



MEMORANDUM

Date: September 25, 2023
To: Housing Authority Commissioners
From: Kate Goldfine, Administrative Services Officer
Subject: **Housing Authority FY 2022/23 Quarter 4 (Year End) Unaudited Financial Report**

This memo summarizes Housing Authority (“Authority”) expenditures and funding for July 1, 2022 – June 30, 2023.

Expenditures

The table below shows current budget, including carryover commitments from prior years and changes in the current year; actual expenditures through June 30, 2023; 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	6,995,187	6,399,289	74,490	521,408	7%
Subrecipient Funding	5,558,162	5,527,476	25,687	4,999	0.1%
Loan Activity	16,158,394	6,226,785	8,922,846	1,008,763	6%
Housing Assistance Payments	36,586,721	30,135,272	-	6,451,449	18%
CDBG-DR	29,539,555	21,418,673	8,116,277	4,605	0.02%
Projects*	16,478,996	4,009,404	2,049,051	10,420,541	63%
TOTAL	111,317,015	73,716,899	19,188,351	18,411,765	17%

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. \$392K due to various vacancies in both Divisions throughout the year. Services and supplies came in under budget by approx. \$130K, mostly in the Rental Assistance Division, as we budget to expend the full amount of our HUD administrative allotment, but rarely use the entirety.

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 (\$477KK expended) funded by Federal Housing Opportunities for Persons With HIV/AIDS (HOPWA); Fair Housing Advocates of Northern California (\$45K expended) 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. This quarter also includes \$5M from the State of California Housing & Community Development Department for Caritas Center, which was passed through from the State to the City, to Catholic Charities.

Loan Activity goes to developers for affordable housing production, rehabilitation, conversion, and preservation. Expenditures of \$6.2M include the Mobilehome Assistance Program (\$2K); Giffen Ave Rehab (\$7K); Bennett Valley Apartments (\$1.9M); Mahonia Glen (\$2M); Stony Point Flats (\$909K); 3575 Mendocino Ave (\$1.4M) and Earle Street

Housing Authority FY 2022/23 Quarter 4 Unaudited Financial Report

Rehabilitation (\$41K). Unexpended commitments of \$8.9M include Bennett Valley Apartments (\$2.2M); 3575 Mendocino Ave (\$156K); Vigil Lights (\$2.2M); Parkwood (\$750K); Stony Point Flats (\$291K) and Burbank Ave (\$3.3M).

Housing Assistance Payments are rental subsidy paid to landlords for Housing Choice Voucher (HCV) (\$28.1M expended), Emergency Housing Voucher (EHV) (\$1.3M expended), and HOME-funded Tenant Based Rental Assistance (TBRA) (\$666K expended) clients.

The City received \$38.4M of Community Development Block Grant- Disaster Recovery (CDBG-DR) funding and expended nearly \$9M in FY 21/22. The remaining \$29.5M budget includes \$19K for administration (\$14K expended/\$5K committed); and \$29.5M for affordable housing projects. The \$21.4M of project expenditures include \$9.3M for The Cannery (\$1M remaining); \$765K for Linda Tunis Senior Apartments, which has been fully expended and is complete; \$7.3M for Caritas Homes Phase I (\$900K remaining); and \$4.1M for 3575 Mendocino Ave Phase I (\$1.2M remaining). The Burbank Avenue Apartments project has \$5M of CDBG-DR committed and just received \$3.5M from the Housing Authority's FY 23/24 Notice of Funding Availability process, which completes funding and allows the project to move forward.

The Authority budget contains projects directed by the City Council and 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 (\$236K 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 approx. \$61K of CDBG-CV remaining, which has been committed to Legal Aid in FY 23/24. The City was allocated Infill Infrastructure Grant Program funding of \$8.5M which is designated for Caritas Homes Phase I and The Cannery at Railroad Square (\$2.8M expended/\$472K committed) projects; two market rate housing projects; and a \$1.1M street improvement component. The City also received one-time HOME-ARP funding for Administration (\$34K expended/\$354K remaining) and Programs (\$2.3M remaining).

Projects overseen by the Authority include 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 (\$21K expended/\$437K remaining); the Permanent Local Housing Assistance grant for Hearn Veteran's Village (\$194K expended; \$216K committed) and Burbank Avenue Apartments (\$1.363M committed); and the Downpayment Assistance Program (\$2M remaining), funded by one-time PG&E settlement funds from the 2017 Tubbs Nunns Fire.

Funding

The table below shows approved (expected) funding including revenue and transfers; actual funding received through June 30, 2023, 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	1,565,005	99%	(9,735)
Federal Grants (CDBG, HOME, HOPWA)	6,076,587	2,868,362	47%	(3,208,225)
Federal Grant- CDBG-DR	24,549,022	18,819,064	77%	(5,729,958)
Federal Grant HOME-ARP	2,714,334	33,470	1%	(2,680,864)
Property Rental	9,965	9,939	100%	(26)
Housing Impact Fees	1,400,000	3,049,155	218%	1,649,155
Compliance Monitoring Fees	150,352	216,858	144%	66,506
Loan Repayments	2,995,802	1,469,648	49%	(1,526,154)
CONTINUED NEXT PAGE				

Housing Authority FY 2022/23 Quarter 4 Unaudited Financial Report

Continued from above	<u>\$ Approved Funding</u>	<u>\$ Received</u>	<u>% Received</u>	<u>Variance</u>
State Grants	15,241,618	5,000,000	33%	(10,241,618)
Transfers In	2,250,000	2,250,000	100%	0
Federal Grants- HCV (including port in and EHV)	38,967,504	31,593,741	81%	(7,373,763)
Other	10,000	42,960	430%	32,960
	95,939,924	66,918,202	70%	(29,021,722)

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), 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. This quarter the category includes \$5M from the State of California Housing & Community Development Department for Caritas Center, which was passed through from the State to the City, to Catholic Charities.

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 22/23.

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 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.