

**HOUSING AUTHORITY of the
COUNTY OF CONTRA COSTA**

**CALENDAR FOR THE BOARD OF COMMISSIONERS
BOARD CHAMBERS ROOM 107, COUNTY ADMINISTRATION BUILDING
651 PINE STREET
MARTINEZ, CALIFORNIA 94553-1229**

**FEDERAL D. GLOVER, CHAIR
KAREN MITCHOFF, VICE CHAIR
JOHN GIOIA
CANDACE ANDERSEN
DIANE BURGIS
FAY NATHANIEL
JANNEL GEORGE-ODEN**

JOSEPH VILLARREAL, EXECUTIVE DIRECTOR, (925) 957-8000

PERSONS WHO WISH TO ADDRESS THE BOARD DURING PUBLIC COMMENT OR WITH RESPECT TO AN ITEM THAT IS ON THE AGENDA, WILL BE LIMITED TO TWO (2) MINUTES.

The Board Chair may reduce the amount of time allotted per speaker at the beginning of each item or public comment period depending on the number of speakers and the business of the day.
Your patience is appreciated.

A closed session may be called at the discretion of the Board Chair.

Staff reports related to open session items on the agenda are also accessible on line at www.co.contra-costa.ca.us.

**AGENDA
March 14, 2017**

1:30 P.M. Convene and call to order.

CONSIDER CONSENT ITEMS: (Items listed as C.1 through C.1 on the following agenda) - Items are subject to removal from the Consent Calendar by request from any Commissioner or on request for discussion by a member of the public. Items removed from the Consent Calendar will be considered with the Discussion Items.

DISCUSSION ITEMS

D. 1 CONSIDER Consent Items previously removed.

D. 2 PUBLIC COMMENT (2 Minutes/Speaker)

D.3 CONSIDER approving the 2017-2018 Annual Agency Budget; and adopting Public Housing Authority Board Resolution No. 5204 approving the Budget in the form prescribed by the U.S. Department of Housing and Urban Development.

Closed Session

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Executive Director

ADJOURN

CONSENT ITEMS:

- C.1 ACCEPT the 3rd Quarter (Unaudited) Budget Report for the period ending 12/31/2016.

GENERAL INFORMATION

Persons who wish to address the Board of Commissioners should complete the form provided for that purpose and furnish a copy of any written statement to the Clerk.

All matters listed under CONSENT ITEMS are considered by the Board of Commissioners to be routine and will be enacted by one motion. There will be no separate discussion of these items unless requested by a member of the Board or a member of the public prior to the time the Commission votes on the motion to adopt.

Persons who wish to speak on matters set for PUBLIC HEARINGS will be heard when the Chair calls for comments from those persons who are in support thereof or in opposition thereto. After persons have spoken, the hearing is closed and the matter is subject to discussion and action by the Board.

Comments on matters listed on the agenda or otherwise within the purview of the Board of Commissioners can be submitted to the office of the Clerk of the Board via mail: Board of Commissioners, 651 Pine Street Room 106, Martinez, CA 94553; by fax: 925-335-1913; or via the County's web page: www.co.contracosta.ca.us, by clicking "Submit Public Comment" (the last bullet point in the left column under the title "Board of Commissioners.")

The County will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Clerk of the Board at least 24 hours before the meeting, at (925) 335-1900; TDD (925) 335-1915. An assistive listening device is available from the Clerk, Room 106. Copies of taped recordings of all or portions of a Board meeting may be purchased from the Clerk of the Board. Please telephone the Office of the Clerk of the Board, (925) 335-1900, to make the necessary arrangements.

Applications for personal subscriptions to the monthly Board Agenda may be obtained by calling the Office of the Clerk of the Board, (925) 335-1900. The monthly agenda may also be viewed on the County's internet Web Page: www.co.contra-costa.ca.us

The Closed session agenda is available each month upon request from the Office of the Clerk of the Board, 651 Pine Street, Room 106, Martinez, California, and may also be viewed on the County's Web Page.

AGENDA DEADLINE: Thursday, 12 noon, 12 days before the Tuesday Board meetings.



