

**MEMORANDUM**

**Date:** November 22, 2021  
**To:** Housing Authority Commissioners  
**From:** Kate Goldfine, Administrative Services Officer  
**Subject:** Housing Authority FY 2021/22 Q1 Financial Report

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This memo summarizes Housing Authority ("Authority") expenditures and funding sources for Quarter 1 of Fiscal Year 2021/22 (July 1, 2021 – September 30, 2021).

**Expenditures**

The table below shows current budget, including carryover commitments from prior years and changes in the current year; actual expenditures through September 30, 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	6,375,110	1,060,720	92,883	5,221,507	82%
Housing Assistance Payments	35,218,555	6,696,705	-	28,521,850	81%
Loan Activity	23,422,843	360,100	19,138,387	3,924,356	17%
Subrecipient Funding	512,274	67,638	444,636	-	0%
CDBG-DR	38,425,700	24,867	38,353,107	47,726	0.1%
Projects	4,856,998	182,894	1,740,655	2,933,449	60%
<b>TOTAL</b>	<b>108,811,480</b>	<b>8,392,924</b>	<b>59,769,668</b>	<b>40,648,888</b>	<b>37%</b>

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. \$360K are for Lantana (\$282K) and Hearn House Emergency Rehabilitation (\$77K). The commitments of \$19.1M include the \$10M of PG&E settlement funds that the City Council allocated to the Renewal Enterprise District (RED). Other commitments include Dutton Flats (\$70K); Hearn Veteran's Village (\$5K); Boyd Street Apartments (\$200K); 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 to persons living with HIV/AIDS and their families, funded by Federal Housing Opportunities for Persons With HIV/AIDS (HOPWA); Fair Housing Advocates

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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 \$24.9K 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 September 30, 2021, the projects are under various states of review with loans and funding commitments pending approval from the State.

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 (\$164K expended/ \$554K remaining); ARPA Act Emergency Housing Voucher Service Fee (\$459K remaining); CalHOME Disaster Recovery (\$1.2M 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 \$18.5K expended/\$212K encumbered); and projects funded with one-time CARES Act CDBG-CV funding, including Samuel L. Jones Hall Shelter Annex operations operated by Catholic Charities (\$713K committed) and Legal Aid of Sonoma County (\$5K committed). The remaining CDBG-CV funds are currently committed to Samuel L. Jones Hall Shelter Annex operations and Legal Aid in FY 22/23.

### Funding Sources

Below please find a table showing approved (expected) funding including revenue and transfers; actual funding received through September 30, 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	340,869	24%	(1,094,432)
Federal Grants (CDBG, CDBG-CV, HOME, HOPWA)	8,107,511	67,265	1%	(8,040,246)
Federal Grant- CDBG-DR	38,450,945	2,881	0%	(38,448,064)
Property Rental	9,675	2,420	25%	(7,255)
Housing Impact Fees	1,500,000	297,771	20%	(1,202,229)
Compliance Monitoring Fees	130,769	50,132	38%	(80,637)
Loan Repayments	876,574	225,059	26%	(651,515)
State Grants	1,894,325	-	0%	(1,894,325)
Transfers In	10,515,038	10,515,038	100%	-
Federal Grants- HCV and EHV	37,208,574	7,918,724	21%	(29,289,850)
Other- HCV	10,000	44,143	441%	34,143
Misc.	-	-	-	-
	100,138,712	19,464,302	19%	(80,674,410)

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

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.

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CDBG-DR is like other Federal sources as the City will distribute funding to recipients or utilize it for administrative expenses, and request reimbursement from the State (managers of the CDBG-DR funding).

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.

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.

Misc. represents interest earned on the cash in the Authority's funds as a portion of the City's larger pool of funds. The City's Accounting Division has not yet applied interest to each fund for FY 21/22.