

# HOUSING AUTHORITY of the COUNTY OF CONTRA COSTA

## CALENDAR FOR THE BOARD OF COMMISSIONERS

BOARD CHAMBERS, COUNTY ADMINISTRATION BUILDING  
1025 ESCOBAR STREET  
MARTINEZ, CALIFORNIA 94553-1229

KAREN MITCHOFF, *CHAIR*  
FEDERAL D. GLOVER, *VICE CHAIR*  
JOHN GIOIA  
CANDACE ANDERSEN  
DIANE BURGIS  
CYNTHIA JORDAN  
JOANN SEGURA

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

**To slow the spread of COVID-19, in lieu of a public gathering, the Board meeting will be accessible via television and live-streaming to all members of the public as permitted by Government Code section 54953(e). Board meetings are televised live on Comcast Cable 27, ATT/U-Verse Channel 99, and WAVE Channel 32, and can be seen live online at [www.contracosta.ca.gov](http://www.contracosta.ca.gov).**

PERSONS WHO WISH TO ADDRESS THE BOARD DURING PUBLIC COMMENT OR WITH RESPECT TO AN ITEM THAT IS ON THE AGENDA MAY CALL IN DURING THE MEETING BY DIALING **888-278-0254** FOLLOWED BY THE ACCESS CODE **843298#**. To indicate you wish to speak on an agenda item, please push "#2" on your phone. Access via Zoom is also available via the following link: <https://cccouny-us.zoom.us/j/87344719204>. To indicate you wish to speak on an agenda item, please "raise your hand" in the Zoom app. To provide your contact information, please contact Clerk of the Board at [clerkoftheboard@cob.cccounty.us](mailto:clerkoftheboard@cob.cccounty.us) or call 925-655-2000.

Meetings of the Board are closed-captioned in real time. Public comment generally will be limited to two minutes. Your patience is appreciated. A Spanish language interpreter is available to assist Spanish-speaking callers.

A lunch break or 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 online at [www.contracosta.ca.gov](http://www.contracosta.ca.gov).

ANNOTATED AGENDA & MINUTES  
March 8, 2022

**1:00 P.M.** Convene and call to order.

**CONSIDER CONSENT ITEMS:** (Items listed as C.1 through C.6 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.

**There were no items removed from consent for discussion.**

D. 2 PUBLIC COMMENT (2 Minutes/Speaker)

**There were no request to provide public comment.**

D.3 CONSIDER approving the Housing Authority's Fiscal Year 2023 Annual Agency Budget, and adopting PHA Board Resolution No. 5242 approving the Annual Agency Budget on HUD Form 52574.

Commissioner John Gioia	AYE
Commissioner Candace Andersen	AYE
Commissioner Diane Burgis	AYE
Commissioner Karen Mitchoff	AYE
Commissioner Federal D. Glover	AYE
Commissioner Cynthia Jordan	AYE
Commissioner Joanne Segura	ABSENT

D.4 CONSIDER ratifying the award of 25 project-based vouchers (PBV) to Community Housing Development Corporation for its new construction project, Legacy Court Apartments located in Richmond, CA, conditional upon this project meeting all HUD requirements and receiving all other required financing.

**ADJOURN**

**Adjourned today's meeting at 1:13 p.m.**

**CONSENT ITEMS:**

C.1 RECEIVE the Housing Authority of the County of Contra Costa's investment report for the quarter ending December 31, 2021.

Commissioner John Gioia	AYE
Commissioner Candace Andersen	AYE
Commissioner Diane Burgis	AYE

Commissioner Karen Mitchoff	AYE
Commissioner Federal D. Glover	AYE
Commissioner Cynthia Jordan	AYE
Commissioner Joanne Segura	ABSENT

- C.2 APPROVE and AUTHORIZE the Executive Director of the Housing Authority, or designee, to execute a contract with Iron Mountain Information Management, LLC in an amount not to exceed \$376,000 to provide document imaging and shredding services for all tenant files for the Housing Choice Voucher program and the Public Housing program, through May 31, 2026. (100% HUD and administrative fees)

Commissioner John Gioia	AYE
Commissioner Candace Andersen	AYE
Commissioner Diane Burgis	AYE
Commissioner Karen Mitchoff	AYE
Commissioner Federal D. Glover	AYE
Commissioner Cynthia Jordan	AYE
Commissioner Joanne Segura	ABSENT

- C.3 DENY claim filed by Sheetmetal & Assoc., an INLC.; Shannon O. Murphy.

