

REPORT

DATE ISSUED: November 26, 2025

REPORT NO: HDP25-040

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

SUBJECT: Town and Country 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 Town and Country, a 145-unit affordable housing property at 4066 Messina Drive, San Diego, CA 92113, for families with low income.
- 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

Town and Country is a 145-unit affordable housing property in the Mountain View neighborhood of San Diego. It consists of 24 two-story townhouse and garden-style buildings containing two- and three-bedroom flat and townhouse-style units (79 two-bedroom units and 66 three-bedroom units). The building also includes a one-story building containing a central laundry facility and maintenance room. The property was acquired on November 20, 2017, by HDP Town & Country, LP. Rehabilitation of the property was completed in the winter of 2018.

The Town and Country Property Budget is prepared annually by the management company, CONAM. 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 the next calendar year, the HDP Board adopts the annual Property Budget and authorizes CONAM 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 Property Budget was prepared using industry data combined with the professional experience of CONAM and HDP's asset management team. Below is a summary chart of the 2026 Operating Budget compared to the 2025 Budget.

	Town & Country				
	FY 2025	FY 2026	\$ Variance	% Variance	Notes
Rental Income	2,570,908	2,891,340	320,433	12%	<i>Rent increase effective February 2026 includes increases to tenant-based vouchers up to the restricted limit.</i>
Other Income	20,932	22,962	2,029	10%	<i>Increased laundry revenue projection based on 2025 income.</i>
Total Revenue	2,591,840	2,914,302	322,462	12%	
Total Admin	311,411	362,198	50,787	16%	<i>Employee benefits for maintenance staff included in Admin with new management company. In 2025, it was split between Admin and R&M.</i>
Total Utilities	246,062	321,502	75,439	31%	<i>Increase in water budget (2025 actual was under budgeted amount).</i>
Total R&M	416,642	385,598	-31,044	-7%	<i>Employee benefits for maintenance staff included in Admin with new management company. In 2025, it was split between Admin and R&M.</i>
Total Protective Services	83,800	67,600	-16,200	-19%	<i>Replaced standing guard with monitored surveillance cameras.</i>
Extraordinary Maintenance	0	0	0	0%	
Taxes & Insurance	123,997	137,813	13,815	11%	<i>Property and liability insurance increase over 2025.</i>
Other Expenses	101,314	97,987	-3,328	-3%	
Total Operating Expenses	1,283,227	1,372,697	89,470	7%	
Net Operating Income	1,308,613	1,541,605	232,992	18%	
Debt Service	912,079	912,079	0	0%	
Total Entity Expenses	11,149	11,333	184	2%	
Net Cash Flow	385,385	618,193	232,808	60%	

RENTS

The 2026 operating budget includes a rent increase effective February 2026 in accordance with all funding restrictions. Approximately 35% of households have a Housing Choice Voucher, the property receives the payment standard, and rent increases will not affect the family's contribution toward the contract rent.

MAINTENANCE AND REPAIR

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, one full-time maintenance technician, one full-time assistant maintenance technician and one full-time porter.

CAPITAL PLAN

Total deposits to the replacement reserve account in 2026 will be \$49,982. This amount complies

with the minimum reserve requirements per the 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) Town and Country – 2026 Property Operations Budget
 2) Town and Country – 2026 Replacement Reserves

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

Town & Country - 2026 Operating Summary		
	2025 Budget	2026 Budget
INCOME		
Gross Potential Rent		
Gross Potential Revenue	3,344,186	3,639,517
Gain Loss to Lease	(489,879)	(494,637)
Less: Vacancies	(142,715)	(157,244)
Less: Down Unit	-	-
Less: Manager's Unit	(47,439)	(52,266)
Less: Discounts and Concesss	-	-
Less: Office Community Room Unit	-	-
Less: COVID Hardship	-	-
Add: Vacancy Subsidy	-	-
Rent Subsidy Variances	-	-
Bad Debt - Tenant Rent	(93,245)	(44,031)
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	2,570,908	2,891,340
Other Income		
Rental Income Commercial	-	-
Prepaid Income	-	-
Application Fees	564	564
Credit Check Income	-	-
Damages Cleaning Fees	-	-
Carport Garage Gate Income	-	-
Laundry and Vending Revenue	18,787	22,398
NSF Late Charges	500	-
Former Tenant Income	-	-
Tenant Rent Recovery	-	-
Other Tenant Charges Recovery	-	-
Interest Income - Restricted	1,000	-
Interest Income - Replacement Reverse	81	-
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	20,932	22,962
Total Income	2,591,840	2,914,302
EXPENSES		
Admin		
Consultant Asset Mgmt	-	-
Consultant Other Admin	-	-
Broker Fees	-	-
Audit and Tax Prep Fees	12,196	12,548
IT Support Maintenance	-	-
Property Management Fees	104,400	107,010
Bookkeeping Fees	-	3,324
Office Expense	-	-