To: Contra Costa County Housing Authority Board of Commissioners
 From: Joseph Villarreal, Housing Authority
 Date: March 14, 2017

Subject: 2017-2018 ANNUAL AGENCY BUDGET

RECOMMENDATIONS

1. CONSIDER approving the 2017-2018 Annual Agency Budget; and
2. CONSIDER adopting PHA Board Resolution No. 5204 approving the Budget on HUD Form 52574.

BACKGROUND

In compliance with the United States Department of Housing and Urban Development's (HUD) regulations, staff has prepared the Housing Authority of the County of Contra Costa's (HACCC) proposed fiscal year (FY) 2018 budget for the Board's approval. Because the federal government is operating on a Continuing Resolution that expires on April 28, 2017, the final funding levels for federal fiscal year (FFY) 2017 (October 1, 2016 – September 30, 2017) are unknown. This means that federal funding for HACCC's programs since October 1, 2016 is also unknown. As soon as the federal budget for FFY 2017 is finalized, any changes in the funding levels advanced by HUD to housing authorities will be applied retroactively to October 1, 2016. If any budget changes are required, they will be compounded by the fact that HUD's funding process applies additional layers of retroactive adjustments after the federal budget is finalized. Staff will revise the proposed budget presented here (and, if necessary, the current budget) and bring it back to the Board once Congress finalizes FFY 2017 funding.

Three primary factors impact the funding of a housing authority's housing choice voucher and public housing programs. These factors are the amount of funding allocated to HUD by Congress, the national utilization rate (number of families housed) and the local utilization rate. Congressional funding of HUD sets baseline funding for

Action of Board On: **03/14/2017** APPROVED AS RECOMMENDED OTHER

Clerks Notes:

VOTE OF COMMISSIONERS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 14, 2017

Joseph Villarreal, Executive Director

Contact: 925-957-8028

By: , Deputy

cc:

BACKGROUND (CONTD)

>

HUD's programs. In the recent past, funding to HUD has usually been prorated, meaning that HUD, or specific programs, were not fully funded. Congressional funding for HUD is then modified first by national program utilization and then by local program utilization in order to determine final program funding levels for each housing authority. The utilization rate of a program is defined as the number of families under contract at the beginning of a given month. If every public housing unit is occupied at the beginning of May, then the utilization rate for May is 100%. If only 90 out of 100 units are occupied, the utilization rate is 90%. For national utilization, if housing authorities across the nation are collectively housing more families than in a previous period, then HUD will have to adjust the proration level downward. When fewer families collectively are assisted, then proration will be increased. Within the parameters set by Congressional funding and national utilization, funding for each individual housing authority will rise when local utilization increases and fall when the number of families housed drops. HUD's current budget process calculates utilization and program funding retroactively. Final public housing funding in a given calendar year is not usually calculated until November of the same calendar year. Funding for the voucher program is normally adjusted quarterly, with final funding usually calculated by March of the following calendar year.

In addition to budgetary delays, housing authorities have also become accustomed to significant swings in funding levels. Over the past five years, proration levels in public housing have been as follows:

2017 85.00% (advance)
2016 90.21%
2015 85.36%
2014 88.79%
2013 81.86%

During the same period, proration levels in housing choice voucher administrative fees have been as follows:

2017 83.94% (advance)
2016 83.94%
2015 81.57%
2014 79.77%
2013 69.27%

What is unique about this budget cycle is that Congress froze the FFY 2017 budget process primarily so they could pursue a replacement to the Affordable Care Act. As part of that action, the Senate's budget stated that funding levels were not set by the Continuing Resolution. Additionally, the President's FFY 2018 budget proposes to increase defense funding by \$54 billion while cutting all nondefense discretionary programs (apart from veteran's health care and homeland security which will both be increased) by an equal amount to pay for the defense increase. If approved by Congress, the net result of the President's proposal would be a 15% cut (approximately \$7.1 billion) in the HUD budget. To put this in context, HUD's FFY 2016 voucher budget was approximately \$19.7 billion and the public housing operating and capital fund budget during the same period was \$6.4 billion. If the President's budget is enacted as set forth, HUD may have to eliminate as many as 625,000 vouchers and project-based units.

