

## REPORT

**DATE ISSUED:** November 26, 2025

**REPORT NO:** HDP25-037

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

**SUBJECT:** Quality Inn 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 Quality Inn, a 92-unit affordable housing property with supportive services at 1830 4th Avenue, San Diego, CA 92101, for individuals 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**

Quality Inn is a 92-unit affordable housing property in downtown San Diego for individuals who experienced homelessness. HDP acquired the leasehold interest in the property by entering into a Ground Lease with the Housing Commission. Rehabilitation of the property was completed in 2022.

The Quality Inn Property Budget is prepared annually by the management company, Hyder Property Management Professionals (Hyder). The budget is reviewed and refined by HDP 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 partnership's lenders and financing partners.

Staff is requesting approval of the 2026 Property Budget.

**BUDGET SUMMARY**

The 2026 Property 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.

	Quality Inn				
	FY 2025	FY 2026	\$ Variance	% Variance	Notes
Rental Income	2,260,930	2,203,006	-57,925	-3%	No rent increase budgeted (PBV), increased vacancy and higher amount of uncollectible rent than the 2025 budget based on historical trend.
Other Income	4,642	33,352	28,710	619%	Interest income on security reserves, budget based on historical trend.
<b>Total Revenue</b>	<b>2,265,572</b>	<b>2,236,357</b>	<b>-29,215</b>	<b>-1%</b>	
Total Admin	289,399	351,546	62,147	21%	Staffing plan enhanced to include a dedicated manager for this permanent supportive housing site.
Total Utilities	120,700	98,173	-22,527	-19%	Electric budget based on 2025 actuals. 2025 expenses significantly reduced due to SDG&E's CARES program.
Total R&M	193,771	198,906	5,135	3%	
Total Protective Services	46,462	153,158	106,696	230%	Enhanced security program to include monitored surveillance cameras.
Extraordinary Maintenance	0	0	0	0%	
Taxes & Insurance	46,900	54,644	7,743	17%	Increased insurance premiums and monitoring expense historically expensed to Admin are budgeted and will be expensed under taxes and fees.
Other Expenses	164,149	161,160	-2,989	-2%	
<b>Total Operating Expenses</b>	<b>861,381</b>	<b>1,017,587</b>	<b>156,206</b>	<b>18%</b>	
<b>Net Operating Income</b>	<b>1,404,191</b>	<b>1,218,770</b>	<b>-185,421</b>	<b>-13%</b>	
Debt Service	295,900	295,900	0	0%	
Total Entity Expenses	0	0	0	0%	
<b>Net Cash Flow</b>	<b>1,108,291</b>	<b>922,870</b>	<b>-185,421</b>	<b>-17%</b>	

## **RENTS**

The property's rents are determined in accordance with the Housing Commission's payment standards for project-based housing vouchers (PBVs) and consistent with the payment standard for similar studios and SROs in the area. Rent increases are not anticipated in 2026.

## **MAINTENANCE AND REPAIR**

The maintenance and repairs budget for 2026 has been adjusted due to the completion of the rehabilitation as the property enters its stabilization period. 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 staff for the property consists of one full-time property manager, one full-time assistant manager, and maintenance technician and one porter. The maintenance technician's and porter's time and cost are split between Quality Inn and West Park Inn.

## **CAPITAL PLAN**

Total deposits to the replacement reserve account in 2026 will be \$45,996, consistent with regulatory 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) Quality Inn – 2026 Property Operations Budget  
                             2) Quality Inn – 2026 Replacement Reserves

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

Quality Inn - 2026 Operating Summary		
	2025 Budget	2026 Budget
INCOME		
Gross Potential Rent		
Gross Potential Revenue	2,440,327	2,547,408
Gain Loss to Lease	12	-
Less: Vacancies	(122,017)	(203,793)
Less: Down Unit	-	-
Less: Manager's Unit	(31,782)	(29,760)
Less: Discounts and Concesss	-	-
Less: Office Community Room Unit	-	-
Less: COVID Hardship	-	-
Add: Vacancy Subsidy	-	4,843
Rent Subsidy Variances	-	-
Bad Debt - Tenant Rent	(25,609)	(115,693)
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	2,260,930	2,203,006
Other Income		
Rental Income Commercial	-	-
Prepaid Income	-	-
Application Fees	-	-
Credit Check Income	-	-
Damages Cleaning Fees	500	-
Carport Garage Gate Income	-	-
Laundry and Vending Revenue	2,882	3,352
NSF Late Charges	-	-
Former Tenant Income	-	-
Tenant Rent Recovery	-	-
Other Tenant Charges Recovery	-	-
Interest Income - Restricted	-	-
Interest Income - Replacement Reverse	-	-
Interest Income Investments	1,260	30,000
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	4,642	33,352
Total Income	2,265,572	2,236,357
EXPENSES		
Admin		
Consultant Asset Mgmt	-	-
Consultant Other Admin	-	-
Broker Fees	-	-
Audit and Tax Prep Fees	12,227	12,589
IT Support Maintenance	-	-
Property Management Fees	104,880	108,026
Bookkeeping Fees	-	-
Office Expense	3,528	-

