



MEMORANDUM

Date: December 16, 2024
To: Chair Newton and Housing Authority Commissioners
From: Kate Goldfine, Administrative Services Officer
Subject: Housing Authority FY 2024/25 Quarter 1 Financial Update

This memo summarizes Housing Authority ("Authority") expenditures and funding for July 1, 2024 – September 30, 2024.

Expenditures

The table below shows the current budget, including carryover commitments from prior years and changes in the current year; actual expenditures through September 30, 2024; committed funds, including carryover from prior years; and the amount and percent of remaining budget.

	<u>\$ Current</u> <u>Budget</u>	<u>\$ Expended</u>	<u>\$ Committed</u> <u>Funds</u>	<u>\$</u> <u>Remaining</u>	<u>%</u> <u>Remaining</u>
Administration / Overhead	7,485,501	1,639,215	45,105	5,801,181	77%
Subrecipient Funding	620,799	5,800	603,880	11,119	2%
Loan Activity	5,914,358	480	4,018,159	1,895,719	32%
Housing Assistance Payments	39,778,062	8,830,394	-	30,947,668	78%
CDBG-DR	6,924,566	4,500,000	2,424,566	-	0%
Projects*	22,935,193	164,774	2,555,146	20,215,273	88%
TOTAL	83,658,479	15,140,663	9,646,856	58,870,960	70%

Administration includes salaries, benefits, services, and supplies for the Rental Housing Assistance and Housing Trust Divisions. Overhead includes administrative staff salary and benefits; 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 with a budget of \$620,799 which include: Face to Face, for services benefiting persons living with HIV/AIDS and their families (\$0 expended/\$507K committed) funded by federal Housing Opportunities for Persons With HIV/AIDS (HOPWA); Fair Housing Advocates of Northern California (\$0 expended/\$45K committed) for federally mandated fair housing services, funded locally; Disability Services and Legal Center for the Housing Accessibility Modification (HAM) program (\$5.8k expended/\$19.9k committed) funded locally; and, public services funding for The Living Room homeless services provider, funded locally (\$31.8K committed) and an available \$11k.

Loan Activity is committed to developers for affordable housing production, rehabilitation, conversion, and preservation. The current budget of \$5.9M includes the following: expenditures of \$480.00 in mobilehome rent deferral payments; unexpended commitments of \$4M include Laurel at Perennial Park Phase III (\$2.5M); Parkwood (\$161k); Stony Point Flats (\$45k); Hearn Veterans Village (\$425.00); and Caritas Homes Phase II (\$1.3M); and remaining balance of \$1.89M that was included in the FY 24/25 NOFA awards.

Housing Assistance Payments are rental subsidy paid to landlords for Housing Choice Voucher (HCV) (\$8.1M expended), Emergency Housing Voucher (EHV) (\$557K expended), and HOME-funded Tenant Based Rental Assistance (TBRA) (\$146K expended) clients.

Community Development Block Grant- Disaster Recovery (CDBG-DR) funding of \$38.4M was received by the City, \$6.9M is available in FY 24/25 for affordable housing projects. Remaining DR funding is committed to Burbank Avenue (\$4.5M expended/\$500k unexpended); The Cannery at Railroad Square (\$1.03M unexpended); and Caritas Homes Phase I (\$0.9M unexpended). The unexpended funds are retention that will be disbursed at completion of the projects.

Project funding of \$22.9M is included in the Authority budget for projects directed by the City Council and by the Authority itself. Projects are generally one-time funding allocations or grants. Ongoing projects overseen by the City Council include CDBG public services funding for Caritas Family Center, Caritas Drop-In Center, and The Living Room (\$0 expended/\$205K committed). The City was awarded several rounds of Infill Infrastructure Grant Program funding of which \$17M remains and is designated for specific market rate and affordable housing development projects which include Cannery, Caritas Homes Phase I, 425 Humboldt, Caritas Homes Phase II, Ponderosa Village, and 556 Ross Street. The City also received one-time HOME-ARP funding for Administration (\$25K expended/\$315K remaining) and Programs (\$86.7K expended/\$1.83M remaining).

One-time funded projects overseen by the Authority include Veterans Affairs Supportive Housing (VASH) Security Deposits (\$10K remaining); Family Self Sufficiency Program Forfeited Funds (\$100 expended/\$18.9k remaining); American Rescue Plan Act (ARP) Emergency Housing Voucher Service Fee (\$0 expended/\$335K remaining); the Permanent Local Housing Assistance grant of \$595K for FY 24/25, which was included in the FY 24/25 NOFA awards; and the Downpayment Assistance Loan Program (\$53k expended/\$1.55M remaining), funded by PG&E settlement funds from the 2017 Tubbs Nuns Fire.

Funding

The table below shows approved (expected) funding including revenue and transfers; actual funding received through September 30, 2024, by dollar and percentage; and the variance. The funding total is lower than the expenditures because one-time project funding that was recognized in prior fiscal years.

	<u>\$ Approved Funding</u>	<u>\$ Received</u>	<u>% Received</u>	<u>Variance</u>
Cost Recovery	1,737,800	415,898	24%	(1,321,902)
Federal Grants (CDBG, HOME, HOPWA)	2,474,608	239,805	10%	(2,234,803)
Federal Grant- CDBG-DR	8,117,250	3,243,285	40%	(4,873,965)
Federal Grant HOME-ARP	2,260,774	0	0%	(2,260,774)
Property Rental	10,712	2,678	25%	(8,034)
Housing Impact Fees	1,300,000	548,994	42%	(751,006)
Compliance Monitoring Fees	186,151	23,835	13%	(162,316)
Loan Repayments	128,000	472,779	369%	344,779
State Grants	595,239	0	0%	(595,239)
Transfers In	1,100,000	1,100,000	100%	0
Federal Grants- HCV (including port in and EHV)	42,770,725	9,561,547	22%	(33,209,178)
Other	10,000	55,951	560%	45,951
Total	60,691,259	15,664,772	26%	(45,026,487)

Cost recovery represents overhead paid by the Housing Trust and Rental Assistance Divisions.

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Federal Grants are used to provide loans to developers (CDBG and HOME), tenant based rental assistance (HOME), and grants to Face to Face (HOPWA). 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 similar manner.

Property rental is income from the Authority-owned building on Brookwood Ave, which is currently rented to the City’s InResponse team.

Housing Impact Fees include a fee paid by housing developers in place of providing affordable units in market-rate developments and a Commercial Linkage Fee to fund affordable housing demand related to new commercial developments. The funds are used to provide loans for the affordable housing.

Compliance monitoring fees are tied to costs related to monitoring regulatory agreements, Housing Allocation Plan, bond compliance, Density Increase Program, and Mobilehome Rent Control 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 (RPTT) allotted annually to the Authority per City Council Policy 000-48 for homeless services and affordable housing and was divided equally between the two divisions in FY 24/25. 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. HUD funds administration and rental assistance on a per unit per month basis based on actual expenditures reported monthly, up to the Authority’s budget and voucher limits.

Other represents restitution reimbursements from Rental Assistance Division participants who underpaid their portion of the rent and are required to make up these payments to the Authority.