In developing HACCC's proposed budget, staff applied the proration level HUD used to calculate its current program advances. HACCC's proposed budget shows small gains for every program apart from public housing. If FFY 2017 funding holds at the levels provided under the Continuing Resolution, HACCC's voucher program should not face immediate cuts. This is because HACCC and other housing authorities in Alameda and Contra Costa Counties received larger than expected funding increases in response to last year's successful challenge of HUD's proposed fair market rents for the two Counties. The proposed public housing budget shows a \$467,583 loss. Staff do not plan to propose such a significant loss in the revised budget once FFY 17 funding is known. Hopefully, Congress will set FFY 2017 funding by late April when the Continuing Resolution expires.

HACCC’s proposed overall budget is shown below in comparison to last year’s approved budget along with the projected change in reserve levels. This overview is followed by the HACCC’s four major program areas: Housing Choice Vouchers (HCV), Public Housing, State and Local programs and Certificate Programs. Each area provides a brief program overview, last year’s approved budget along with the projected change in reserve levels, explanation of the change from prior year. A more detailed budget is available for viewing at HACCC’s administrative office.

Agency Overview:

HACCC Agency Summary	2017-2018 Budget	2016-2017 Budget	Change
Revenue	\$ 114,281,783	\$ 109,724,315	\$ 4,557,468
Operating Expenditures	\$ 23,155,945	\$ 21,847,920	\$ 1,308,025
Program Costs, Debt Service & Other Capital Improvements	\$ 90,262,007	\$ 86,817,392	\$ 3,444,615
To Reserves	\$ 863,831	\$ 1,059,003	(\$ 195,172)

HACCC Consolidated Reserves	Restricted Reserve Bal.	Unrestricted Reserve Bal.	Reserve Balances
Projected 3/31/17	\$ 5,884,094	\$ 9,216,644	\$ 15,100,738
FYE 2018 Budget Impact	\$ 1,180,406	(\$ 316,575)	\$ 863,831
Projected to 3/31/18	\$ 7,064,500	\$ 8,900,069	\$ 15,964,569

As a reminder, almost all reserves are restricted for use within each program. The designation of restricted or unrestricted reserves merely indicates that the funds are obligated for special use within the program (restricted) or that they can be used for any purpose tied to the program (unrestricted). The only exception to this rule is the unrestricted balance within the State and Local Fund. This balance can be used in any of HACCC’s programs.

Housing Choice Voucher Overview:

The HCV program provides rental assistance to families in the private market. HACCC qualifies families for the program based on income. Eligible families find a home in the private rental market and HACCC provides them with a subsidy via a Housing Assistance Payments (HAP) contract with the property owner. HAP is paid by HACCC directly to the owner. Through its HCV program, HACCC is authorized to provide affordable housing assistance to as many as 6,921 families. Due to funding, regulatory and market restrictions, HACCC is projected to house an average of only 6,585 families per month under the proposed budget, an increase of 2.3% from the fiscal year prior.

HCV Summary	2017-2018 Budget	2016-2017 Budget	Change
Revenue	\$ 92,564,347	\$ 89,735,463	\$ 2,828,884
Expenditures	\$ 6,843,945	\$ 6,560,369	\$ 283,576
Program Costs, Debt Service & Other Capital Improvements	\$ 84,800,519	\$ 81,739,456	\$ 3,061,063
To Reserves	\$ 919,883	\$ 1,435,638	(\$ 515,755)

HCV Reserves	Restricted Reserve Bal.	Unrestricted Reserve Bal.	Reserve Balances
Projected 3/31/17	\$ 3,841,450	\$ 4,249,417	\$ 8,090,867
FYE 2018 Budget Impact	\$ 922,836	(\$ 2,952)	\$ 919,884
Projected to 3/31/18	\$ 4,764,286	\$ 4,246,465	\$ 9,010,751

Explanation of Change:

The \$2,828,884 increase in revenue and the \$3,061,063 in program costs are almost entirely related to increases in housing assistance payment subsidies due to an increase in the number of families served by HACCC along with rising rental costs.

