

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: KATE GOLDFINE, ADMINISTRATIVE SERVICES OFFICER
HOUSING & COMMUNITY SERVICES DEPARTMENT
SUBJECT: FISCAL YEAR 2019/20 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) 2019/20.

EXECUTIVE SUMMARY

The purpose of this action is for the Housing Authority ("Authority") to adopt the FY 2019/20 Housing Authority revenue, transfer, and expenditure budget. This staff report also provides the additional information requested by the Authority regarding the increase in staffing, salaries, benefits, services and supplies costs.

BACKGROUND

The Authority's annual budget preparation process runs concurrently with the City's process from January through June each year. The Executive Director of the Authority is charged with submitting 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. The Authority is asked to adopt the budget at their June meeting each year.

The draft budget was presented to the Authority in Study Session on May 20, 2019. The Authority Commissioners asked for additional information regarding the increase in staffing, salaries, benefits, services and supplies budgeted expenses.

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

The SRHT receives funding from 13 different sources: three Federal, one State, and nine local funds. Each funding source has varying levels of restriction, with Federal and State funds being the most heavily regulated. Each Federal program provides an administrative allowance, none of which cover the full cost to administer the funds (preparation of Notice of Funding Availability [NOFA], project appraisals, Housing Authority approval, loan document preparation, and compliance monitoring). 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 (overhead). Once those costs have been covered and the SRHT reserve policy has been met, all local funding is budgeted to loan activity.

The HCV Program is funded by the Federal Housing and Urban Development Department (HUD). HUD allots a per voucher administrative allowance to administer the program.

The Administrative cost center is funded by the programs it supports; each division within the Housing & Community Services Department pays a portion of those costs. These costs appear as allocated costs within each program budget and as cost recovery in the Administrative budget.

PRIOR HOUSING AUTHORITY REVIEW

On February 25, 2019 the Authority held a study session to discuss the annual budget adoption process and hear from the public on budget priorities for the upcoming fiscal year.

On May 20, 2019, the Authority reviewed the proposed FY 2019/20 budget in study session.

ANALYSIS

There have been no changes to the budget since the Authority reviewed it on May 20, 2019. During the May study session, the Commissioners directed staff to provide additional information regarding the proposed increase in staffing levels, salaries, benefits, services and supplies between the FY 2018/19 and FY 2019/20 budgets. That additional information is provided below.

1. FY2019/20 Budget Summary

The proposed FY 2019/20 funding source budget is \$43,958,436 as summarized on the table below and shown in detail on Attachment 1.

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Funding Sources	FY 2019/20
Revenue	\$38,910,569
Cost Recovery	\$1,439,243
Real Property Transfer Tax Transfer In	\$749,000
Carryover Funding	\$3,192,015
Total	\$44,290,827

The proposed FY 2019/20 expenditure budget is \$43,958,436 as summarized on the table below and shown in detail on Attachments 1 and 2.

Expenditures	FY 2019/20
SRHT	\$8,282,465
HCV Program	\$34,236,728
Administration	\$1,439,243
Total	43,958,436

The Housing Authority reserve policy for the SRHT is 15% of its operational budget. The proposed FY 2019/20 SRHT budget meets this requirement with a budgeted reserve of \$324,011.

2. Budgeted Full Time Employees (FTE)

Budgeted Employees in FTE	FY 2018/19	FY 2019/20	Change
SRHT Division	6.0	6.4	0.4
HCV Program	12.5	12.9	0.4
Total	18.5	19.3	0.8

The 0.4 FTE increase in the SRHT reflects an increase of Administrative Technician time previously budgeted in Administration for specific work performed solely for the SRHT-monthly loan reconciliation and affordable housing mapping. The HCV Program also saw an increase in 0.4 FTE to reflect the actual time spent by the Deputy Director who oversees the HCV, and a Code Enforcement Technician who performs quality control inspections for the HCV Program. The FY19/20 allocations better represent the time each of those positions spend on HCV and SRHT tasks.

