

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: KATE GOLDFINE, ADMINISTRATIVE SERVICES OFFICER
HOUSING AND COMMUNITY SERVICES DEPARTMENT
SUBJECT: REVIEW OF FY 2021/22 ADMINISTRATIVE BUDGET,
INCLUDING OVERHEAD

AGENDA ACTION: NO ACTION REQUESTED

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority ("Authority") hold a Study Session to review the FY 2021/22 proposed administrative budgets, including controllable costs determined by the Authority and uncontrollable costs determined by the City. This item is for information only and no action is requested.

EXECUTIVE SUMMARY

At the February 22, 2021 FY 2020/21 budget study session, the Authority requested to review the Housing Authority administrative budget, including overhead and other costs that are allocated by the City's Finance Department.

BACKGROUND

The Authority's annual budget process runs concurrently with the City's process from January through June each year and consists of two study sessions and the budget hearing(s). The Authority held a study session at the February 22, 2021 meeting to provide direction to staff on the upcoming FY 2021/22 budget. At that study session, the Authority requested to review their administrative budget, including overhead and a review of controllable costs vs. costs determined by the City.

PRIOR HOUSING AUTHORITY REVIEW

On May 22, 2017 the Authority held a Study Session to review administrative and overhead costs and allocation methodology.

ANALYSIS

1. Housing & Community Services Department Administration

The Authority is staffed by City of Santa Rosa ("City") employees from the Housing & Community Services Department ("Department"). Within the Department, the Authority has jurisdiction over two divisions, the Housing Trust and Housing Choice Voucher Program. Those divisions are supported by City administrative staff who also serve other City programs.

The Department's administrative and overhead budget is contained in Fund 2120. Within Fund 2120, there are controllable costs, which are determined by Authority staff and uncontrollable costs which are determined by the City.

In FY 2021/22, Fund 2120 total budget is estimated at \$1,435,301. Of that, \$27,025 (2%) is controllable costs and includes:

- Office supplies such paper, pens, binders, etc.;
- Subscriptions to industry publications;
- Training and conferences for the Department Director and Administrative staff; and
- Dues for professional organizations.

Uncontrollable costs make up 98% of the Fund 2120 overhead budget, at \$1,408,276, and include:

- City-wide overhead which includes Financial, Legal, Legislative, Facilities, Human Resources, and other City Department support, determined by the City's Cost Allocation Plan (CAP);
- Information Technology overhead for hardware, software, and staff support, determined by the City's Information Technology CAP;
- Liability insurance, determined by the City's Risk Manager and insurance carrier;
- Salary and benefits for administrative staff, determined by the employee' unions Memorandum of Understanding and the benefits packages offered by the City;
- Shared services and supplies, including:
 - Annual Audit costs, required by HUD and determined by the City's Finance Department
 - Replacement, maintenance, and gas costs for the Department car determined by the City's Transportation and Public Works Department Fleet Division; and,
 - Copier costs determined by the City's Purchasing Department and vendor.

The City contracts with MGT Consulting Group for the city-wide overhead and Information Technology CAPs, which are updated annually at the start of each fiscal year. An MGT Consulting Group representative will present the overhead and Information Technology CAP purpose and methodology at this meeting.

Fund 2120 costs are allocated to each division within the Department based on the

amount of salaries charged to that division.

2. Housing Choice Voucher Program Administration

The Housing Choice Voucher Program (“HCV”) is allotted an administrative allowance by the Federal Housing & Urban Development Department (“HUD”). Annually, HUD determines a per unit Administrative Fee that it distributes to the HCV Program throughout the fiscal year.

The HCV Program Administrative Fee, by law, must be used for staff, services and supplies that support the program. HUD has not yet announced the 2021 Administrative Fee rates, so the FY 2021/22 budget is based on the 2020 rate.

The HCV Program is staffed by Department employees; salaries and benefits are determined by the employee’ unions Memorandum of Understanding with the City and the benefits packages offered by the City.

The HCV Program pays a portion of Fund 2120 costs based on its’ amount of salaries as a percentage of the whole. This is shown as allocated costs in the HCV Program budget.

After salaries, benefits, and allocated costs are budgeted, the remainder of the Administrative Fee is budgeted toward services and supplies.

The HCV Program receives a separate allotment of Housing Assistance Program (rental subsidy), which cannot be used for administration and is tracked separately.

3. Housing Trust Administration

The Housing Trust (“Trust”) receives administrative funding from several different sources, including:

- HUD-funded administrative allowance for Community Development Block Grant (“CDBG”), HOME Investment Partnerships Program (“HOME”), and Housing Opportunities for Persons with HIV/AIDS (“HOPWA”)
 - CDBG Administrative Allowance equals 20% of the fiscal year entitlement grant;
 - HOME Administrative Allowance equals 10% of the fiscal year entitlement grant; and
 - HOPWA Administrative Allowance equals 3% of the fiscal year entitlement grant.
- CDBG and HOME Project Administration, which can be used for staff costs for specific projects in addition to the Administrative Allowance;
- Compliance Monitoring Fees established by the Authority in 2012;
- Real Property Transfer Tax transfer from the City, per City Council policy 000-48;
- Impact fees from market rate housing developments, for their impact on the surrounding area and in place of including affordable units; and

- Loan repayments.

The Trust is staffed by Department employees; salaries and benefits are determined by the employee' unions Memorandum of Understanding with the City and the benefits packages offered by the City.

The Trust pays a portion of Fund 2120 costs based on its' amount of salaries as a percentage of the whole. This is shown as allocated costs in the Trust budget.

After salaries, benefits, services, supplies, and allocated costs are budgeted, the remaining funding is budgeted toward loan product; HOPWA and CDBG subrecipient funding; and HOME tenant-based rental assistance.

FISCAL IMPACT

Not applicable.

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

None.

CONTACT

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