Internet and Telephone	-	-
Office Supplies	7,754	9,968
Parking	-	-
Software Exp Admin	-	-
Copier Printer	-	3,998
Office Repairs and Maint	-	-
Bank Charges Admin	-	-
Mileage	-	-
Dues Subs and Memberships	-	311
Penalties and Fines	-	-
Other Admin Expense	1,208	1,137
Manager Salaries	56,716	61,079
Office Salaries	63,476	60,454
Employee Benefits PM Co - Program Adm	7,345	45,116
Payroll Taxes - Manager and Admin	11,107	11,209
Workman's Comp Mgr and Admin	9,239	9,465
Temp Services - Property Manager	-	-
Temp Services - Admin	-	-
Consultant Other Program Admin	-	-
Legal - Program Admin	19,097	12,000
Legal - Development	-	-
Cleaning and Janitorial Contract	-	-
Credit Check Service Fee	1,048	832
Internet and Telephone Prog Admin	6,213	6,520
Advertising	-	409
Bank Charges Program Admin	1,924	1,783
Mileage and Travel Exp Prog Admin	133	451
Training - Program Admin	1,338	765
Postage and Delivery Prog Admin	1,129	615
Software Exp Program Admin	7,090	12,645
Misc Program Admin	-	559
Lease Up Expenses	-	-
Total Admin	311,411	362,198
Utilities		
Cable Expenses	1,293	1,855
Electricity	29,528	18,411
Gas	48,154	45,028
Sewer	57,701	77,886
Water	109,387	178,321
Total Utilities	246,062	321,502
Maintenance and Repair		
Fire Protection and Alarm	3,055	2,128
AC Contracts	-	-
Clubhouse Expense	-	-
Decorating	-	-
Elevator Contracts	-	-
Exterminating Supplies	-	-
Exterminating Contracts	7,896	7,027
Electrical Contracts	3,212	6,454
Furn and Appl Rplcmnt	-	-
Landscape and Grounds Contract	76,152	66,880
Ground Supplies	418	419
Janitorial Supplies	5,661	5,597
COVID Supplies	109	-
Maint Supplies and Materials	3,403	16,835
Plumbing Contracts	21,471	33,743
Plumbing Supplies	5,216	4,905
Repair and Maint Payroll	134,820	135,326
Payroll Taxes - Rpr and Maint	12,241	12,280

Employee Benefits PM Co - Program	12,514	-
Temp Services - Maintenance	-	-
Temp Services - Janitorial	-	-
Unit Turnover Contracts	21,485	15,000
Flooring	-	-
Painting Contract	2,909	-
Repair Contracts	828	8,000
Repair Supplies	7,001	-
Payroll Taxes - Security	-	-
Workers Compensation Ins-Security	-	-
Trash Removal	86,670	59,230
Workman's Comp-Rpr and Maint	10,583	10,622
Remediation Expense	-	-
Uniforms	1,000	1,153
Insurance Claims Expense	-	-
Insurance Proceeds	-	-
RR - Materials Appliances	-	-
RR - Remediation	-	-
Retail Space Expenses	-	-
Total Maintenance and Repair	416,642	385,598
Protective Services		
Security Contract Program	83,800	67,600
Security Payroll	-	-
Total Protective Services	83,800	67,600
Extraordinary Maintenance		
Casualty Losses	-	-
Insurance Proceeds	-	-
Extraordinary Maintenance	-	-
Total Extraordinary Maintenance	-	-
Taxes and Insurance		
Taxes Licenses and Fees	1,014	4,984
Fidelity Bond Insurance	70	-
Insurance Other	870	0
Property and Liability Ins	121,752	128,399
Property Taxes	291	4,429
Total Taxes and Insurance	123,997	137,813
Other Expenses		
Tenant Services Other	50,004	50,004
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	-	0
CY Deposit to Escrow Rplc Reserve	51,310	47,982
CY Deposit to Rplc Reserve	-	-
Total Other Expenses	101,314	97,987
Total Operating Expenses	1,283,227	1,372,697
Net Operating Income	1,308,613	1,541,605
Debt Service		
CY Mortgage Debt Payments (IS)	238,878	249,952
Interest Expense - Mortgage	651,701	640,627
Mortgage Insurance Expense	-	-

Loan Servicing Fee (Trustee Fee)	2,000	2,000
SDHC Bond Admin Fee	19,500	19,500
Total Debt Service	912,079	912,079
Legal Admin	-	-
Asset Management Fees	5,000	5,000
Asset Mgmt Fee - Elim	-	-
Partnership Management Fee	6,149	6,333
Incentive Partnership Mgmt Fee	-	-
Insurance - D and O	-	-
Guaranteed Fees	-	-
Loan Fees	-	-
Total Entity Expenses	11,149	11,333
Net Cash Flow	385,385	618,193

Attachment 2

Town & Country

2026 Replacement Reserves

Beginning Balance of Replacement Reserves	45,000
Deposit to Reserves	47,982
Use of Reserves (Capital Expenditures)	<u>(66,600)</u>
Ending Balance of Replacement Reserves	26,382