

REPORT

DATE ISSUED: November 26, 2025

REPORT NO: HDPM25-007

ATTENTION: Chair and Members of the Board of Directors of
HDP Mason Housing Corporation
For the Agenda of December 5, 2025

SUBJECT: Mason Hotel 2026 Property Budget

STAFF RECOMMENDATION:

That the HDP Mason Board of Directors (Board) take the following actions:

- 1) Approve the 2026 Property Budget for Mason Hotel, a 17-unit affordable housing development for individuals with low income at risk of homelessness.
- 2) Find that the foregoing transactions are just and reasonable as to HDP Mason for purposes of California Corporations Code Section 5234.

Please note a Conflict Disclosure Statement and a Mutual Directors Statement at the end of this report have been included because this transaction involves the San Diego Housing Commission.

SUMMARY

The Mason Hotel is a 17-unit affordable housing development in downtown San Diego for individuals with low-income at risk of or experiencing homelessness. HDP Mason acquired the property in 2011. The property underwent a comprehensive rehabilitation in 2012.

The Mason Hotel Property Budget is prepared annually by the management company, Hyder Property Management Professionals (Hyder). The budget is reviewed and refined by staff for accuracy and consistency with HDP Mason's business plan for the asset.

Prior to January 1 of each calendar year, the HDP Mason 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 2026 Property Budget.

BUDGET SUMMARY

The 2025 Operating Budget was prepared using industry data combined with the professional experience of Hyder and HDP's asset management team. Below is a summary chart of the 2026 Operating Budget compared to the 2025 Budget.

	Mason Hotel				
	FY 2025	FY 2026	\$ Variance	% Variance	Notes
Rental Income	451,426	433,002	-18,424	-4%	<i>Rent increase anticipated for FY25 was not approved. No anticipated rent increase for FY26.</i>
Other Income	1,551	1,037	-514	-33%	
Total Revenue	452,977	434,039	-18,939	-4%	
Total Admin	114,176	122,174	7,998	7%	
Total Utilities	47,343	40,130	-7,213	-15%	
Total R&M	92,250	118,687	26,437	29%	<i>Aging property with increased maintenance needs for FY26.</i>
Total Protective Services	833	3,508	2,675	321%	<i>Budgeted for improved security for the property in FY26.</i>
Extraordinary Maintenance	0	0	0	0%	
Taxes & Insurance	19,738	21,151	1,413	7%	
Other Expenses	8,860	8,756	-104	-1%	
Total Operating Expenses	283,199	314,406	31,207	11%	
Net Operating Income	169,778	119,633	-50,145	-30%	<i>Increased repairs, maintenance and security needs along with no anticipated rent increase for FY26.</i>
Debt Service	4,959	4,959	0	0%	
Total Entity Expenses	1,500	1,500	0	0%	
Net Cash Flow	163,319	113,174	-50,145	-31%	

RENTS

The 2026 Property Budget does not reflect an increase in rental revenue for the PBV units.

MAINTENANCE AND REPAIR

The budget is based on the needs of the property and consistent with other similar assets. The property added a bimonthly laser-scan survey for structural monitoring in the 2025 budget due to the extensive construction adjacent to the site. Staff will continue to monitor maintenance expenses and implement preventative maintenance measures to extend the useful life of the units.

STAFFING

On-site management consists of one property manager, one assistant manager who lives at the Mason Hotel; one porter who splits hours between Hotel Churchill, Mason and Parker Kier; one maintenance technician who split hours between Mason Hotel and Parker-Kier.

CAPITAL PLAN

Total deposits to the replacement reserve account in 2026 will be \$8,500, consistent with regulatory agency requirements.

