

REPORT

DATE ISSUED: November 26, 2025

REPORT NO: HDP25-032

ATTENTION: Chair and Members of the Board of Directors of Housing
Development Partners of San Diego
For the Agenda of December 5, 2025

SUBJECT: Hotel Churchill 2026 Property Budget

STAFF RECOMMENDATION:

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

- 1) Approve the 2026 Property Budget for Hotel Churchill, a 73-unit affordable housing property at 827 C Street in downtown San Diego that provides affordable housing with supportive services for individuals with low income who experienced homelessness.
- 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

Hotel Churchill is a 73-unit property in downtown San Diego that serves individuals with low income who experienced homelessness. The Housing Commission acquired the property in 2011. HDP developed the property in 2016, utilizing a Ground Lease with the Housing Commission, which was effective April 2015.

The Hotel Churchill 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's business plan for the asset.

Prior to 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 2026 Property Budget.

BUDGET SUMMARY

The 2026 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.

	Hotel Churchill				
	FY 2025	FY 2026	\$ Variance	% Variance	Notes
Rental Income	1,939,410	1,899,897	-39,513	-2%	Rent increase anticipated for FY25 was not approved. No anticipated rent increase for FY26.
Other Income	38,658	35,609	-3,049	-8%	Currently there is no commercial tenant. FY26 budgeted for 6 months of leased commercial space.
Total Revenue	1,978,068	1,935,507	-42,561	-2%	
Total Admin	277,477	289,479	12,002	4%	
Total Utilities	131,952	145,391	13,439	10%	Based on FY 2024 actuals and scheduled increases.
Total R&M	187,748	207,719	19,971	11%	Increased pest control expenses
Total Protective Services	115,319	119,701	4,382	4%	
Extraordinary Maintenance	0	0	0	0%	
Taxes & Insurance	46,239	49,548	3,309	7%	
Other Expenses	143,864	152,276	8,412	6%	
Total Operating Expenses	902,599	964,114	61,515	7%	
Net Operating Income	1,075,469	971,393	-104,077	-10%	No rent increase anticipated for FY26
Debt Service	7,560	7,560	0	0%	
Total Entity Expenses	13,048	13,439	391	3%	
Net Cash Flow	1,054,861	950,394	-104,468	-10%	No rent increase anticipated for FY26

RENTS

The 2026 Property Budget does not reflect an increase in rental revenue for the units, which are supported by Housing Commission Sponsor-Based Subsidies.

MAINTENANCE AND REPAIR

The 2026 budget reflects an increase in overall maintenance. 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 full-time staff for the property consists of one property manager, one assistant manager, and one maintenance technician. The property also has one full-time porter, which is shared with other Hyder-managed HDP properties.

CAPITAL PLAN

Total deposits to the replacement reserve account in 2026 will be \$51,632, consistent with regulating agreements.

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

Branden Sarkissian
Director of Asset Management
Housing Development Partners

Approved by,

Emmanuel Arellano

Emmanuel Arellano
Vice President of Asset Management
Housing Development Partners

Attachments: 1) Hotel Churchill – 2026 Property Operations Budget
 2) Hotel Churchill – 2026 Replacement Reserves

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

Hotel Churchill - 2026 Operating Summary		
	2025 Budget	2026 Budget
INCOME		
Gross Potential Rent		
Gross Potential Revenue	2,339,385	2,187,372
Gain Loss to Lease	(234,138)	-
Less: Vacancies	(105,262)	(218,737)
Less: Down Unit	-	-
Less: Manager's Unit	(28,839)	(29,964)
Less: Discounts and Concesss	-	-
Less: Office Community Room Unit	-	-
Less: COVID Hardship	-	-
Add: Vacancy Subsidy	-	-
Rent Subsidy Variances	-	-
Bad Debt - Tenant Rent	(31,735)	(38,773)
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	1,939,410	1,899,897
Other Income		
Rental Income Commercial	34,248	15,000
Prepaid Income	-	-
Application Fees	350	350
Credit Check Income	-	-
Damages Cleaning Fees	-	11,648
Carport Garage Gate Income	-	-
Laundry and Vending Revenue	3,400	3,529
NSF Late Charges	60	250
Former Tenant Income	-	-
Tenant Rent Recovery	-	-
Other Tenant Charges Recovery	-	-
Interest Income - Restricted	-	-
Interest Income - Replacement Reverse	600	-
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	-	4,832
Security Deposit Forfeiture	-	-
Total Other Income	38,658	35,609
Total Income	1,978,068	1,935,507
EXPENSES		
Admin		
Consultant Asset Mgmt	-	-
Consultant Other Admin	-	-
Broker Fees	-	-
Audit and Tax Prep Fees	13,850	14,251
IT Support Maintenance	-	-
Property Management Fees	90,228	92,935
Bookkeeping Fees	-	-
Office Expense	-	-

