



MEMORANDUM

Date: August 22, 2022
To: Housing Authority Commissioners
From: Kate Goldfine, Administrative Services Officer
Subject: Housing Authority FY 2021/22 Q4 (Year End) Unaudited Financial Report

This memo summarizes Housing Authority (“Authority”) expenditures and funding sources for Fiscal Year 2021-22 (July 1, 2021 – June 30, 2022). These numbers are subject to change through the fiscal year end reconciliation and audit process. Final amounts will be shown in the Housing Authority Annual Financial Report (HAFR) which can be accessed at the City’s Finance Department website at srcity.org.

Expenditures

The table below shows current budget, including carryover commitments from prior years and changes in the current year; actual expenditures through June 30, 2022; committed funds, including carryover from prior years; and the dollar 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	6,422,733	4,776,731	148,792	1,497,210	23%
Housing Assistance Payments	34,361,686	27,648,691	-	6,712,995	20%
Loan Activity	21,364,637	15,130,436	4,369,491	1,864,710	9%
Subrecipient Funding	553,040	481,629	30,646	-	0%
CDBG-DR	38,450,567	13,902,406	24,529,123	19,038	0.0%
Projects*	8,416,405	1,695,971	694,325	6,026,109	72%
TOTAL	109,569,068	63,635,864	29,772,377	16,160,827	15%

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. Salaries and benefits came in under budget by approx. \$900K; allocated costs (overhead) were under by approx. \$400K and services and supplies were under by approx. \$200K. This is attributable to vacancies in both Divisions, plus the Department budgets the entirety of its Federal Administrative allowances even though actual costs are generally lower.

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. Approximately \$26.9M was paid to HCV, \$350K to EHV, and another \$350K to TBRA program landlords. The budget assumes all clients will be leased up and receiving maximum assistance for all twelve months; however turnover and difficulty finding units within the HUD-allowed price range lower the amount of assistance paid.

*Some project funding is determined by the City Council; see explanation in project descriptions next page.

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Loan Activity represents loans to developers for affordable housing production, rehabilitation, conversion, and preservation. Expenditures of \$15.1M were for Orchard Commons (\$200K); Lantana (\$282K); Hearn Veterans’ Village (\$4.5K); Dutton Flats (\$70K); Earle Street Rehabilitation (\$88K); Giffen Avenue Rehabilitation (\$27K); Bennett Valley Apartments (\$1.5M); Mahonia Glen (\$2.9M), Hearn House Emergency Rehabilitation (\$77K); and the Renewal Enterprise District (RED) (\$10M). The commitments of nearly \$4.4M include Hearn Veteran’s Village (\$1K); Giffen Ave Rehabilitation (\$7K); Earl Street Rehabilitation (\$42K); and Bennett Valley Apartments (\$4.3M). Many projects received funding in prior fiscal years and the budget carried over to FY 21/22.

Subrecipient Funding is committed to service providers: Face to Face, for services benefiting persons living with HIV/AIDS and their families (\$445K expended), funded by Federal Housing Opportunities for Persons With HIV/AIDS (HOPWA); Fair Housing Advocates of Northern California (\$36K expended) for federally mandated fair housing services, funded locally; and Disability Services and Legal Center for the Housing Accessibility Modification (HAM) program (\$30.1K committed) funded locally.

The Community Development Block Grant- Disaster Recovery (CDBG-DR) budget includes \$97K for administration and nearly \$38.4M for affordable housing projects. \$78K was expended for Admin, and for the first time, several projects had expenditures: Linda Tunis Senior Apartments (\$2M expended/\$200K remaining); Caritas Homes Phase I (\$2.3M expended/\$6.6M remaining) and 3575 Mendocino Avenue (\$9.6M expended/\$2.3M remaining). Two other projects have funding committed but no expense yet: Cannery at Railroad Square (\$10.3M), which will begin construction in August 2022; and Burbank Ave. Apartments (\$5M), which is pursuing funding opportunities.

Projects include those overseen by the Housing Authority: HOME-ARP Administration (\$23K expended/\$392K 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); CARES Act HCV Admin (\$719K expended); American Rescue Plan Act (ARP) Emergency Housing Voucher Service Fee (\$459K remaining); the State Permanent Local Housing Assistance grant (\$410K committed to Hearn Veteran’s Village and \$284K committed to Burbank Ave Apartments). New this quarter is the \$2M Downpayment Assistance Program funded by a one-time transfer of PG&E settlement funds from the City Council.

Projects overseen by the City Council and budgeted in the Housing Authority include CDBG Public Services funding for Homeless Service Center and Family Support Center operated by Catholic Charities and The Living Room (total \$230K expended); and projects funded with one-time CARES Act CDBG-CV funding, including Samuel L. Jones Hall Shelter Annex operations run by Catholic Charities (\$713K expended) and Legal Aid of Sonoma County (\$5K expended). There is \$780K of CDBG-CV remaining, of which \$718K is committed to Samuel L. Jones Hall Shelter Annex operations and Legal Aid in FY 22/23.

Funding Sources

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

	<u>\$ Approved Funding</u>	<u>\$ Received</u>	<u>% Received</u>	<u>Variance</u>
Cost Recovery	1,435,301	1,417,066	99%	(18,235)
Federal Grants (CDBG, HOME, HOPWA)	8,107,511	4,681,110	58%	(3,426,401)
Federal Grant- CDBG-DR	38,450,945	13,901,923	36%	(24,549,022)
Federal Grant- HOME-ARP	2,737,433	23,099	1%	(2,714,334)
Property Rental	9,675	9,750	101%	75

Continued below.

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<i>Continued from above</i>	<u>\$ Approved Funding</u>	<u>\$ Received</u>	<u>% Received</u>	<u>Variance</u>
Housing Impact Fees	1,500,000	1,902,866	127%	402,866
Compliance Monitoring Fees	130,769	229,199	175%	98,430
Loan Repayments	876,574	4,582,932	523%	3,706,358
State Grants	717,913	23,588	3%	(694,325)
Transfers In	12,565,038	12,565,038	100%	-
Federal Grants- HCV (including port in)	37,208,574	30,403,752	82%	(6,804,822)
Other- HCV	10,000	47,008	470%	37,008
Misc.	-	72,462	-	72,462
	103,749,733	69,859,793	67%	(33,889,940)

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 were established by the Authority in 2012 to 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, which includes over \$2M of Lantana project paydown and residual cash receipts.

State Grants represent reimbursement-based grants for the CalHome Disaster Recovery Grant and the Permanent Local Housing Allocation grant. 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. FY 21/22 also included transfers in of \$12M in PG&E settlement funds from the City Council: \$10M allocated to the Renewal Enterprise District (RED) for affordable housing and \$2M for the Downpayment Assistance Program.

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.

Interest is earned on the cash in the Authority’s funds as a portion of the City’s larger pool of funds.