

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: KATE GOLDFINE, ADMINISTRATIVE SERVICES OFFICER
HOUSING & COMMUNITY SERVICES

SUBJECT: FISCAL YEAR 2021/22 HOUSING AUTHORITY BUDGET
ADOPTION

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Housing Authority, by resolution, adopt the proposed budget for Fiscal Year (FY) 2021/22.

EXECUTIVE SUMMARY

The purpose of this action is for the Housing Authority (Authority) to adopt the FY 2021/22 Housing Authority revenue, transfer, and expenditure budget.

BACKGROUND

The Authority's annual budget preparation process runs concurrently with the City's process from January through June. The Executive Director of the Authority must submit an expenditure, revenue, and transfer budget for all Authority programs for approval by the Authority Commissioners, which then becomes the formal budget for the next fiscal year. Annually, the Authority is asked to adopt the budget at their June meeting.

The Authority has two programs- the Santa Rosa Housing Trust (SRHT) and the Housing Choice Voucher (HCV) program. Additionally, an Administrative cost center is budgeted in the Housing Authority.

The Administrative cost center is funded by the programs it supports. Each division that utilizes administrative staff and shared resources pays a portion of the costs. These costs appear as allocated costs within each program budget and as cost recovery in the

Administrative budget.

The HCV Program is funded by the U.S. Housing and Urban Development Department (HUD), a federal agency. The Authority receives funding for rental assistance that is passed directly to landlords. HUD allots a per voucher administrative allowance annually for staff to administer the program.

The SRHT is funded by 13 different sources: three Federal, one State, and nine local funds. In addition, the SRHT is currently coordinating \$38.5M of CDBG- Disaster Recovery (CDBG-DR) funding from the 2017 Tubbs Nuns fire disaster for affordable housing development. Each funding source has varying levels of restriction, with Federal and State being the most heavily regulated. The three Federal programs, administered by HUD, are Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and Housing Opportunities for Persons with AIDS (HOPWA). Each program provides an administrative allowance, none of which cover the cost to administer the funds. The State fund (CalHOME) provides no administrative allowance. Local funds must be used to cover costs to administer the programs including salaries, benefits, services and supplies, and allocated costs. Once those costs have been covered and the SRHT reserve policy has been met, all local funding is budgeted to loan activity for affordable housing development, production, rehabilitation, and conversion.

PRIOR HOUSING AUTHORITY REVIEW

On February 22, 2021 the Authority conducted a Study Session to provide commentary and receive comments from the public on the annual budget process.

On March 23, 2021, the Authority conducted a study session to review the FY 2021/22 proposed administrative budgets and overhead and Information Technology allocation methodology.

On April 26, 2021, the Authority conducted a study session to review the proposed FY 2021/22 budget, FY 2020/21 accomplishments, and FY 2021/22 initiatives.

ANALYSIS

There have been slight changes to both programs since the Authority reviewed the budget on April 26, 2021.

1. HCV Program Changes

HUD announced the final administrative allowance rates for calendar year 2021 on April 23, 2021. The administrative allowance increased over \$4 per unit, resulting in additional funds of \$117,118, which have been added to Federal Grants revenue, and to HCV

FISCAL YEAR 2021/22 HOUSING AUTHORITY BUDGET ADOPTION
PAGE 3 OF 5

administrative expenditures- \$50,000 to temporary salaries and \$67,118 to services and supplies. The changes between the original FY 2021/22 budget and final 2021/22 budget are shown on the chart below.

| | 21/22 Original | 21/22 Final | \$ Change |
|----------------------|-----------------------|--------------------|------------------|
| Federal Grants | 34,549,064 | 34,666,182 | 117,118 |
| Restitution Reimb. | 10,000 | 10,000 | - |
| Total Revenue | 34,559,064 | 34,676,182 | 117,118 |
| | | | |
| Salaries & Benefits | 1,541,853 | 1,591,853 | 50,000 |
| Services & Supplies | 181,741 | 248,859 | 67,118 |
| Allocated Costs | 802,271 | 802,271 | - |
| Rental Assistance | 32,023,200 | 32,023,200 | - |
| Total Expense | 34,549,065 | 34,666,183 | 117,118 |

2. SRHT Program Changes

On May 13, 2021 HUD granted additional Community Development Block Grant (CDBG) funds of \$21,764 to the City. This funding has been added to CDBG Federal Grants revenue and to loan product and services and supplies expenditures. Additionally, \$40,765 was moved from loan product to subrecipient funding for Federal HOME Community Housing Development Organization capacity building, per the City's FY 2021/22 Annual Action Plan.