Internet and Telephone	-	-
Office Supplies	4,563	1,952
Parking	-	-
Software Exp Admin	-	-
Copier Printer	-	1,324
Office Repairs and Maint	-	-
Bank Charges Admin	-	-
Mileage	240	-
Dues Subs and Memberships	-	-
Penalties and Fines	-	-
Other Admin Expense	1,144	1,187
Manager Salaries	104,080	111,800
Office Salaries	-	-
Employee Benefits PM Co - Program Adm	19,616	20,596
Payroll Taxes - Manager and Admin	9,240	9,827
Workman's Comp Mgr and Admin	12,230	8,320
Temp Services - Property Manager	-	-
Temp Services - Admin	-	-
Consultant Other Program Admin	-	-
Legal - Program Admin	7,000	7,266
Legal - Development	-	-
Cleaning and Janitorial Contract	932	4,707
Credit Check Service Fee	310	438
Internet and Telephone Prog Admin	5,246	5,446
Advertising	-	-
Bank Charges Program Admin	1,600	453
Mileage and Travel Exp Prog Admin	-	-
Training - Program Admin	2,000	2,076
Postage and Delivery Prog Admin	396	550
Software Exp Program Admin	4,801	6,352
Misc Program Admin	-	-
Lease Up Expenses	-	-
Total Admin	277,477	289,479
Utilities		
Cable Expenses	1,748	1,814
Electricity	94,773	106,146
Gas	5,498	5,663
Sewer	11,183	11,519
Water	18,750	20,249
Total Utilities	131,952	145,391
Maintenance and Repair		
Fire Protection and Alarm	14,508	15,059
AC Contracts	1,000	1,038
Clubhouse Expense	522	542
Decorating	-	-
Elevator Contracts	7,608	8,289
Exterminating Supplies	99	103
Exterminating Contracts	10,686	18,674
Electrical Contracts	1,032	1,071
Furn and Appl Rplcmnt	-	-
Landscape and Grounds Contract	-	-
Ground Supplies	192	296
Janitorial Supplies	2,047	2,123
COVID Supplies	-	-
Maint Supplies and Materials	1,800	1,868
Plumbing Contracts	3,150	5,008
Plumbing Supplies	932	968
Repair and Maint Payroll	83,642	88,322
Payroll Taxes - Rpr and Maint	7,687	8,042

Employee Benefits PM Co - Program	15,693	15,447
Temp Services - Maintenance	-	-
Temp Services - Janitorial	-	-
Unit Turnover Contracts	-	4,572
Flooring	-	-
Painting Contract	1,000	2,108
Repair Contracts	5,308	5,510
Repair Supplies	2,147	2,228
Payroll Taxes - Security	-	-
Workers Compensation Ins-Security	-	-
Trash Removal	16,186	19,554
Workman's Comp-Rpr and Maint	9,709	6,573
Remediation Expense	-	-
Uniforms	311	323
Insurance Claims Expense	-	-
Insurance Proceeds	-	-
RR - Materials Appliances	-	-
RR - Remediation	-	-
Retail Space Expenses	2,486	-
Total Maintenance and Repair	187,748	207,719
Protective Services		
Security Contract Program	115,319	119,701
Security Payroll	-	-
Total Protective Services	115,319	119,701
Extraordinary Maintenance		
Casualty Losses	-	-
Insurance Proceeds	-	-
Extraordinary Maintenance	-	-
Total Extraordinary Maintenance	-	-
Taxes and Insurance		
Taxes Licenses and Fees	3,419	3,549
Fidelity Bond Insurance	99	115
Insurance Other	870	1,827
Property and Liability Ins	41,820	44,026
Property Taxes	30	31
Total Taxes and Insurance	46,239	49,548
Other Expenses		
Tenant Services Other	1,460	1,516
Tenant Services Payroll Benefits	-	-
Grant Expense	-	-
Grant Expense - Elim	-	-
SDHC Compliance Monitoring Fee	11,680	12,031
Relocation Costs	-	-
Relocation due to Maint	-	-
Ground Lease Expense	80,982	87,098
Miscellaneous Exp Program	-	-
CY Deposit to Escrow Rplc Reserve	-	-
CY Deposit to Rplc Reserve	49,742	51,632
Total Other Expenses	143,864	152,276
Total Operating Expenses	902,599	964,114
Net Operating Income	1,075,469	971,393
Debt Service		
CY Mortgage Debt Payments (IS)	-	-
Interest Expense - Mortgage	-	-
Mortgage Insurance Expense	-	-

Loan Servicing Fee (Trustee Fee)	7,560	7,560
SDHC Bond Admin Fee	-	-
Total Debt Service	7,560	7,560
Legal Admin	-	-
Asset Management Fees	-	-
Asset Mgmt Fee - Elim	-	-
Partnership Management Fee	13,048	13,439
Incentive Partnership Mgmt Fee	-	-
Insurance - D and O	-	-
Guaranteed Fees	-	-
Loan Fees	-	-
Total Entity Expenses	13,048	13,439
Net Cash Flow	1,054,861	950,394

Attachment 2

Hotel Churchill
2026 Replacement Reserves

Beginning Balance of Replacement Reserves	365,498
Deposit to Reserves	51,632
Use of Reserves (Capital Expenditures)	(93,940)
Ending Balance of Replacement Reserves	<hr/> 250,190