3. SRHT Salaries, Benefits, Services and Supplies

	FY 2018/19	FY 2019/20	Change
<i>Program Staff Salaries</i>	\$604,590	\$696,399	\$91,809
<i>0.4 Administrative Technician</i>	-	\$34,177	\$34,177
Total Salaries	\$604,590	\$730,576	\$125,986
Total Benefits	\$323,601	\$403,546	\$79,945
Total Services and Supplies	\$156,179	\$211,497	\$55,318
Total SRHT	\$1,084,370	\$1,345,619	\$261,249

Salaries increased due to merit and cost-of-living increases per the negotiated Memoranda of Understanding (MOU) between the City and staff bargaining units (unions), coupled with the addition of the 0.4 FTE Administrative Technician as described above

In addition to merit and cost-of-living salary increases, SRHT salaries increased because of the use of Federal Project Administration. Project Administration is unique to the Community Development Block Grant (CDBG) and HOME programs and allows staff to charge to specific projects outside of the administrative allowance. For example, staff time for preparation and evaluation of a CDBG or HOME NOFA is charged against the administrative allowance, but once funding is awarded to a specific project, staff time can be charged to that project for work performed solely on that project.

Prior to FY 2019/20 it was assumed that Federal Project Administration would cover a portion of SRHT salaries and benefits, however, if there were no awarded CDBG or HOME projects to which staff could charge time, or the projects required less time than anticipated, local funding sources were used to cover the costs. This caused those local funds to go over budget. Rather than assuming local funds would go over budget again, the FY 2019/20 budget allows program staff to charge to either Federal Project Administration or local funding sources as appropriate. All funding (Federal and local) that is not used in FY 2019/20 will be used for loan activity in the following fiscal year.

Benefit costs are determined by the City's Finance and Human Resources Departments and increased primarily due to the Annual Retirement Contribution, which is needed to cover unfunded pension liability.

Services and supplies include: professional services, such as consultants; office and operational supplies, such as furniture, mailing supplies, and public noticing costs; conferences and training, through professional organizations and HUD; dues for professional organizations; and subscriptions to industry publications. Services and supplies for the SRHT increased to cover additional costs related to running three NOFA processes instead of one, and to ensure adequate budget is on hand to cover recovery-related costs until Federal reimbursement arrives. The funding that is not used in FY 2019/20 will be used for loan product in the following fiscal year.

4. HCV Salaries, Benefits, Services and Supplies

	FY 2018/19	FY 2019/20	Change
<i>Program Staff Salaries</i>	\$928,404	\$968,104	\$39,700
<i>Deputy Director and Code Enforcement Technician</i>	\$58,477	\$104,610	\$46,133
Total Salaries	\$986,881	\$1,072,714	\$85,833
Total Benefits	\$541,217	\$606,587	\$65,370
Total Services and Supplies	\$338,624	\$246,125	(\$92,499)
Total HCV	\$1,866,722	\$1,925,426	\$58,704

Salaries increased due to merit and cost-of-living increases per the negotiated Memoranda of Understanding (MOU) between the City and staff bargaining units (unions), coupled with the increase in time charged to the program by the Deputy Director and Code Enforcement Technician.

Benefit costs are determined by the City's Finance and Human Resources Departments and increased primarily due to the Annual Retirement Contribution, which is needed to cover unfunded pension liability.

Services and supplies include: professional services, such as consultants; office and operational supplies, such as furniture, mailing supplies, and public noticing costs; conferences and training, through professional organizations and HUD; HCV program vehicle replacement, maintenance, and gas; dues for professional organizations; and subscriptions to industry publications. Services and supplies decreased to cover increases in salaries, benefits, and allocated costs while staying within the HUD-mandated administrative allowance.

FISCAL IMPACT

The Housing Authority is asked to approve the revenue, transfer, and expenditure budget for FY 2019/20, so staff may receive revenue and transfers funding and expend funds for their intended purposes.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 - FY 2019/20 Housing Authority Proposed Budget Summary
- Attachment 2- City of Santa Rosa FY 2019/20 Budget Document – Housing Authority Section
- Resolution

CONTACT

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