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 Sean Elo-Rivera, is also a Director of HDP. Councilmember Elo-Rivera 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 Elo-Rivera 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 Elo-Rivera, 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 Elo-Rivera’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 Elo-Rivera 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,

Branden Sarkissian

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Director of Asset Management
Housing Development Partners

Approved by,

Emmanuel Arellano

Emmanuel Arellano
Vice President of Asset Management
Housing Development Partners

Attachments: 1) Mason Hotel – 2025 Property Operations Budget
2) Mason Hotel – 2025 Replacement Reserves

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

Attachment 1

Mason Hotel - 2026 Operating Summary		
	2025 Budget	2026 Budget
INCOME		
Gross Potential Rent		
Gross Potential Revenue	602,309	517,344
Gain Loss to Lease	(95,505)	-
Less: Vacancies	(25,340)	(51,734)
Less: Down Unit	-	-
Less: Manager's Unit	(29,812)	(30,432)
Less: Discounts and Concesss	-	-
Less: Office Community Room Unit	-	-
Less: COVID Hardship	-	-
Add: Vacancy Subsidy	-	-
Rent Subsidy Variances	-	-
Bad Debt - Tenant Rent	(226)	(2,176)
Bad Debt - Other Tenant Charges	-	-
Bad Debt - Other - Elim	-	-
Bad Debt - Other	-	-
Bad Debt - Tenant Rent - PMCo Direct	-	-
Bad Debt - Other Tenant Charges - PMCo	-	-
Net Rental Income	451,426	433,002
Other Income		
Rental Income Commercial	-	-
Prepaid Income	-	-
Application Fees	60	60
Credit Check Income	-	-
Damages Cleaning Fees	137	137
Carport Garage Gate Income	-	-
Laundry and Vending Revenue	1,039	840
NSF Late Charges	-	-
Former Tenant Income	-	-
Tenant Rent Recovery	-	-
Other Tenant Charges Recovery	-	-
Interest Income - Restricted	-	-
Interest Income - Replacement Reverse	316	-
Interest Income Investments	-	-
Interest Income Notes Receivable	-	-
Grant Income - Fed - Svc Coord	-	-
Grant Income - Fed - MTW	-	-
Grant Income - Other	-	-
Donations Income	-	-
Commercial Tenant - Reimb	-	-
Miscellaneous Income	-	-
Security Deposit Forfeiture	-	-
Total Other Income	1,551	1,037
Total Income	452,977	434,039
EXPENSES		
Admin		
Consultant Asset Mgmt	-	-
Consultant Other Admin	-	-
Broker Fees	-	-
Audit and Tax Prep Fees	13,302	13,686
IT Support Maintenance	-	-
Property Management Fees	21,222	21,012
Bookkeeping Fees	-	-
Office Expense	-	-

Internet and Telephone	-	-
Office Supplies	3,387	3,465
Parking	2,536	2,413
Software Exp Admin	-	-
Copier Printer	-	893
Office Repairs and Maint	-	-
Bank Charges Admin	-	-
Mileage	-	-
Dues Subs and Memberships	-	-
Penalties and Fines	-	-
Other Admin Expense	10,632	848
Manager Salaries	35,816	46,332
Office Salaries	-	-
Employee Benefits PM Co - Program Adm	5,678	7,724
Payroll Taxes - Manager and Admin	4,052	4,186
Workman's Comp Mgr and Admin	4,147	3,370
Temp Services - Property Manager	-	-
Temp Services - Admin	-	-
Consultant Other Program Admin	-	2,958
Legal - Program Admin	2,561	3,967
Legal - Development	-	-
Cleaning and Janitorial Contract	3,475	4,551
Credit Check Service Fee	-	67
Internet and Telephone Prog Admin	3,145	3,196
Advertising	-	-
Bank Charges Program Admin	1,015	1,081
Mileage and Travel Exp Prog Admin	-	-
Training - Program Admin	1,000	178
Postage and Delivery Prog Admin	-	330
Software Exp Program Admin	2,207	1,917
Misc Program Admin	-	-
Lease Up Expenses	-	-
Total Admin	114,176	122,174
Utilities		
Cable Expenses	-	-
Electricity	29,041	23,040
Gas	2,384	1,870
Sewer	6,256	5,620
Water	9,662	9,600
Total Utilities	47,343	40,130
Maintenance and Repair		
Fire Protection and Alarm	6,368	8,522
AC Contracts	2,000	2,279
Clubhouse Expense	2,940	2,617
Decorating	-	-
Elevator Contracts	5,383	4,532
Exterminating Supplies	-	-
Exterminating Contracts	3,596	6,104
Electrical Contracts	-	-
Furn and Appl Rplcmnt	-	-
Landscape and Grounds Contract	-	-
Ground Supplies	-	-
Janitorial Supplies	1,008	1,254
COVID Supplies	99	-
Maint Supplies and Materials	2,004	1,635
Plumbing Contracts	9,982	9,000
Plumbing Supplies	856	425
Repair and Maint Payroll	24,102	31,184
Payroll Taxes - Rpr and Maint	3,162	3,700

