubhouse Expense	-	-
Decorating	-	500
Elevator Contracts	7,164	7,422
Exterminating Supplies	-	-
Exterminating Contracts	8,220	8,516
Electrical Contracts	2,064	2,218
Furn and Appl Rplcmnt	-	175
Landscape and Grounds Contract	20,916	21,669
Ground Supplies	756	783
Janitorial Supplies	2,400	2,702
COVID Supplies	-	-
Maint Supplies and Materials	4,740	4,911
Plumbing Contracts	4,488	10,573
Plumbing Supplies	-	-
Repair and Maint Payroll	69,012	91,398
Payroll Taxes - Rpr and Maint	6,576	8,276
Employee Benefits PM Co - Program	24,984	3,323
Temp Services - Program Admin	-	-
Temp Services - Maintenance	-	-
Temp Services - Janitorial	-	-
Unit Turnover Contracts	-	-
Flooring	-	-
Painting Contract	5,004	-
Repair Contracts	6,504	6,738
Repair Supplies	-	-
Security Contract Program	-	-
Security Payroll	-	-
Payroll Taxes - Security	-	-
Workers Compensation Ins-Security	-	-
Trash Removal	10,848	11,239

<b>Casa Colina - 2025 Operating Summary</b>		
	<b>2024 Budget</b>	<b>2025 Budget</b>
Workman's Comp-Rpr and Maint	5,040	7,160
Remediation Expense	-	-
Uniforms	348	800
Casualty Losses	-	-
Insurance Claims Expense	-	-
Insurance Proceeds	-	-
Retail Space Expenses	-	-
<b>Total Maintenance and Repair</b>	<b>184,164</b>	<b>193,835</b>
Extraordinary Maintenance		
Extraordinary Maintenance	-	-
<b>Total Extraordinary Maintenance</b>	<b>-</b>	<b>-</b>
Taxes and Insurance		
Taxes Licenses and Fees	1,248	800
Fidelity Bond Insurance	-	-
Insurance Other	372	-
Property and Liability Ins	38,880	49,330
Property Taxes	-	342
<b>Total Taxes and Insurance</b>	<b>40,500</b>	<b>50,472</b>
Bad Debt - Tenant Rent	-	-
Bad Debt - Other Tenant Charges	-	-
Bad Debt - Other - Elim	-	-
Bad Debt - Other	-	-
Bad Debt - Tenant Rent - PMCo Direct	-	-
Bad Debt - Other Tenant Charges - PMCo Direct	-	-
<b>Total Bad Debt</b>	<b>-</b>	<b>-</b>
Other Expenses		
Tenant Services Other	11,004	11,004
Tenant Services Payroll Benefits	84,840	87,894
Grant Expense	-	-
Grant Expense - Elim	-	-
SDHC Compliance Monitoring Fee	-	-
Relocation Costs	-	-



<b>Casa Colina - 2025 Operating Summary</b>		
	<b>2024 Budget</b>	<b>2025 Budget</b>
Relocation due to Maint	-	-
Ground Lease Expense	23,376	27,857
Miscellaneous Exp Program	9,252	-
CY Deposit to Escrow Rplc Reserve	38,100	37,200
CY Deposit to Rplc Reserve	-	-
Total Other Expenses	166,572	163,956
<b>Total Operating Expenses</b>	<b>700,200</b>	<b>742,921</b>
<b>Net Operating Income</b>	<b>439,788</b>	<b>1,136,045</b>
<b>Debt Service</b>		
CY Mortgage Debt Payments (IS)	99,180	104,966
Interest Expense - Mortgage	129,036	123,252
Mortgage Insurance Expense	11,796	11,800
Loan Servicing Fee (Trustee Fee)	1,392	1,000
SDHC Bond Admin Fee	7,968	2,500
Loan Fees	-	-
<b>Total Debt Service</b>	<b>249,372</b>	<b>243,518</b>
Legal Admin	-	-
Asset Management Fees	-	-
Asset Mgmt Fee - Elim	-	-
Partnership Management Fee	16,884	17,388
Incentive Partnership Mgmt Fee	-	-
Insurance - D and O	-	-
Guaranteed Fees	-	-
<b>Total Entity Expenses</b>	<b>16,884</b>	<b>17,388</b>
<b>Net Cash Flow</b>	<b>173,532</b>	<b>875,139</b>

## Casa Colina 2025 Replacement Reserves

Beginning Balance of Replacement Rsv	236,569
Deposit to Reserves	37,300
Use of Reserves (Capital Expenditures)	<u>(125,250)</u>
Ending Balance of Replacement Reserves	148,619