Public Housing & Capital Fund Overview:

HACCC owns and manages 1,179 public housing units at 16 different sites throughout the County. Revenue to manage these properties is derived from tenant rents and an operating subsidy received from HUD. Because tenant rents are set by income and not the actual operating costs of the properties, most public housing properties across the nation are not able to charge enough rent to meet operating needs. HUD's operating subsidy is designed to supplement some of the shortfall in actual operating costs versus tenant rents. HUD also provides annual Capital Fund grants via formula to approximately 3,300 housing authorities. Capital Fund grants may be used for the development, financing, and modernization of public housing developments and for management improvements.

Public Housing Summary - All Units	2017-2018 Budget	2016-2017 Budget	Change
Revenue	\$ 11,053,573	\$ 10,934,181	\$ 119,392
Expenditures	\$ 10,648,875	\$ 10,313,199	\$ 335,676
Program Costs, Debt Service & Other Capital Improvements	\$ 872,281	\$ 844,419	\$ 27,862
To Reserves	(\$ 467,583)	(\$ 223,437)	(\$244,145)

Public Housing by Asset Management Property (AMP)	Area	2017-2018 Revenue	2017-2018 Expenditure	2017-2018 Residual/(Loss)
AMP-1,Ca001,Ca011,	Martinez	\$ 745,313	\$ 666,994	\$ 78,319
AMP-2,Ca045a,Ca045b	San Pablo	\$ 1,173,217	\$ 1,131,709	\$ 41,508
AMP-3,Ca004,Ca008,Ca012	Brentwood, Oakley	\$ 1,009,478	\$ 929,921	\$ 79,557
AMP-4,Ca010	Rodeo	\$ 2,614,271	\$ 2,663,869	(\$ 49,598)
AMP-5,Ca005	Pittsburg	\$ 1,419,818	\$ 2,050,590	(\$ 630,772)
AMP-6,Ca009a,Ca009b	North Richmond	\$ 667,962	\$ 778,825	(\$ 110,863)
AMP-7,Ca006	North Richmond	\$ 260,115	\$ 392,691	(\$ 132,576)
AMP-8,Ca002,Ca013	Bay Point	\$ 391,638	\$ 409,000	(\$ 17,362)
AMP-9,Ca003,Ca015	Antioch	\$ 959,587	\$ 936,370	\$ 23,217
Capital Funding	All AMPS	\$ 1,812,174	\$ 1,561,187	\$ 250,987
Program Totals		\$11,053,573	\$ 11,521,156	(\$ 467,583)

Public Housing Reserves	Restricted Reserve Balance	Unrestricted Reserve Balance	Reserve Balance
Projected 3/31/17	\$ -0-	\$ 1,633,823	\$ 1,633,823
FYE 2018 Budget Impact	\$ -0-	(\$ 467,583)	(\$ 467,583)
Projected to 3/31/18	\$ -0-	\$ 1,166,240	\$ 1,166,240

Explanation of Change:

The increase in revenue of \$119,392 from last year's budget is due to an increase in tenant rents and a high occupancy ratio. The increase in expenditures of \$335,676 is primarily due to an increase in utility costs of roughly \$197,000 and an increase in the cost for police services of approximately \$117,000.

The projected loss of \$467,583 in the public housing program is primarily due to the continued funding of police services after their grants have expired. Only properties that have police services are operating at a loss.

Housing Certificate Programs Overview:

HACCC administers two separate Housing Certificate Programs; Shelter-Plus Care and Moderate Rehabilitation (Mod Rehab). The Shelter-Plus Care Program provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services. HACCC operates the housing and financial portions of the program and the County's Homeless Program operates the supportive services and casework portions. Approximately 306 clients are assisted under this program. The Mod Rehab program was designed in 1978 as an expansion of the rental certificate program. Mod Rehab was designed to provide low-cost loans for the rehabilitation of rental units in an effort to upgrade and preserve the nation's housing stock. In return, the owner agrees to provide long-term affordable housing for low-income families. The program was repealed in 1991 and no new projects are authorized for development. HACCC administers 28 Mod Rehab units.

