

INFORMATIONAL REPORT

DATE ISSUED: December 6, 2024

REPORT NO: HDP24-026

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

SUBJECT: Third Quarter 2024 Financials

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

SUMMARY

The Third 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
- 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 San Diego Housing Commission's (Housing Commission) 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.

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 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,

Suket Dayal

Suket Dayal
Executive Vice President and Treasurer/Chief
Financial Officer
Housing Development Partners

Attachments: 1) Third 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 September 30, 2024

<i>Assets</i>	September 30, 2024
Current Assets	
Cash & Cash Equivalents	\$ 588,122
Short Term Investments	14,938,879
Accounts Receivable	1,930,616
Prepaid Expenses	3,188
Total Current Assets	17,460,805
Noncurrent Assets	
Fixed Assets	9,577
Seller Notes Receivable	14,419,490
Developer Fees Receivable - Non Current	9,641,464
Other Assets	318,310
Total Noncurrent Assets	24,388,841
Total Assets	\$ 41,849,646
 <i>Liabilities & Net Assets</i>	
Current Liabilities	
Accounts Payable & Accrued Expenses	617,131
Total Current Liabilities	617,131
Noncurrent Liabilities	
Liabilities in Partnerships	4,958,236
Other Deferred Liabilities	16,118,840
Total Noncurrent Liabilities	21,077,076
Net Assets	
Unrestricted Net Assets	20,155,439
Total Net Assets	20,155,439
Total Liabilities & Net Assets	\$ 41,849,646

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

	January - September 2024	Year-to-Date 2024
Revenue		
Rental Income	\$ 1	\$ 1
Fee Income	93,440	93,440
Interest Income	772,383	772,383
Total Revenue	865,825	865,825
Expenses		
Administrative Expenses		
Salaries & Benefits	550,517	550,517
Office Expenses	1,808	1,808
Training Travel and Parking	851	851
Property Tax and Insurance	9,588	9,588
Legal and Accounting	33,661	33,661
Other Admin Expenses	357,835	357,835
Depreciation	3,109	3,109
Total Administrative Expenses	957,369	957,369
Program Expenses		
Salaries & Benefits	442,027	442,027
Other Program Exp	24,225	24,225
Total Program Expenses	466,252	466,252
Total Expenses	1,423,620	1,423,620
Change in Net Assets	\$ (557,796)	\$ (557,796)

Housing Development Partners of San Diego
2024 HDP Budget vs Actual

	2024 YTD Actuals 09/2024	2024 YTD Budget 09/2024	\$ Over/ (Under) Budget	% of YTD Budget	2024 Annual Budget
SOURCES					
Developer Fees (from Capital/Perm Sources)	\$ -	\$ 1,525,099	\$ (1,525,099)	0%	1,525,099
Receipts from Project Operating Cash Flows	3,406,927	3,196,551	210,376	107%	3,196,551
Partnership Management Fees	133,548	152,540	(18,992)	88%	203,387
Interest from Corporate Investments	290,239	150,000	140,239	193%	200,000
TOTAL SOURCES	3,830,714	5,024,190	(1,193,476)	76%	5,125,037
USES					
Salaries & Benefits	940,543	964,708	(24,164)	97%	1,286,277
<i>Professional Fees</i>					
Legal - General Counsel	4,577	22,500	(17,923)	20%	30,000
Audit & Tax Return	29,084	29,084	0	100%	38,779
Asset Management	-	-	-	0%	-
Consultants - Other	52,000	93,750	(41,750)	55%	125,000
Total Professional Fees	85,661	145,334	(59,673)	59%	193,779
<i>Office Expense and Admin</i>					
SDHC Overhead	357,835	405,939	(48,104)	88%	541,252
Insurance	9,563	10,140	(578)	94%	13,520
Travel, Training & Mileage	851	10,815	(9,964)	8%	14,420
Other Admin Expenses	1,833	5,329	(3,496)	34%	7,106
Total Office Expense and Admin	370,082	432,223	(62,141)	86%	576,298
Contingency 10%	-	-	-	0%	51,250
Due Dilligence for Abandon Projects	-	37,500	(37,500)	0%	50,000
Ground Lease Expense	24,225	19,312	4,913	125%	25,750
Total Operating Expenses	1,420,511	1,599,078	(178,567)	89%	2,183,354
Transfer In/(Out) of Unrestricted Reserves	2,410,203	3,425,112	(1,014,909)	70%	2,941,683
TOTAL USES	\$ 3,830,714	\$ 5,024,190	\$ (1,193,476)	76%	\$ 5,125,037

Housing Development Partners
2024 Sources and Uses
As of 09/30/2024

SOURCES

Beginning Fund Balance (1/1/2024)

Reserves & Commitments	\$ 6,343,320
Working Capital	<u>6,869,821</u>
Total Beginning Fund Balance	13,213,141
New Revenue	3,830,714

Total Sources \$ **17,043,855**

USES

Operating Expenses \$ 1,420,511

Ending Fund Balance

Reserves & Commitments	6,451,014
Working Capital	<u>9,172,330</u>
Total Ending Fund Balance	15,623,344

Total Uses \$ **17,043,855**