



MEMORANDUM

Date: November 28, 2022
To: Housing Authority Commissioners
From: Kate Goldfine, Administrative Services Officer
Subject: Housing Authority FY 2022/23 Quarter 1 Financial Report

This memo summarizes Housing Authority (“Authority”) expenditures and funding for July 1 – September 30, 2022.

Expenditures

The table below shows current budget, including carryover commitments from prior years and changes in the current year; actual expenditures through September 30, 2022; committed funds, including carryover from prior years; and the amount and percent of remaining budget.

	<u>\$ Current Budget</u>	<u>\$ Expended</u>	<u>\$ Committed Funds</u>	<u>\$ Remaining</u>	<u>% Remaining</u>
Administration / Overhead	7,018,878	1,485,378	138,194	5,395,306	77%
Subrecipient Funding	558,162	97,756	455,406	5,000	1%
Loan Activity	15,803,680	1,645,926	4,284,045	9,873,709	62%
Housing Assistance Payments	36,586,721	7,240,730	-	29,345,991	80%
CDBG-DR	24,548,161	4,617,425	19,915,402	15,334	0.1%
Projects*	17,581,902	354,231	1,355,553	15,872,118	90%
TOTAL	102,097,504	15,441,446	26,148,600	60,507,458	59%

Administration includes salaries, benefits, services, and supplies for the Rental Housing Assistance and Housing Trust Divisions. Overhead includes administrative staff; building use/maintenance; a share of City Administration expenses; City Attorney and Finance Department support; Information Technology services and supplies; insurance, and other shared costs.

Subrecipient Funding is committed to service providers: Face to Face, for services benefiting persons living with HIV/AIDS and their families (\$93K expended/ \$385K committed), funded by Federal Housing Opportunities for Persons With HIV/AIDS (HOPWA); Fair Housing Advocates of Northern California (\$45K committed) for federally mandated fair housing services, funded locally; and Disability Services and Legal Center for the Housing Accessibility Modification (HAM) program (\$5K expended/ \$26K committed) funded locally.

Loan Activity is loans to developers for affordable housing production, rehabilitation, conversion, and preservation. Expenditures of a little over \$1.6M were for Bennett Valley Apartments (\$241K) and 3575 Mendocino Ave (\$1.4M). Commitments of nearly \$4.3M include Hearn Veteran’s Village (\$1K); Giffen Ave Rehabilitation (\$7K); Earl Street Rehabilitation (\$42K); Bennett Valley Apartments (\$4.1M); and 3575 Mendocino Ave (\$156K). Many projects received funding in prior fiscal years and the budget carried over to FY 21/22. Of the remaining \$9.9M, over \$9.4M was designated for projects by the Authority at the June 2022 meeting; staff is working to close loan documents with those developers so the funding can be formally committed.

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Housing Assistance Payments are rental subsidy paid to landlords for Housing Choice Voucher (HCV), Emergency Housing Voucher (EHV), and HOME-funded Tenant Based Rental Assistance (TBRA) for over 2,200 clients.

The City received \$38.4M of Community Development Block Grant- Disaster Recovery (CDBG-DR) funding and expended nearly \$14M last fiscal year. The remaining \$24.5M budget includes \$19K for administration and \$24.5M for affordable housing projects. The \$4.6M of expenditures include \$3.7K for administration (\$15.3K remaining), \$3.5M for Caritas Homes Phase I (\$3.2M remaining) and \$1.1M for 3575 Mendocino Ave (\$1.2M remaining). The Linda Tunis Senior Apartment project has no expense this fiscal year and \$220K remaining committed. Two other projects have funding committed but have not begun to draw down their loans: Cannery at Railroad Square (\$10.3M), which closed escrow in October 2022; and Burbank Ave. Apartments (\$5M), which is pursuing funding opportunities.