Internet and Telephone	-	-
Office Supplies	-	3,893
Parking	-	-
Software Exp Admin	-	-
Copier Printer	-	2,633
Office Repairs and Maint	-	-
Bank Charges Admin	448	636
Mileage	-	-
Dues Subs and Memberships	61	-
Penalties and Fines	-	-
Other Admin Expense	-	1,295
Manager Salaries	62,121	117,122
Office Salaries	40,700	21,368
Employee Benefits PM Co - Program Adm	11,789	11,789
Payroll Taxes - Manager and Admin	9,247	12,520
Workman's Comp Mgr and Admin	4,970	11,079
Temp Services - Property Manager	-	-
Temp Services - Admin	-	-
Consultant Other Program Admin	1,701	-
Legal - Program Admin	2,887	20,000
Legal - Development	-	-
Cleaning and Janitorial Contract	3,626	-
Credit Check Service Fee	-	742
Internet and Telephone Prog Admin	10,616	6,286
Advertising	732	618
Bank Charges Program Admin	1,605	2,918
Mileage and Travel Exp Prog Admin	3,932	160
Training - Program Admin	3,785	3,921
Postage and Delivery Prog Admin	545	524
Software Exp Program Admin	9,767	13,426
Misc Program Admin	233	-
Lease Up Expenses	-	-
Total Admin	289,399	351,546
<b>Utilities</b>		
Cable Expenses	-	-
Electricity	78,328	46,826
Gas	9,752	11,588
Sewer	13,227	13,570
Water	19,394	26,189
Total Utilities	120,700	98,173
<b>Maintenance and Repair</b>		
Fire Protection and Alarm	8,670	9,672
AC Contracts	6,900	-
Clubhouse Expense	-	-
Decorating	1,909	-
Elevator Contracts	10,334	5,898
Exterminating Supplies	-	-
Exterminating Contracts	10,231	6,760
Electrical Contracts	1,031	3,000
Furn and Appl Rplcmnt	-	-
Landscape and Grounds Contract	-	4,000
Ground Supplies	-	296
Janitorial Supplies	2,069	6,580
COVID Supplies	-	-
Maint Supplies and Materials	15,423	16,014
Plumbing Contracts	11,664	14,614
Plumbing Supplies	-	776
Repair and Maint Payroll	67,506	66,389
Payroll Taxes - Rpr and Maint	6,460	6,376

Employee Benefits PM Co - Program	8,396	8,396
Temp Services - Maintenance	-	-
Temp Services - Janitorial	-	6,000
Unit Turnover Contracts	-	-
Flooring	-	-
Painting Contract	-	2,811
Repair Contracts	3,431	5,000
Repair Supplies	-	3,176
Payroll Taxes - Security	-	-
Workers Compensation Ins-Security	-	-
Trash Removal	18,047	27,838
Workman's Comp-Rpr and Maint	5,106	5,311
Remediation Expense	16,094	-
Uniforms	500	-
Insurance Claims Expense	-	-
Insurance Proceeds	-	-
RR - Materials Appliances	-	-
RR - Remediation	-	-
Retail Space Expenses	-	-
Total Maintenance and Repair	193,771	198,906
<b>Protective Services</b>		
Security Contract Program	46,462	153,158
Security Payroll	-	-
Total Protective Services	46,462	153,158
<b>Extraordinary Maintenance</b>		
Casualty Losses	-	-
Insurance Proceeds	-	-
Extraordinary Maintenance	-	-
Total Extraordinary Maintenance	-	-
<b>Taxes and Insurance</b>		
Taxes Licenses and Fees	8,464	16,141
Fidelity Bond Insurance	-	47
Insurance Other	60	687
Property and Liability Ins	38,376	37,769
Property Taxes	-	-
Total Taxes and Insurance	46,900	54,644
<b>Other Expenses</b>		
Tenant Services Other	-	1,000
Tenant Services Payroll Benefits	-	-
Grant Expense	-	-
Grant Expense - Elim	-	-
SDHC Compliance Monitoring Fee	15,050	14,878
Relocation Costs	-	-
Relocation due to Maint	-	-
Ground Lease Expense	103,103	99,286
Miscellaneous Exp Program	-	-
CY Deposit to Escrow Rplc Reserve	45,996	45,996
CY Deposit to Rplc Reserve	-	-
Total Other Expenses	164,149	161,160
<b>Total Operating Expenses</b>	<b>861,381</b>	<b>1,017,587</b>
<b>Net Operating Income</b>	<b>1,404,191</b>	<b>1,218,770</b>
<b>Debt Service</b>		
CY Mortgage Debt Payments (IS)	96,854	100,998
Interest Expense - Mortgage	191,546	187,402
Mortgage Insurance Expense	-	-

Loan Servicing Fee (Trustee Fee)	7,500	7,500
SDHC Bond Admin Fee	-	-
<b>Total Debt Service</b>	<b>295,900</b>	<b>295,900</b>
Legal Admin	-	-
Asset Management Fees	-	-
Asset Mgmt Fee - Elim	-	-
Partnership Management Fee	-	-
Incentive Partnership Mgmt Fee	-	-
Insurance - D and O	-	-
Guaranteed Fees	-	-
Loan Fees	-	-
<b>Total Entity Expenses</b>	<b>-</b>	<b>-</b>
<b>Net Cash Flow</b>	<b>1,108,291</b>	<b>922,870</b>



## Attachment 2

### Quality Inn

#### 2026 Replacement Reserves

Beginning Balance of Replacement Reserves	272,143
Deposit to Reserves	45,996
Use of Reserves (Capital Expenditures)	<u>10,500</u>
Ending Balance of Replacement Reserves	307,639