Employee Benefits PM Co - Program	3,854	5,149
Temp Services - Maintenance	-	-
Temp Services - Janitorial	-	-
Unit Turnover Contracts	-	1,003
Flooring	-	3,917
Painting Contract	1,032	104
Repair Contracts	1,300	16,981
Repair Supplies	2,045	2,440
Payroll Taxes - Security	-	-
Workers Compensation Ins-Security	-	-
Trash Removal	19,680	15,665
Workman's Comp-Rpr and Maint	2,664	2,147
Remediation Expense	-	-
Uniforms	174	31
Insurance Claims Expense	-	-
Insurance Proceeds	-	-
RR - Materials Appliances	-	-
RR - Remediation	-	-
Retail Space Expenses	-	-
Total Maintenance and Repair	92,250	118,687
Protective Services		
Security Contract Program	833	3,141
Security Payroll	-	367
Total Protective Services	833	3,508
Extraordinary Maintenance		
Casualty Losses	-	-
Insurance Proceeds	-	-
Extraordinary Maintenance	-	-
Total Extraordinary Maintenance	-	-
Taxes and Insurance		
Taxes Licenses and Fees	671	735
Fidelity Bond Insurance	50	29
Insurance Other	2,598	2,834
Property and Liability Ins	13,718	14,714
Property Taxes	2,701	2,840
Total Taxes and Insurance	19,738	21,151
Other Expenses		
Tenant Services Other	360	256
Tenant Services Payroll Benefits	-	-
Grant Expense	-	-
Grant Expense - Elim	-	-
SDHC Compliance Monitoring Fee	-	-
Relocation Costs	-	-
Relocation due to Maint	-	-
Ground Lease Expense	-	-
Miscellaneous Exp Program	-	-
CY Deposit to Escrow Rplc Reserve	-	-
CY Deposit to Rplc Reserve	8,500	8,500
Total Other Expenses	8,860	8,756
Total Operating Expenses	283,199	314,406
Net Operating Income	169,778	119,633
Debt Service		
CY Mortgage Debt Payments (IS)	-	-
Interest Expense - Mortgage	-	-
Mortgage Insurance Expense	-	-

Loan Servicing Fee (Trustee Fee)	4,959	4,959
SDHC Bond Admin Fee	-	-
Total Debt Service	4,959	4,959
Legal Admin	1,500	1,500
Asset Management Fees	-	-
Asset Mgmt Fee - Elim	-	-
Partnership Management Fee	-	-
Incentive Partnership Mgmt Fee	-	-
Insurance - D and O	-	-
Guaranteed Fees	-	-
Loan Fees	-	-
Total Entity Expenses	1,500	1,500
Net Cash Flow	163,319	113,174

Attachment 2

Mason Hotel

2026 Replacement Reserves

Beginning Balance of Replacement Reserves	33,523
Deposit to Reserves	8,500
Use of Reserves (Capital Expenditures)	<u>(22,000)</u>
Ending Balance of Replacement Reserves	20,023