



MEMORANDUM

Date: February 28, 2022
To: Housing Authority Commissioners
From: Kate Goldfine, Administrative Services Officer
Subject: Housing Authority FY 2021/22 Q2 Financial Report

This memo summarizes Housing Authority (“Authority”) expenditures and funding for July 1, 2021 – December 31, 2021.

Expenditures

The table below shows current budget, including carryover commitments from prior years and changes in the current year; actual expenditures through December 31, 2021; 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	6,516,086	1,947,712	110,862	4,457,512	68%
Housing Assistance Payments	35,127,580	13,422,551	-	21,705,029	62%
Loan Activity	20,639,508	10,627,642	8,871,325	1,140,541	6%
Subrecipient Funding	512,275	143,548	368,727	-	0%
CDBG-DR	38,425,700	54,693	38,353,107	17,900	0.0%
Projects	6,416,904	819,913	1,595,785	4,001,206	62%
TOTAL	107,638,053	27,016,059	49,299,806	31,322,188	29%

Administration includes salaries, benefits, services, and supplies for staff assigned to the Housing Choice Voucher (HCV) Program and Housing Trust. Overhead includes administrative staff; building use and maintenance; the Authority’s share of City Administration expenses; City Attorney and Finance Department support; and Information Technology services and supplies; insurance, and other shared costs.

Housing Assistance Payments are rental subsidy paid to landlords for Housing Choice Voucher, Emergency Housing Voucher, and HOME-funded Tenant Based Rental Assistance clients.

Loan Activity represents loans to developers for affordable housing production, rehabilitation, conversion, and preservation. The expenditures of approx. \$10.6M are for Orchard Commons (formerly Boyd Street Apartments) (\$200K); Lantana (\$282K); Dutton Flats (\$67K); Hearn House Emergency Rehabilitation (\$77K); and the Renewal Enterprise District (RED) (\$10M). The commitments of nearly \$8.9M include Dutton Flats (\$2.5K); Hearn Veteran’s Village (\$5K); Giffen Ave Rehabilitation (\$34K); Earl Street Rehabilitation (\$130K); Bennett Valley Apartments (\$5.8M); and Mahonia Glen (\$2.9M). 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, funded by Federal Housing Opportunities for Persons With HIV/AIDS (HOPWA); Fair

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Housing Advocates of Northern California for federally mandated fair housing services, funded locally; and Disability Services and Legal Center for the Housing Accessibility Modification (HAM) program, funded locally.

The Community Development Block Grant- Disaster Recovery (CDBG-DR) budget includes \$73K for administration and nearly \$38.4M for affordable housing projects. The \$54.7K expense is administrative staff costs to continue to establish loans and funding commitments with the developers and report to the State. The Housing Authority identified five projects for the \$38.4M of affordable housing funds at the January 25, 2021 meeting including 3575 Mendocino Ave (\$11.9M); Caritas Homes Phase I (\$8.9M); Cannery at Railroad Square (\$10.3M); Burbank Ave. Apartments (\$5M) and Linda Tunis Senior Apartments (\$2.2M). As of December 31, 2021, three of the five projects have finalized project financing and construction activities have begun. Two projects are under review with funding commitments pending approval from the State.

The \$6.4M of projects include 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 (ARP) Act Emergency Housing Voucher Service Fee (\$459K remaining); and CDBG Homeless Programs. CDBG Homeless Programs include annual programs Homeless Service Center and Family Support Center operated by Catholic Charities and The Living Room (total \$49KK expended/\$181K committed); and projects funded with one-time CARES Act CDBG-CV funding, including Samuel L. Jones Hall Shelter Annex operations run by Catholic Charities (\$80K committed/\$633K remaining) and Legal Aid of Sonoma County (\$5K expended). The remaining CDBG-CV funds are currently committed to Samuel L. Jones Hall Shelter Annex operations and Legal Aid in FY 22/23. \$2.7M of HOME-ARP funding, appropriated by the Authority at its November meeting, is included in the report for the first time with an administrative allowance of \$410K (\$6K expended) and programmatic budget of \$2.3M. The \$1.18M of CalHOME Disaster Recovery budget shown in prior reports expired this quarter; despite robust outreach efforts, the Authority was only able to find one qualified applicant.

Funding Sources

Below please find a table showing approved (expected) funding including revenue and transfers; actual funding received through December 31, 2021, 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	690,376	48%	(744,925)
Federal Grants (CDBG, CDBG-CV, HOME, HOPWA)	8,107,511	216,874	3%	(7,890,637)
Federal Grant- CDBG-DR	38,450,945	45,122	0%	(38,405,823)
Federal Grant- HOME-ARP	2,737,433	-	0%	(2,737,433)
Property Rental	9,675	4,839	50%	(4,836)
Housing Impact Fees	1,500,000	787,146	52%	(712,854)
Compliance Monitoring Fees	130,769	107,751	82%	(23,018)
Loan Repayments	876,574	3,865,088	441%	2,988,514
State Grants	717,913	23,588	3%	(694,325)
Transfers In	10,565,038	10,515,038	100%	(50,000)
Federal Grants- HCV and EHV	37,208,574	14,978,669	40%	(22,229,905)
Other- HCV	10,000	59,966	600%	49,966
Interest	-	57,630	-	57,630
TOTAL	101,749,733	31,352,087	31%	(70,397,646)

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

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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), 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, approved by City Council in October 2019, 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. The \$3.9M of repayments received include 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. In FY 21/22 it also includes the \$10M of PG&E settlement funds that the City Council allocated to the Renewal Enterprise District (RED) for affordable housing.

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.