

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: KATE GOLDFINE, ADMINISTRATIVE SERVICES OFFICER  
HOUSING & COMMUNITY SERVICES

SUBJECT: FISCAL YEAR 2022/23 HOUSING AUTHORITY BUDGET  
ADOPTION

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Housing Authority, by resolution, adopt the proposed budget for Fiscal Year 2022/23.

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EXECUTIVE SUMMARY

The purpose of this action is for the Housing Authority (Authority) to adopt the Fiscal Year (FY) 2022/23 Housing Authority revenue, transfer, and expenditure budget.

BACKGROUND

The Authority's annual budget preparation process runs concurrently with the City's process from January through June. The Executive Director of the Authority must submit an expenditure, revenue, and transfer budget for all Authority programs for approval by the Authority Commissioners, which then becomes the formal budget for the next fiscal year. Annually, the Authority is asked to adopt the budget at their June meeting; the City Council will be reviewing the Citywide budget on June 21<sup>st</sup>.

The Authority has two programs- the Santa Rosa Housing Trust (SRHT) and the Rental Housing Assistance Program. Additionally, an Administrative Cost Center is budgeted in the Housing Authority.

The Administrative cost center is funded by the programs it supports. Each division that utilizes administrative staff and shared resources pays a portion of the costs. These costs

appear as allocated costs within each program budget and as cost recovery in the Administrative budget.

The SRHT is funded by several sources including Federal and State grants, and local funding generally comprised of compliance fees, impact fees, and loan repayments. Each funding source has varying levels of restriction, with Federal and State being the most heavily regulated. The three ongoing Federal programs, overseen by HUD, are Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and Housing Opportunities for Persons with AIDS (HOPWA). Each program provides an administrative allowance, none of which cover the cost to administer the funds. The State Permanent Local Housing Allocation Grant is a five-year grant for affordable housing development and has no administrative allowance. Local funds must be used to cover costs to administer the programs including salaries, benefits, services and supplies, and allocated costs. Once those costs have been covered and the SRHT reserve policy has been met, all local funding is budgeted to loan activity for affordable housing development, production, rehabilitation, and conversion. In addition to annual ongoing funding, the SRHT continues to manage several one-time funds, including \$38.5M of CDBG- Disaster Recovery (CDBG-DR) funding from the 2017 Tubbs Nuns fire disaster; \$2.1M in CDBG-CV (COVID) from the Federal CARES Act; and \$2.7M in HOME-ARP from the Federal American Rescue Plan Act.

The Rental Housing Assistance program is funded by the U.S. Housing and Urban Development Department (HUD) and is comprised of two programs: 1) Housing Choice Vouchers and 2) Emergency Housing Vouchers, created in 2021 as part of the American Rescue Plan Act. The Authority receives funding for rental assistance that is passed directly to landlords. HUD allots a per voucher administrative allowance annually for staff to administer the programs. Additionally, Rental Housing Assistance staff manage the HOME-funded tenant based rental assistance program.

#### PRIOR HOUSING AUTHORITY REVIEW

On January 24, 2022 the Authority conducted a Study Session to provide commentary and receive comments from the public on the annual budget process.

On April 25, 2022, the Authority conducted a study session to review the proposed FY 2022/23 budget and initiatives and FY 2021/22 accomplishments.

#### ANALYSIS

There have been slight changes to the SRHT budget since the Authority reviewed it on April 25, 2022. There have been no changes to the Administrative or Rental Assistance Program budgets.

**SRHT Program Changes**

On May 17, 2022, HUD announced the final 2022 entitlement grants for CDBG, HOME and HOPWA. CDBG was reduced \$114,625 and HOME increased \$29,705 compared to 2021, while HOPWA stayed the same as the estimate provided by HUD in December 2021.

The decrease to CDBG would have decreased public services funding to non-profit organizations and administrative funding to the Trust, so \$115,000 of loan repayments received through April 2022 were utilized to make up the difference. Use of the loan repayments allowed those expenditure categories to remain flat. The increase to HOME was used primarily for loan activity and a small portion for administration.

The changes between the original FY 2022/23 budget and final 2022/23 budget are shown on the chart below.