The changes between the original FY 2021/22 budget and final 2021/22 budget are shown on the chart below.

| | 21/22 Original | 21/22 Final | \$ Change |
|---------------------------------------|-----------------------|--------------------|------------------|
| Federal Grants (CDBG, HOME, HOPWA) | 2,687,034 | 2,708,798 | 21,764 |
| Impact Fee | 1,500,000 | 1,500,000 | - |
| Loan Repayments | 876,574 | 876,574 | - |
| Property Rentals | 9,675 | 9,675 | - |
| Compliance Monitoring Fees | 130,769 | 130,769 | - |
| Total New Revenue | 5,204,052 | 5,225,816 | 21,764 |
| Transfers In (City RPTT) | 515,038 | 515,038 | - |
| Total New Funding | 5,719,090 | 5,740,854 | 21,764 |
| Uncommitted Carryover | 2,646,727 | 2,646,727 | - |
| Total Funding | 8,365,817 | 8,387,581 | 21,764 |

FISCAL YEAR 2021/22 HOUSING AUTHORITY BUDGET ADOPTION
PAGE 4 OF 5

| | | | |
|-----------------------------|------------------|------------------|---------------|
| Salaries and Benefits | 1,093,485 | 1,093,485 | - |
| Services and Supplies | 143,998 | 148,350 | 4,352 |
| Allocated Costs (Overhead) | 568,255 | 568,255 | - |
| Project Admin | 60,000 | 60,000 | - |
| Loan Activity | 4,711,458 | 4,688,105 | (23,353) |
| Subrecipient Funding | 477,092 | 517,857 | 40,765 |
| Tenant Based Rental Assist. | 709,260 | 709,260 | - |
| CDBG Public Services | 230,549 | 230,549 | - |
| Total Expense | 7,994,097 | 8,015,861 | 21,764 |

3. FY 2021/21 Final Budget Summary

The proposed FY 2021/22 total funding source budget, including the changes noted above, is summarized on the table below and shown in detail on Attachment 1.

| Funding Sources | FY 2020/21 | FY 2021/22 | Change |
|--|-------------------|-------------------|----------------|
| Cost Recovery | 1,397,323 | 1,435,301 | 37,978 |
| Revenue | 38,796,349 | 39,901,998 | 1,105,649 |
| Transfers In (City Real Property Transfer Tax) | 286,469 | 515,038 | 228,569 |
| Carryover Funding | 3,185,205 | 2,646,727 | (538,478) |
| Total | 43,665,346 | 44,499,064 | 833,718 |

The proposed FY 2021/22 total expenditure budget, including the changes noted above, is summarized on the table below and shown in detail on Attachments 1 and 2.

| Expenditures | FY 2020/21 | FY 2021/22 | Change |
|---------------------|-------------------|-------------------|----------------|
| Administration | 1,397,323 | 1,435,301 | 37,978 |
| HCV Program | 34,240,207 | 34,666,183 | 425,976 |
| SRHT Division | 7,629,515 | 8,015,861 | 386,346 |
| Total | 43,267,045 | 44,117,345 | 850,300 |

The Housing Authority reserve policy for the SRHT is 15% of its operational budget. The proposed FY 2021/22 SRHT budget meets this requirement with a budgeted reserve of \$371,720.

4. Budgeted Full Time Equivalent (FTE) Employees

| Budgeted Employees in FTE | FY 2010/21 | FY 2021/22 | Change |
|----------------------------------|-------------------|-------------------|---------------|
| Administration | 1.15 | 0.9 | (0.25) |
| HCV Program | 12.75 | 12.25 | (0.50) |
| SRHT Division | 6.5 | 6.85 | 0.35 |
| Total | 20.4 | 20.0 | (0.40) |

FISCAL YEAR 2021/22 HOUSING AUTHORITY BUDGET ADOPTION
PAGE 5 OF 5

FTE in Administration decreased by 0.25 FTE. FY 2020/21 included a portion of Marketing & Outreach Coordinator support, which was unused and has been removed from the FY 2021/22 budget.

FTE in the HCV Program decreased by 0.5 FTE as the Code Enforcement Technician assigned to quality control inspections was removed from the program. Quality control inspections will be completed by internal staff.

In the SRHT, FTE increased by 0.35 FTE as a Program Specialist who had been supporting homeless services moved back full time to the SRHT.

FISCAL IMPACT

The Housing Authority is asked to approve the revenue, transfer, and expenditure budget for FY 2021/22, so staff may receive revenue and transfers funding and expend funds for their intended purposes.

ENVIRONMENTAL IMPACT

The proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and that no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Not applicable

ATTACHMENTS

- Attachment 1 - FY 2021/22 Housing Authority Proposed Budget Summary
- Attachment 2- City of Santa Rosa FY 2021/22 draft Budget Document – Housing Authority Section
- Resolution

CONTACT

Kate Goldfine, Administrative Services Officer
KGoldfine@srcity.org; 543-3313