



MEMORANDUM

Date: March 25, 2024
To: Housing Authority Commissioners
From: Kate Goldfine, Administrative Services Officer
Subject: Housing Authority FY 2023/24 Quarter 2 Financial Update

This memo summarizes Housing Authority ("Authority") expenditures and funding for July 1, 2023 – December 31, 2023.

Expenditures

The table below shows the current budget, including carryover commitments from prior years and changes in the current year; actual expenditures year to date; 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	7,120,844	3,066,103	68,764	3,985,977	56%
Subrecipient Funding	609,083	155,331	447,982	5,770	1%
Loan Activity	15,690,154	3,578,217	10,360,382	1,751,555	11%
Housing Assistance Payments	38,960,462	15,776,938	-	23,183,524	60%
CDBG-DR	8,122,405	6,129	8,116,276	-	0%
Projects*	34,507,559	1,692,756	27,812,041	5,002,762	14%
TOTAL	105,010,507	24,275,474	46,805,446	33,929,587	32%

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 or granted to developers. Service providers include: Face to Face, for services benefiting persons living with HIV/AIDS and their families (\$138K expended/\$365K committed) funded by Federal Housing Opportunities for Persons With HIV/AIDS (HOPWA); Fair Housing Advocates of Northern California (\$10K expended; \$35K committed) for federally mandated fair housing services, funded locally; Disability Services and Legal Center for the Housing Accessibility Modification (HAM) program (\$26K committed) funded locally; and, new this year, public services funding for The Living Room homeless services provider, funded locally (\$6K expended; \$23K committed).

Loan Activity is committed to developers for affordable housing production, rehabilitation, conversion, and preservation. Expenditures of \$3.6M include Bennett Valley Apartments (\$1.2M); Stony Point Flats (\$0.2M); Parkwood (\$2.2M); and Burbank Ave (\$2.0M). Unexpended commitments of \$10.4M include 3575 Mendocino Ave Phase I (\$2.6M); Vigil Lights (\$3.3M); Parkwood (\$0.3M); Stony Point Flats (\$50K); Burbank Ave (\$2.8M); and Caritas Homes Phase II (\$1.3M).

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Housing Assistance Payments are rental subsidy paid to landlords for Housing Choice Voucher (HCV) (\$14.5M expended), Emergency Housing Voucher (EHV) (\$0.9M expended), and HOME-funded Tenant Based Rental Assistance (TBRA) (\$.3M expended) clients.

The City received \$38.4M total of Community Development Block Grant- Disaster Recovery (CDBG-DR) funding and has \$8.1M remaining in FY 23/24. That includes \$6K for administration (\$6K expended; \$0 remaining); and \$8.1M for affordable housing projects. There have been no loan expenditures yet this year. Remaining DR funding is committed to Burbank Avenue (\$5M unexpended); The Cannery at Railroad Square (\$1M unexpended); Caritas Homes Phase I (\$0.9M unexpended); and 3575 Mendocino Avenue, now called Laurel at Perennial Park Phase I, (\$1.2M unexpended).

The Authority budget contains projects directed by the City Council and by the Authority itself. Projects are generally one-time funding allocations or grants but can be ongoing in select situations. Ongoing projects overseen by the City Council include CDBG Public Services funding for Caritas Drop In Center (formerly Homeless Service Center) and Caritas Family Center (formerly Family Support Center) operated by Catholic Charities and The Living Room (\$164K expended; \$44K committed). Projects funded with one-time CARES Act CDBG-CV funding, include Legal Aid of Sonoma County (\$33K expended; \$28K committed). The City was awarded Infill Infrastructure Grant Program funding of over \$26M, of which \$20.6M is designated for specific market rate and affordable housing development projects, and \$7.5M is designated for specific park and infrastructure improvements. \$144K has been expended thus far for The Cannery. The City also received one-time HOME-ARP funding for Administration (\$3K expended/\$350K remaining) and Programs (\$2.3M remaining).

One-time funded projects overseen by the Authority include Family Self Sufficiency (FSS) Program Incentives (\$39K remaining); Veterans Affairs Supportive Housing (VASH) Security Deposits (\$10K remaining); American Rescue Plan Act (ARP) Emergency Housing Voucher Service Fee (\$76K expended/\$361K remaining); the Permanent Local Housing Assistance grant for Hearn Veteran's Village (\$207K expended/ \$203K committed) and Burbank Avenue Apartments (\$1.2 expended/\$1.4M committed); and the Downpayment Assistance Loan Program (\$75K expended/ \$2M 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 year to date by dollar and percentage; and the variance.

	<u>\$ Approved Funding</u>	<u>\$ Received</u>	<u>% Received</u>	<u>Variance</u>
Cost Recovery	1,570,902	754,602	48%	(816,300)
Federal Grants (CDBG, HOME, HOPWA)	7,804,365	460,350	6%	(7,344,015)
Federal Grant- CDBG-DR	10,721,354	2,601,679	24%	(8,119,675)
Federal Grant HOME-ARP	2,680,348	3,316	0%	(2,677,032)
Property Rental	10,400	5,200	50%	(5,200)
Housing Impact Fees	1,600,000	1,275,387	80%	(324,613)
Compliance Monitoring Fees	182,357	97,855	54%	(84,502)
Loan Repayments	247,000	57,799	23%	(189,201)
State Grants	30,852,465	1,771,307	6%	(29,081,158)
Transfers In	2,175,000	2,175,000	100%	0
Federal Grants- HCV (including port in and EHV)	41,507,046	17,181,170	41%	(24,325,876)
Other	10,000	115,629	1156%	105,629
Total	99,361,237	26,499,294	27%	(72,861,943)

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

Federal Grants are used to provide loans to developers (CDBG and HOME), tenant based rental assistance (HOME), and grants to Face to Face (HOPWA) 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, which is currently rented to the City’s InResponse team.

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 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. It is transferred from the City to the Authority at the beginning of each fiscal year. The City is funding homeless services with its tranche of ARP, so all RPTT is allotted to the Housing Authority in FY 23/24.

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.