Commissioner John Gioia	AYE
Commissioner Candace Andersen	AYE
Commissioner Diane Burgis	AYE
Commissioner Karen Mitchoff	AYE
Commissioner Federal D. Glover	AYE
Commissioner Cynthia Jordan	AYE
Commissioner Joanne Segura	ABSENT

- C.4 APPROVE and AUTHORIZE the Executive Director of the Housing Authority, or designee, to execute a five-year contract with Contra Costa Interfaith Transitional Housing (dba Hope Solutions) in an amount not to exceed \$2,250,000 to administer the Continuum of Care Rental Subsidy program with the Housing Authority. (100% HUD)

Commissioner John Gioia	AYE
Commissioner Candace Andersen	AYE
Commissioner Diane Burgis	AYE
Commissioner Karen Mitchoff	AYE
Commissioner Federal D. Glover	AYE
Commissioner Cynthia Jordan	AYE
Commissioner Joanne Segura	ABSENT

- C.5 ACCEPT the financial and program compliance audit report for the period April 1, 2020 through March 31, 2021, prepared by Harn & Dolan CPA's, Walnut Creek, California.

Commissioner John Gioia	AYE
Commissioner Candace Andersen	AYE
Commissioner Diane Burgis	AYE
Commissioner Karen Mitchoff	AYE
Commissioner Federal D. Glover	AYE
Commissioner Cynthia Jordan	AYE
Commissioner Joanne Segura	ABSENT

- C.6 ADOPT Resolution No. 5243 authorizing the Housing Authority to become a limited partner in the DeAnza Gardens, L.P. limited partnership and to pay a disposition fee of \$1,000.

Commissioner John Gioia	AYE
Commissioner Candace Andersen	AYE
Commissioner Diane Burgis	AYE
Commissioner Karen Mitchoff	AYE
Commissioner Federal D. Glover	AYE
Commissioner Cynthia Jordan	AYE
Commissioner Joanne Segura	ABSENT

## 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, 1025 Escobar Street, Martinez, CA 94553; by fax: 925-655-2006; or via email to [clerkoftheboard@cob.cccounty.us](mailto:clerkoftheboard@cob.cccounty.us).

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) 655-2000. An assistive listening device is available from the Clerk. 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) 655-2000, 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) 655-2000. The monthly agenda may also be viewed on the County's internet Web Page: [www.co.contra-costa.ca.us](http://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, 1025 Escobar Street, 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 8, 2022



Contra  
Costa  
County

Subject: ANNUAL AGENCY BUDGET

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### **RECOMMENDATIONS**

1. APPROVE the Housing Authority's Fiscal Year 2023 Annual Agency Budget; and
2. ADOPT PHA Board Resolution No. 5242 Approving the Annual Agency Budget on HUD Form 52574.

### **BACKGROUND**

In compliance with the U. S. Department of Housing and Urban Development's (HUD) regulations, the Housing Authority of the County of Contra Costa (HACCC) has prepared its proposed budget for fiscal year (FY) 2023. At present, the federal government's FY 2023 budget is not finalized. The federal fiscal year (FFY) runs from October 1st through September 30th, meaning that HACCC's budget year is bifurcated by two federal fiscal years. Additionally, most of HACCC's programs are funded on a calendar year basis which adds another layer of complexity to budget projections. HACCC's proposed budget is based on current HUD funding advances. Staff will update HACCC's budget as part of the quarterly budget to actual presentations unless a significant change occurs earlier.

Three primary factors impact the funding of a housing authority's public housing and housing choice voucher (HCV) 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 the Department's programs. For well over a decade HUD has not been fully funded by Congress. As a result, housing authority programs are almost always funded at less than 100% of need. Once Congressional funding is known, HUD adjusts the funding provided to housing authorities based on the national utilization rate of each program. Utilization is the number of families under contract at a given time or period. At the national level, if utilization has increased past HUD's budget projections because more families are being housed, then HUD will reduce the money available to each housing authority. If fewer families are being housed nationally, then the money available to each housing authority is increased. At the individual housing authority level, proration works in reverse. Within the parameters set by Congressional funding and national utilization, funding for an individual housing authority will rise when local utilization increases and will fall when the number of families housed drops. HUD calculates program funding and utilization 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.