The Authority budget contains projects overseen by the City Council and projects overseen by the Authority itself. Projects overseen by the City Council include CDBG Public Services funding for Homeless Service Center and Family Support Center operated by Catholic Charities and The Living Room (\$95K expended/\$141 committed); and projects funded with one-time CARES Act CDBG-CV funding, including Samuel L. Jones Hall Shelter Annex operations run by Catholic Charities (\$248K expended/\$465K committed) and Legal Aid of Sonoma County (\$5K committed). There is \$66K of CDBG-CV remaining, which is expected to be committed to the Samuel L. Jones Hall Shelter Annex in FY 23/24. New this quarter is the State's Infill Infrastructure Grant Program funding of \$9.5M which is designated for Caritas Homes Phase I and The Cannery at Railroad Square projects.

Projects overseen by the Housing Authority include HOME-ARP Administration (\$2K expended/\$386K remaining) and Programs (\$2.3M remaining); Family Self Sufficiency (FSS) Program Incentives (\$38.5K remaining); Veterans Affairs Supportive Housing (VASH) Security Deposits (\$9.8K remaining); American Rescue Plan Act (ARP) Emergency Housing Voucher Service Fee (\$9K expended/\$449K remaining); the State Permanent Local Housing Assistance grant (\$410K committed to Hearn Veteran's Village; \$284K committed to Burbank Ave and pending \$1.1M further commitment to Burbank Ave); and the Downpayment Assistance Program (\$2M remaining).

Funding

Below please find a table showing approved (expected) funding including revenue and transfers; actual funding received through September 30, 2022, by dollar and percentage; and the variance.

	<u>\$ Approved Funding</u>	<u>\$ Received</u>	<u>% Received</u>	<u>Variance</u>
Cost Recovery	1,574,740	386,167	25%	(1,188,573)
Federal Grants (CDBG, HOME, HOPWA)	6,076,587	82,301	1%	(5,994,286)
Federal Grant- CDBG-DR	24,549,022	1,461,392	6%	(23,087,630)
Federal Grant HOME-ARP	2,714,334	-	0%	(2,714,334)
Property Rental	9,965	2,492	25%	(7,473)
Housing Impact Fees	1,400,000	952,322	68%	(447,678)
Compliance Monitoring Fees	150,352	36,079	24%	(114,273)
Loan Repayments	2,689,011	456,051	17%	(2,232,960)
State Grants	11,313,668	-	0%	(11,313,668)
Transfers In	2,250,000	2,250,000	100%	-
Federal Grants- HCV (including port in and EHV)	38,967,504	7,639,351	20%	(31,328,153)
Other- HCV	10,000	23,115	231%	13,115
Total	91,705,183	13,289,270	14%	(78,415,913)

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Cost recovery represents overhead paid by the Housing Trust and Housing Choice Voucher programs.

Federal Grants are used to provide loans to developers (CDBG and HOME), tenant based rental assistance (HOME), and grants to Face to Face (HOPWA), Catholic Charities (CDBG-CV) and Legal Aid (CDBG-CV). The City distributes funding to recipients and is reimbursed by the Federal government, which is the “\$ Received” amount shown in the table above. CDBG-DR and HOME-ARP operate in the same way.

Property rental is income from the Authority-owned property at Brookwood Ave.

Housing Impact Fees include a fee paid by housing developers for the impacts their project has on infrastructure and in place of providing affordable units in their market-rate developments and a Commercial Linkage Fee to fund affordable housing demand related to new commercial developments.

Compliance monitoring fees recover costs related to monitoring regulatory agreements, housing allocation plan, bond compliance, Density Increase Program, and Mobilehome ordinance.

Loan repayments are received from borrowers of prior Authority loans and are used to fund new loans.

State Grants represent reimbursement-based grants for the Permanent Local Housing Allocation grant and Infill and Infrastructure Grant Program. The City distributes funding to eligible recipients and is reimbursed by the State.

Transfers In represent City General Fund Real Property Transfer Tax allotted annually to the Authority per City Council Policy 000-48 for homeless services and affordable housing. It is transferred from the City to the Authority at the beginning of each fiscal year.

Federal Grants-HCV and EHV include funding from HUD for the Housing Choice Voucher (HCV) and Emergency Housing Voucher (EHV) programs, including administrative allowance and rental subsidy.

Other- HCV represents restitution reimbursements from Housing Choice Voucher participants who underpaid their portion of the rent and are required to make up these payments to the Authority.