Certificate Programs Summary	2017-2018 Budget	2016-2017 Budget	Change
Revenue	\$ 4,418,628	\$ 3,682,487	\$ 736,141
Expenditures	\$ 49,509	\$ 302,909	\$ 188,600
Program Costs, Debt Service & Other Capital Improvements	\$ 3,889,841	\$ 3,383,427	\$ 506,414
To Reserves	\$ 37,278	(\$ 3,849)	\$ 41,127

Certificate Programs Reserves	Restricted Reserve Bal.	Unrestricted Reserve Bal.	Reserve Balances
Projected 3/31/17	\$ 6,124	(\$ 7,753)	(\$ 1,629)
FYE 2018 Budget Impact	\$ 1,345	\$ 35,933	\$ 37,278
Projected to 3/31/18	\$ 7,469	\$ 28,180	\$ 35,649

Explanation of Change:

The primary changes in the Certificate Programs are related to shifts in HAP funding and expense.

State and Local Overview:

HACCC administers a variety of programs and activities that are either not HUD funded or that involve non-restricted HUD funds. Currently, HACCC is the managing general partner for two tax credit projects (DeAnza Gardens & Casa Del Rio) and contracts with the City of Antioch to run their rental rehabilitation program. Additionally, HACCC receives management fees for administering HUD programs.

State & Local Summary	2017-2018 Budget	2016-2017 Budget	Change
Revenue	\$ 6,245,234	\$ 5,372,185	\$ 873,049
Expenditures	\$ 5,171,616	\$ 4,671,444	\$ 500,172
Program Costs, Debt Service & Other Capital Improvements	\$ 699,366	\$ 850,090	(\$150,724)
To Reserves	\$ 374,252	(\$ 149,349)	\$ 523,601

State & Local Reserves	Restricted Reserve Bal.	Unrestricted Reserve Bal.	Reserve Balances
Projected 3/31/17	\$ 2,036,520	\$ 3,341,157	\$ 5,377,677
FYE 2018 Budget Impact	\$ 256,224	\$ 118,027	\$ 374,251
Projected to 3/31/18	\$ 2,292,744	\$ 3,459,184	\$ 5,751,928

Explanation of Change:

The primary changes in revenue were increased management fees due to higher program utilization and a rent increase in the tax credit property. The increase in expenditures was a direct result of maintaining the increased management performance in program utilization. The reduced program costs were all related to the tax credit financed properties.

CONSEQUENCE OF NEGATIVE ACTION

Should the Board not adopt Resolution No. 5204 approving HACCC’s budget for fiscal year 2017-2018, HACCC will not be in compliance with HUD regulations. Further, HACCC would not be in compliance in fulfilling its financial and programmatic obligations to program participants and property owners, as well as HACCC employees, contractors and vendors.

ATTACHMENTS

Resolution 5204

PHA Board Resolution
Approving Operating Budget

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 07/31/2019)

Public reporting burden for this collection of information is estimated to average **10 minutes per response**, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority of the County of Contra Costa PHA Code: CA011

PHA Fiscal Year Beginning: April 1, 2017 Board Resolution Number: 5204

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- Operating Budget approved by Board resolution on: 03/14/2017
- Operating Budget submitted to HUD, if applicable, on:
- Operating Budget revision approved by Board resolution on:
- Operating Budget revision submitted to HUD, if applicable, on:

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name: Federal D. Glover	Signature:	Date: 03/14/2017
--	------------	---------------------



To: Board of Supervisors
 From: Joseph Villarreal, Housing Authority
 Date: March 14, 2017

Subject: FY 2016-2017 3rd QUARTER BUDGET REPORT

RECOMMENDATIONS

ACCEPT the 3rd Quarter (Unaudited) Budget Report for the period ending 12/31/2016.

