

CITY OF SANTA ROSA  
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS  
FROM: KATE GOLDFINE, ADMINISTRATIVE SERVICES OFFICER  
SUBJECT: FISCAL YEAR 2024/25 HOUSING AUTHORITY BUDGET  
ADOPTION

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Housing & Community Services Department that the Housing Authority, by resolution, adopt the proposed budget for Fiscal Year 2024/25.

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EXECUTIVE SUMMARY

The purpose of this action is for the Housing Authority (Authority) to adopt the Fiscal Year (FY) 2024/25 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 2024/25 budget on June 18, 2024.

PRIOR HOUSING AUTHORITY REVIEW

On January 22, 2024, the Authority conducted a Study Session to provide commentary and receive comments from the public on the annual budget process.

On April 22, 2024, the Authority conducted a study session to review the proposed FY 2024/25 budget and initiatives and FY 2023/24 accomplishments.

## ANALYSIS

The Authority has two operational Divisions- the Santa Rosa Housing Trust (SRHT) and Rental Housing Assistance. Additionally, an Administrative cost center is budgeted in the Housing Authority.

There have been slight changes to the Administrative, SRHT Division and Rental Assistance Division budgets since the Authority reviewed the draft budget on April 22, 2024, which are described below.

### **Administration**

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.

### Administration Changes

Since the Administrative staff salaries and benefits increased slightly based on updated information from the City's Finance Department, which increased Cost Recovery. The total increase was less than \$3K.

### **Santa Rosa Housing Trust (SRHT)**

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. 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 and \$20.7M of State Infill and Infrastructure Grant (IIG).

SRHT Division Changes

HUD announced CDBG, HOME, and HOPWA allocations in late April 2024. CDBG and HOME revenue decreased \$138K and HOPWA increased \$3K. To offset part of the Federal reductions, local fund loan repayment revenue was increased based on actual repayments received in Spring 2024. Overall revenue decreased \$70K. The reductions to HOME and CDBG funding, coupled with necessary increases to salaries and benefits, required a comprehensive review and update of the Trust expense budget. Ultimately, salaries, benefits, and budgeted reserves were increased, and services and supplies, loan activity, and tenant based rental assistance were decreased.

**Rental Housing Assistance**

The Rental Housing Assistance Division is funded by the U.S. Housing and Urban Development Department (HUD) and is comprised of two programs: 1) Housing Choice Vouchers (HCV), the longstanding housing voucher program; and 2) Emergency Housing Vouchers (EHV), 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.

Rental Housing Assistance Division Changes

HUD announced the calendar year 2024 administrative allowance for the Housing Choice Voucher (HCV) and Emergency Housing Voucher (EHV) programs in late May 2024. The HCV and EHV administrative allowances for Santa Rosa vouchers and port in vouchers increased approx. 3%, which equates to \$148K. The increased administrative allowance revenue was budgeted to salaries, benefits, services and supplies, and allocated costs.

**FY 2024/25 Final Budget Summary**

The updated FY 2024/25 total revenue and expenditure budgets, including the changes noted above, is summarized and compared to the adopted FY 2023/24 budget on the tables below and shown in detail on Attachment 1.

<b>Funding Sources</b>	<b><u>2023/24 Adopted</u></b>	<b><u>2024/25 Proposed</u></b>	<b><u>\$ Change</u></b>
Cost Recovery	1,570,902	1,737,800	166,898
Revenue	68,004,726	47,475,435	(20,529,291)
Transfers In (City Real Property Transfer Tax)	2,175,000	1,100,000	(1,075,000)
Carryover Funding	4,742,216	1,772,179	(2,970,037)

FISCAL YEAR 2024/25 HOUSING AUTHORITY BUDGET ADOPTION  
PAGE 4 OF 4

<b>Total</b>	<b>78,063,746</b>	<b>53,823,214</b>	<b>(24,240,532)</b>
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<b>Expenditures</b>	<b><u>2023/24 Adopted</u></b>	<b><u>2024/25 Proposed</u></b>	<b><u>\$ Change</u></b>
Administration	1,570,901	1,737,800	166,899
Rental Assistance Program	41,502,969	42,765,584	1,262,615
SRHT Division	32,649,481	7,061,864	(25,587,617)
<b>Total</b>	<b>75,723,351</b>	<b>51,565,248</b>	<b>(24,158,103)</b>

The Housing Authority reserve policy for the SRHT is 15% of its operational budget. The proposed FY 2024/25 SRHT budget meets this requirement with a budgeted reserve of \$505,025.

FISCAL IMPACT

The Housing Authority is asked to approve the revenue, transfer, and expenditure budget for FY 2024/25, 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 2024/25 Housing Authority Proposed Budget Summary
- Resolution

PRESENTER

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