

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: MEGAN BASINGER, DIRECTOR, HOUSING & COMMUNITY SERVICES
SUBJECT: FISCAL YEAR 2023/24 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 2023/24.

EXECUTIVE SUMMARY

The purpose of this action is for the Housing Authority (Authority) to adopt the Fiscal Year (FY) 2023/24 Housing Authority revenue, transfer, and expenditure budget.

BACKGROUND

The Authority's annual budget 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 in advance of City Council budget approval; the City Council will review the Citywide FY 2023/24 budget on June 20, 2023.

PRIOR HOUSING AUTHORITY REVIEW

On January 23, 2023 the Authority conducted a Study Session to provide commentary and receive comments from the public on the annual budget process.

On April 24, 2023, the Authority conducted a study session to review the proposed FY 2023/24 budget and initiatives and FY 2022/23 accomplishments.

ANALYSIS

The Authority has two programs- the Santa Rosa Housing Trust (SRHT) and the Rental Housing Assistance 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 SRHT is funded by multiple sources including Federal and State grants, and local funding generally comprised of compliance fees, impact fees, loan repayments, and a portion of the City's Real Property Transfer Tax. Each funding source has varying levels of restriction, with Federal and State being the most heavily regulated. The three ongoing Federal programs, overseen by the Federal Housing and Urban Development Department (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 of California Permanent Local Housing Allocation Grant is a five-year grant for affordable housing development and has no administrative allowance. The State of California Infill Infrastructure Grant also has no administrative allowance. Local funds must be used to cover administrative costs including salaries, benefits, services and supplies, and allocated costs. Once those costs have been covered and the SRHT reserve policy has been met, remaining local funding is budgeted to loan activity for affordable housing development, production, rehabilitation, and conversion. In addition to annual ongoing funding, the SRHT continues to manage several one-time funds, including \$38.5M of CDBG-Disaster Recovery (CDBG-DR) funding from the 2017 Tubbs Nuns fire disaster; \$2.1M in CDBG-CV (COVID) from the Federal CARES Act; and \$2.7M in HOME-ARP from the Federal American Rescue Plan Act.

The Rental Housing Assistance program is funded by the U.S. Housing and Urban Development Department (HUD) and is comprised of two programs: 1) Housing Choice Vouchers, the longstanding housing voucher program; and 2) Emergency Housing Vouchers, created in 2021 as part of the American Rescue Plan Act. The Authority receives funding for rental assistance that it passes directly to landlords. HUD allots a per voucher administrative allowance annually for staff to administer the programs. Additionally, Rental Housing Assistance staff manage the HOME-funded tenant based rental assistance program.

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There have been slight changes to the Rental Assistance Division budget since the Authority reviewed it on April 24, 2023. There have been no changes to the Administrative or SRHT Division budgets.

Rental Assistance Division Changes

On May 11, 2023, HUD announced the calendar year 2023 administrative allowance for the Housing Choice Voucher (HCV) and Emergency Housing Voucher (EHV) programs. The HCV administrative allowance for Santa Rosa vouchers increased approx. 2.8% and HCV port in vouchers administrative allowance increased 5.7%, for a total increase of approx. \$96K. The EHV administrative allowance increased approx. 4.5% and EHV port in vouchers administrative allowance increased 5.7%, for a total increase of approx. \$10K. The total revenue increase to both programs is approx. \$106K. All of the increased allowance was budgeted in Revenue as Federal Grants, and in Expenditures as Services and Supplies.

<u>Rental Assistance Division</u>			
<u>Revenue</u>	2023/24 Original	2023/24 Final	\$ Change
HCV Federal Grant, including Port-Ins	38,746,212	38,841,982	95,770
EHV Federal Grant, including Port-Ins	2,654,827	2,665,064	10,237
Restitution Reimbursement	10,000	10,000	0
Total Revenue	41,411,039	41,517,046	106,007
<u>Expenditures</u>			
Salaries and Benefits	2,037,038	2,037,038	0
Services and Supplies	418,988	526,599	107,611
Allocated Costs (Overhead)	945,832	945,832	0
Rental Assistance	37,993,500	37,993,500	0
Total Expenditures	41,395,358	41,502,969	107,611

The slight difference between the increase to revenue and expenditure is an adjustment to expense to utilize the entire administrative allowance.

FY 2023/24 Final Budget Summary

The updated FY 2023/24 total funding source budget, including the changes noted

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above, is summarized and compared to the adopted FY 2022/23 budget on the table below and shown in detail on Attachment 1.

Funding Sources	<u>2022/23 Adopted</u>	<u>2023/24 Proposed</u>	<u>\$ Change</u>
Cost Recovery	1,574,741	1,570,901	(3,840)
Revenue	46,956,215	68,004,726	21,048,511
Transfers In (City Real Property Transfer Tax)	2,250,000	2,125,000	(125,000)
Carryover Funding	4,247,520	4,742,216	494,696
Total	55,028,476	76,442,843	21,414,367

The proposed FY 2023/24 total expenditure budget, including the changes noted above, is summarized and compared to the adopted FY 2022/23 budget on the table below and shown in detail on Attachments 1 and 2.

Expenditures	<u>2022/23 Adopted</u>	<u>2023/24 Proposed</u>	<u>\$ Change</u>
Administration	1,574,741	1,570,901	(3,840)
Rental Assistance Program	38,967,504	41,502,969	2,535,465
SRHT Division	14,072,027	32,649,481	18,577,454
Total	54,614,272	75,723,351	21,109,079

The Housing Authority reserve policy for the SRHT is 15% of its operational budget. The proposed FY 2023/24 SRHT budget meets this requirement with a budgeted reserve of \$705,415.

FISCAL IMPACT

The Housing Authority is asked to approve the revenue, transfer, and expenditure budget for FY 2023/24, so staff may receive revenue and transfers funding and expend funds for their intended purposes.

ENVIRONMENTAL IMPACT

This 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 no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 - FY 2023/24 Housing Authority Proposed Budget Summary
- Attachment 2- City of Santa Rosa FY 2023/24 draft Budget Document – Housing Authority Section
- Resolution

PRESENTER

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