BACKGROUND

This report is intended to provide the Board of Commissioners with an overview of the financial position of the Housing Authority of the County of Contra Costa (HACCC) for the 3rd quarter period ending 12/31/2016. The report begins with a summary of HACCC's overall fiscal standing at the end of the quarter. The overall numbers are then broken down by individual funds. Each fund overview includes a brief program summary and an explanation of the variance between budgeted and actual performance.

AGENCY OVERVIEW: Budget Report

Changes in HACCC's overall budget position for the first three quarters are shown in the chart below. Activity in Section 8 Voucher and Housing Certificate programs had the most significant impact on HACCC's budget.

Projected revenue increase of \$3,407,057 is a result of 3 primary items. Utilization (the number of families housed) growth in the Section 8 Voucher and the Housing Certificate Shelter Plus Care programs accounted for 65%, or roughly \$2.2 million dollars. Increases in public housing tenant rents and Capital Fund carryover over (Capital Fund carryover is revenue or expense from a prior grant year) accounted for 26% or \$900,000. The remaining 9% or \$300,000 was an increase in earned management fees.

Action of Board On: **03/14/2017** APPROVED AS RECOMMENDED OTHER

Clerks Notes:

VOTE OF COMMISSIONERS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 14, 2017

Joseph Villarreal, Executive Director

Contact: 925-957-8028

By: , Deputy

cc:

BACKGROUND (CONTD)

>

Projected expenditure increase of \$4,374,020 is a result of 2 primary items. First, the utilization growth in the Section 8 Voucher and the Housing Certificate Shelter Plus Care program has increased the housing subsidy payments, which accounted for 93% or \$4.1 million dollars. The remaining 7% or \$300,000 is due to Capital Fund carryover over projects.

HACC Agency Summary	Annual Budget	3rd Quarter Actual 12/31/16	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 109,724,316	\$ 85,700,294	\$ 27,431,079	\$ 113,131,373	\$ 3,407,057
Expenditures	\$ 108,700,113	\$ 85,899,105	\$ 27,175,029	\$ 113,074,133	\$ 4,374,020
	\$ 1,024,203	\$ (198,811)	\$ 256,050	\$ 57,240	\$ (966,963)

The net change to reserve totals for the end of the third quarter was a loss of \$198,811. The net loss was a result of a decrease to restricted reserves in the amount of \$918,042 and unrestricted reserve increase of \$719,231 as shown in the summary below.

Analysis of Agency Reserves	Beginning Balance 4/1/16 (Unaudited)	3rd Quarter ending 12/31/16 (Unaudited)	Reserve Balance period ending 12/31/16 (Unaudited)
Total Reserves	\$ 15,365,820	\$ (198,811)	\$ 15,167,009
<u>Restricted Reserves</u>			
Housing Choice Vouchers	\$ 5,223,994	\$ (1,036,908)	\$ 4,187,086
Public Housing & Cap. Funds	\$ -0-	\$ -0-	\$ -0-
State & Local Programs	\$ 1,884,156	\$ 114,273	\$ 1,998,429
Housing Certificates Programs	\$ -0-	\$ 4,593	\$ 4,593
Total Restricted Reserves	\$ 7,108,150	\$ (918,042)	\$ 6,190,108
<u>Unrestricted Reserves</u>			
Housing Choice Vouchers	\$ 4,063,502	\$ 139,436	\$ 4,202,938
Public Housing & Cap. Funds	\$ 1,099,548	\$ 400,707	\$ 1,500,255
State & Local Programs	\$ 3,089,730	\$ 188,570	\$ 3,278,300*
Housing Certificates Programs	\$ 4,890	\$ (9,482)	\$ (4,592)
Total Unrestricted Reserves	\$ 8,257,670	\$ 719,231	\$ 8,976,901

* Does not include unfunded pension liability of \$10.8 million.

As a reminder, almost all reserves are restricted for use within each program. The designation of restricted or unrestricted reserves merely indicates that the funds are obligated for special use within the program (restricted) or that they can be used for any purpose tied to the program (unrestricted). The only reserves that can be used freely are unrestricted reserves within the State and Local Programs that are not tied to the tax credit properties. These reserves can be used to support any of HACCC’s programs.

