



MEMORANDUM

Date: November 27, 2023
To: Housing Authority Commissioners
From: Kate Goldfine, Administrative Services Officer
Subject: Housing Authority FY 2023/24 Quarter 1 Financial Update

This memo summarizes Housing Authority (“Authority”) expenditures and funding for July 1, 2023 – September 30, 2023.

Expenditures

The table below shows the current budget, including carryover commitments from prior years and changes in the current year; actual expenditures through September 30, 2023; committed funds, including carryover from prior years; and the amount and percent of remaining budget.

	<u>\$ Current</u> <u>Budget</u>	<u>\$ Expended</u>	<u>\$ Committed</u> <u>Funds</u>	<u>\$</u> <u>Remaining</u>	<u>%</u> <u>Remaining</u>
Administration / Overhead	7,013,657	1,520,227	71,544	5,421,886	77%
Subrecipient Funding	609,083	31,828	571,484	5,771	1%
Loan Activity	15,843,940	1,330,712	12,541,986	1,971,242	12%
Housing Assistance Payments	38,720,663	7,697,387	-	31,023,276	80%
CDBG-DR	8,122,405	6,128	8,116,277	-	0%
Projects*	34,517,131	232,761	29,300,364	4,984,006	14%
TOTAL	7,013,657	10,819,043	50,601,655	43,406,181	41%

Administration includes salaries, benefits, services, and supplies for the Rental Housing Assistance and Housing Trust Divisions. Overhead includes administrative staff salary and benefits; building use/maintenance; a share of City Administration expenses; City Attorney and Finance Department support; Information Technology services and supplies; insurance, and other shared costs.

Subrecipient Funding is committed to service providers or granted to developers. Service providers include: Face to Face, for services benefiting persons living with HIV/AIDS and their families (\$32K expended/\$472K committed) funded by Federal Housing Opportunities for Persons With HIV/AIDS (HOPWA); Fair Housing Advocates of Northern California (\$45K committed) for federally mandated fair housing services, funded locally; Disability Services and Legal Center for the Housing Accessibility Modification (HAM) program (\$26K committed) funded locally; and, new this year, public services funding for The Living Room homeless services provider, funded locally (\$29K committed).

Loan Activity is committed to developers for affordable housing production, rehabilitation, conversion, and preservation. Expenditures of \$1.3M include Bennett Valley Apartments (\$1.1M) and Stony Point Flats (\$0.2M). Unexpended commitments of \$12.5M include 3575 Mendocino Ave Phase I (\$2.7M); Vigil Lights (\$2.2M); Parkwood (\$0.5M); Stony Point Flats (\$0.1M); Burbank Ave (\$5.6M); and Caritas Homes Phase II (\$1.3M).

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Housing Assistance Payments are rental subsidy paid to landlords for Housing Choice Voucher (HCV) (\$7M expended), Emergency Housing Voucher (EHV) (\$0.4M expended), and HOME-funded Tenant Based Rental Assistance (TBRA) (\$.2M expended) clients.

The City received \$38.4M total of Community Development Block Grant- Disaster Recovery (CDBG-DR) funding and has \$8.1M remaining in FY 23/24. That includes \$6K for administration (\$6K expended; \$0 remaining); and \$8.1M for affordable housing projects. There have been no loan expenditures yet this year. Remaining DR funding is committed to Burbank Avenue (\$5M unexpended); The Cannery at Railroad Square (\$1M unexpended); Caritas Homes Phase I (\$0.9M unexpended); and 3575 Mendocino Avenue, now called Laurel at Perennial Park Phase I, (\$1.2M unexpended).

The Authority budget contains projects directed by the City Council and by the Authority itself. Projects are generally one-time funding allocations or grants but can be ongoing in select situations. Ongoing projects overseen by the City Council include CDBG Public Services funding for Caritas Drop In Center (formerly Homeless Service Center) and Caritas Family Center (formerly Family Support Center) operated by Catholic Charities and The Living Room (\$56K expended; \$152K committed). Projects funded with one-time CARES Act CDBG-CV funding, include Legal Aid of Sonoma County (\$61K committed). The City was awarded Infill Infrastructure Grant Program funding of over \$29M, of which \$20.6M is designated for specific market rate and affordable housing development projects, and \$7.5M is designated for specific park and infrastructure improvements. The City also received one-time HOME-ARP funding for Administration (\$3K expended/\$350K remaining) and Programs (\$2.3M remaining).

One-time funded projects overseen by the Authority include Family Self Sufficiency (FSS) Program Incentives (\$39K remaining); Veterans Affairs Supportive Housing (VASH) Security Deposits (\$10K remaining); American Rescue Plan Act (ARP) Emergency Housing Voucher Service Fee (\$34K expended/\$403K remaining); the Permanent Local Housing Assistance grant for Hearn Veteran's Village (\$197K expended/ \$212K committed) and Burbank Avenue Apartments (\$2.6M committed); and the Downpayment Assistance Loan Program (\$2M remaining), funded by PG&E settlement funds from the 2017 Tubbs Nuns Fire.

Funding

The table below shows approved (expected) funding including revenue and transfers; actual funding received through September 30, 2023, by dollar and percentage; and the variance.

	<u>\$ Approved Funding</u>	<u>\$ Received</u>	<u>% Received</u>	<u>Variance</u>
Cost Recovery	1,570,902	378,501	24%	(1,192,401)
Federal Grants (CDBG, HOME, HOPWA)	5,709,186	75,745	1%	(5,633,441)
Federal Grant- CDBG-DR	5,729,959	2,599,111	45%	(3,130,848)
Federal Grant HOME-ARP	2,680,348	0	0%	(2,680,348)
Property Rental	10,400	2,600	25%	(7,800)
Housing Impact Fees	1,600,000	410,994	26%	(1,189,006)
Compliance Monitoring Fees	174,743	28,675	16%	(146,068)
Loan Repayments	247,000	37,088	15%	(209,912)
State Grants	30,852,465	1,771,307	6%	(29,081,158)
Transfers In	2,125,000	2,125,000	100%	0
Federal Grants- HCV (including port in and EHV)	41,507,046	8,686,224	21%	(32,820,822)
Other	10,000	45,648	456%	35,648
Total	92,217,049	16,160,893	18%	(76,056,156)

Cost recovery represents overhead paid by the Housing Trust and Rental Assistance Divisions.

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Federal Grants are used to provide loans to developers (CDBG and HOME), tenant based rental assistance (HOME), and grants to Face to Face (HOPWA) 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. CDBG-DR and HOME-ARP operate in the same way.

Property rental is income from the Authority-owned property at Brookwood Ave, which is currently rented to the City’s InResponse team.

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 to fund affordable housing demand related to new commercial developments.

Compliance monitoring fees recover costs related to monitoring regulatory agreements, Housing Allocation Plan, bond compliance, Density Increase Program, and Mobilehome Rent Control 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 Permanent Local Housing Allocation grant and Infill and Infrastructure Grant Program. The City distributes funding to eligible recipients and is reimbursed by the State.

Transfers In represent City General Fund Real Property Transfer Tax (RPTT) 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. The City is funding homeless services with its tranche of ARP, so all RPTT is allotted to the Housing Authority in FY 23/24.

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. HUD funds administration and rental assistance on a per unit per month basis based on actual expenditures reported monthly, up to the Authority’s budget and voucher limits.

Other represents restitution reimbursements from Rental Assistance Division participants who underpaid their portion of the rent and are required to make up these payments to the Authority.