	<b>2022/23 Original</b>	<b>2022/23 Final</b>	<b>\$ Change</b>
Federal Grants (CDBG, HOME, HOPWA)	2,735,107	2,650,187	(84,920)
State Grants	1,079,196	1,079,196	-
Impact Fees	1,400,000	1,400,000	-
Loan Repayments	2,574,011	2,689,011	115,000
Property Rentals	9,965	9,965	-
Compliance Monitoring Fees	150,352	150,352	-
<b>Total New Revenue</b>	<b>7,948,631</b>	<b>7,978,711</b>	<b>30,080</b>
Transfers In (City RPTT)	2,250,000	2,250,000	-
<b>Total New Funding</b>	<b>10,198,631</b>	<b>10,228,711</b>	<b>30,080</b>
Uncommitted Carryover	4,247,520	4,247,520	-
<b>Total Funding</b>	<b>14,446,151</b>	<b>14,476,231</b>	<b>30,080</b>
Salaries and Benefits	1,237,938	1,237,948	(10)
Services and Supplies	135,778	132,723	3,055
Allocated Costs (Overhead)	574,805	574,805	-
Project Admin	60,000	60,000	-
Loan Activity	10,710,024	10,683,046	26,978
Subrecipient Funding	516,612	516,612	-
Tenant Based Rental Assist.	600,000	600,000	-
CDBG Public Services	236,870	236,814	56
<b>Total Expense</b>	<b>14,072,027</b>	<b>14,041,948</b>	<b>30,079</b>

**FY 2022/23 Final Budget Summary**

The proposed FY 2022/23 total funding source budget, including the changes noted above, is summarized and compared to the adopted FY 2021/22 budget on the table below and shown in detail on Attachment 1.

<b>Funding Sources</b>	<b>FY 2021/22</b>	<b>FY 2022/23</b>	<b>Change</b>
Cost Recovery	1,435,301	1,574,740	139,439
Revenue	39,901,998	46,956,215	7,054,217
Transfers In (City Real Property Transfer Tax)	515,038	2,250,000	1,734,962
Carryover Funding	2,646,727	4,247,520	1,600,793
<b>Total</b>	<b>44,499,064</b>	<b>55,028,475</b>	<b>10,529,411</b>

The proposed FY 2022/23 total expenditure budget, including the changes noted above, is summarized and compared to the adopted FY 2021/22 budget on the table below and shown in detail on Attachments 1 and 2.

<b>Expenditures</b>	<b>FY 2021/22</b>	<b>FY 2022/23</b>	<b>Change</b>
Administration	1,435,301	1,574,741	139,440
Rental Assistance Program	34,666,183	38,967,504	4,301,321
SRHT Division	8,015,861	14,072,027	6,056,166
<b>Total</b>	<b>44,117,345</b>	<b>54,614,272</b>	<b>10,496,927</b>

The Housing Authority reserve policy for the SRHT is 15% of its operational budget. The proposed FY 2022/23 SRHT budget meets this requirement with a budgeted reserve of \$404,204.

**Budgeted Full Time Equivalent (FTE) Employees**

<b>Budgeted Employees in FTE</b>	<b>FY 2021/22</b>	<b>FY 2022/23</b>	<b>Change</b>
Administration	0.90	0.90	0.00
Rental Assistance Program	12.25	14.50	2.25
SRHT Division	6.85	7.60	0.75
<b>Total</b>	<b>20.00</b>	<b>23.00</b>	<b>3.00</b>

Three positions were added to the Authority in FY 2022/23. In Rental Assistance, a 1.0 Limited Term Housing & Community Services (HCS) Technician was added to assist with inspections and a 1.0 Program Specialist was added to supervise staff and provide higher level program support. Additionally, the Rental Assistance Program is utilizing .25 of a Program Specialist from the SRHT for assistance with project-based vouchers. In the SRHT, a 1.0 HCS Technician was added to assist with compliance monitoring.

FISCAL IMPACT

The Housing Authority is asked to approve the revenue, transfer, and expenditure budget for FY 2022/23, so staff may receive revenue and transfers funding and expend funds for their intended purposes.

ENVIRONMENTAL IMPACT

The Housing Authority finds that the proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Not applicable

ATTACHMENTS

- Attachment 1 - FY 2022/23 Housing Authority Proposed Budget Summary
- Attachment 2- City of Santa Rosa FY 2022/23 draft Budget Document – Housing Authority Section
- Resolution

CONTACT

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