FUNDS OVERVIEW:

Housing Choice Vouchers

Program Summary - The HCV program provides assistance to families in the private rental market. HACCC qualifies families for the program based on income. These families find a home in the private rental market and HACCC provides them with a subsidy via a HAP contract with the property owner. HAP is paid by HACCC directly to the owner. Through its HCV program, HACCC is authorized to provide affordable housing assistance to a maximum of 6,910 families. However, funding constraints limited program utilization to approximately 6,300 families.

Summary of Difference Between Budgeted and Quarterly-End Estimate:

Revenue –Projected revenue increase of \$1,566,411 is a direct result of increases in utilization and funding. In response to the Fair Market Rent (FMR) appeal by Alameda and Contra Costa Housing Agencies, HUD approved an increase of up to 33% in the FMR for the two counties. As a result of the study, HUD increased the funding levels in calendar year 2016 by 10.6%. This increased the number of fundable units from 5,969 to 6,602. However, because the increased funding came earlier than normal (increased FMR funding would normally come in HUD's next fiscal year) and the rental market continues to be extremely tight, approximately \$4.4 million dollars remains to fund increased utilization under the Housing Choice Voucher Program.

Expenditures-Projected increase of expenditures of \$3,540,611 is a result of increased utilization and operating costs. HAP expenditures were increased during the period by \$3.4 million, and operating costs increased by \$140,601.

Housing Choice Vouchers	Annual Budget	3rd Quarter Actual 12/31/16 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 89,735,463	\$ 68,868,008	\$ 22,433,866	\$ 91,301,874	\$ 1,566,411
Expenditures	\$ 88,299,824	\$ 69,765,479	\$ 22,074,956	\$ 91,840,435	\$ 3,540,611
	\$ 1,435,639	\$ (897,471)	\$ 358,910	\$ (538,561)	\$ (1,974,200)

Analysis of Program Reserves:

Housing Choice Vouchers	Beginning Balance 4/1/16 (Unaudited)	3rd Quarter 12/31/16 (Unaudited)	Reserve Balance period ending 12/31/16 (Unaudited)
Restricted Reserves	\$ 5,223,994	\$ (1,036,908)	\$ 4,187,086
Unrestricted Reserves	\$ 4,063,501	\$ 139,437	\$ 4,202,938
Total Reserves	\$ 9,287,495	\$ (897,471)	\$ 8,390,024

Public Housing Operating and Capital Funds

Program Summary - HACCC owns and manages 1,179 public housing units at 16 different sites throughout the County. Operating funds for these properties come from tenant rents as well as an operating subsidy received from HUD that is designed to cover the gap between rents collected from the low-income tenants and annual operating expenses. HUD allocates the Capital Fund annually via formula to approximately 3,200 housing authorities. Capital Fund grants may be used for development, financing, modernization, and management improvements within public housing.

Summary of Difference Between Budgeted and Quarterly-End Estimate:

Revenue – The projected increase in revenue of \$891,957 was primarily related to capital funds carryover over, which accounts for 72% or \$642,209, and Tenant Rental Income representing 28% or \$249,748.

Expenditures - The projected increase in expenditures of \$323,673 is a result of capital funds carryover over from prior year.

Public Housing Operating and Capital Fund	Annual Budget	3rd Quarter Actual 12/31/16 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 10,934,181	\$ 9,092,594	\$ 2,733,545	\$ 11,826,138	\$ 891,957

Expenditures	\$ 11,157,618	\$ 8,691,887	\$ 2,789,405	\$ 11,481,291	\$ 323,673
	\$ (223,437)	\$ 400,707	\$ (55,860)	\$ 344,847	\$ 568,284

Analysis of Program Reserves:

Public Housing & Capital Fund	Beginning Balance 4/1/16 (Unaudited)	2nd Quarter 9/30/16 (Unaudited)	Reserve Balance period ending 9/30/16 (Unaudited)
Restricted Reserves	\$ -0-	\$ -0-	\$ -0-
Unrestricted Reserves	\$ 1,099,548	\$ 400,707	\$ 1,500,255
Total Reserves	\$ 1,099,548	\$ 400,707	\$ 1,500,255

State and Local Programs

Program Summary - HACCC administers a variety of programs and activities that are either not funded by HUD or that involve non-restricted HUD funds. Currently, HACCC is the managing general partner for two tax credit projects (DeAnza Gardens & Casa Del Rio) and also has a contract with the City of Antioch to run their rental rehabilitation program. HACCC receives management fees for administering the Public Housing and HCV programs under HUD's asset-management model. In addition, the State and Local Program manages the employee pension benefit program.

Summary of Difference between Budgeted and Quarterly-End Estimate:

Revenue –The projected increase in revenue of \$347,870 was primarily a result of increase in management fees earned due to increased utilization in the voucher.

Expenditures - The projected \$93,085 decrease in expenditures is result of reduced operating expenses, primarily labor related.

State & Local Programs	Annual Budget	3rd Quarter Actual 12/31/16 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 5,372,185	\$ 4,377,009	\$ 1,343,046	\$ 5,720,055	\$ 347,870
Expenditures	\$ 5,556,335	\$ 4,074,166	\$ 1,389,084	\$ 5,463,250	\$ (93,085)
	\$ (184,150)	\$ 302,843	\$ (46,038)	\$ 256,805	\$ 440,955

Analysis of Reserves:

State & Local Programs	Beginning Balance 4/1/16 (Unaudited)	3rd Quarter 12/31/16 (Unaudited)	Reserve Balance Period ending 12/31/16 (Unaudited)
Restricted Reserves	\$ 1,884,156	\$ 114,273	\$ 1,998,429
Unrestricted Reserves	\$ 3,089,730	\$ 188,570	\$ 3,278,300*
Total Reserves	\$ 4,973,886	\$ 302,843	\$ 5,276,729

* does not include the unfunded pension liability of 10.8 million.

Housing Certificate Programs

Program Summary - HACCC administers two separate Housing Certificate Programs; Shelter Plus Care and Moderate Rehabilitation (Mod Rehab). The Shelter-Plus Care Program provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program. HACCC assists approximately 311 clients under this program. The Mod Rehab program was designed in 1978 as an

expansion of the rental certificate program. Mod Rehab was designed to provide low-cost loans for the rehabilitation of rental units in an effort to upgrade and preserve the nation's housing stock. In return, the owner agreed to provide long-term affordable housing for low income families. The program was repealed in 1991 and no new projects are authorized for development. HACCC administers 28 Mod Rehab units.

Summary of Difference Between Budgeted and Quarter-End Estimate:

Revenue & Expenditure -The projected increase of \$600,818 is an increase to revenue in response to increased HAP expenses. The \$2,003 increase (difference between revenue increase of \$600,818 and expenditures of \$602,821) in expenditure is a result of higher operations costs.

Housing Certificate Programs	Annual Budget	3rd Quarter Actual 12/31/16 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 3,682,487	\$ 3,362,683	\$ 920,622	\$ 4,283,305	\$ 600,818
Expenditures	\$ 3,686,336	\$ 3,367,573	\$ 921,584	\$ 4,289,157	\$ 602,821
	\$ (3,849)	\$ (4,890)	\$ (962)	\$ (5,852)	\$ (2,003)

Analysis of Reserves:

Housing Certificate Programs	Beginning Balance 4/1/16 (Unaudited)	2nd Quarter 9/30/16 (Unaudited)	Reserve Balance period ending 9/30/16 (Unaudited)
Restricted Reserves	\$ -0-	\$ 4,593	\$ 4,593
Unrestricted Reserves	\$ 4,890	\$ (9,482)	\$ (4,592)
Total Reserves	\$ 4,890	\$ (4,889)	\$ 1

FISCAL IMPACT

None. Information item only.

CONSEQUENCE OF NEGATIVE ACTION

None. Information item only.