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Action of Board On: **03/08/2022** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

### **VOTE OF COMMISSIONERS**

AYE: John Gioia, Commissioner  
 Candace Andersen,  
 Commissioner  
 Diane Burgis, Commissioner  
 Karen Mitchoff, Commissioner  
 Federal D. Glover, Commissioner  
 Cynthia Jordan, Commissioner

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 8, 2022

Joseph Villarreal, Executive Director

ABSENT: Joanne Segura,  
 Commissioner

By: June McHuen, Deputy

Contact: 925-957-8028

cc:

## BACKGROUND (CONT'D)

As stated above, housing authorities usually never receive full program funding. Further, there are often significant swings in program funding levels from year to year. Over the past seven years, public housing proration levels have been as follows:

2022 98.25% (current HUD projection)  
2021 95.23% (total FYE funding not yet finalized)  
2020 112.00% (because of COVID-19 supplemental funding)  
2019 96.54%  
2018 94.74%  
2017 93.10%  
2016 90.21%  
2015 85.36%  
2014 88.79%  
2013 81.86%

During the same period, HCV administrative fee proration levels have been as follows:

2022 84.00% (advanced projection)  
2021 80.00% (total FYE funding not yet finalized)  
2020 92.00% (because of COVID-19 supplemental funding)  
2019 79.00%  
2018 80.00%  
2017 77.51%  
2016 83.94%  
2015 81.57%  
2014 79.77%  
2013 69.27%

In developing HACCC's proposed budget, staff used HUD's two-year forecasting tool to project Housing Assistance Payments (HAP) for the HCV program including updated projections, and the PHA Excel Tool for computing Operating Subsidy eligibility for the Public Housing Program. Other revenue items were estimated by utilizing the past three-year's median funding levels.

The two primary expenditures, labor, and benefits, were computed using projected costs based on the updated approved pay schedule. All other expenditures were computed by augmenting the three-year median funding levels with any new planned activities.

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 a breakdown of HACCC's four major program areas, HCV, Public Housing, State and Local programs and Certificate programs. Each section provides a brief program overview, the projected budget, last year's approved budget, the projected change in reserve levels and an explanation of the change from prior year. A more detailed budget is available for viewing at HACCC's administrative office.

### **Agency Summary**

	<b>2022-2023 Budget</b>	<b>2021-2022 Budget</b>	<b>Change</b>
Revenue	\$215,571,829	\$ 209,095,880	\$ 6,475,949
Operating Expenditures	\$ 28,916,788	\$ 30,306,338	-\$ 1,389,550
Program Costs, Debt Service & Other Capital Improvements	\$185,899,792	\$ 178,098,764	\$ 7,801,028
To Reserves	\$ 755,249	\$ 690,778	\$ 64,471

	<b>Restricted Reserves</b>	<b>Unrestricted Reserves</b>	<b>Consolidated Reserves</b>
Projected 3/31/2022	\$ 224,900	\$13,880,008	\$14,104,908
FY 2023 Budget Impact	\$ 1,095,467	\$ (340,218)	\$ 755,249
Projected 3/31/2023	\$ 1,320,367	\$13,539,790	\$14,860,157

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 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 9,368 families. Due to funding and regulatory restrictions, HACCC is projected to house an average of 8,622 families per month under the proposed budget.

## HCV Summary

	2022-2023 Budget	2021-2022 Budget	Change
Revenue	\$185,918,944	\$181,696,744	\$ 4,222,200
Expenditures	\$ 9,525,737	\$ 11,176,341	-\$1,650,604
Program Costs, Debt Service & Other Capital Improvements	\$176,463,789	\$169,518,140	\$ 6,945,649
To Reserves	-\$ 70,582	\$ 1,002,263	-\$ 1,072,845
	Restricted Reserves	Unrestricted Reserves	Consolidated Reserves
Projected 3/31/2022	\$ -0-	\$ 5,647,007	\$ 5,647,007
FY 2023 Budget Impact	\$ 17,167	-\$ 87,749	-\$ 70,582
Projected to 3/31/2023	\$ 17,167	\$ 5,559,258	\$ 5,576,425

Explanation of Change:

The increase in revenue is based on HUD's preliminary funding projections. Specifically, HUD appears to have included portability billing in their projections for HACCC's budget. The reduced expenditures are primarily because the 2021 budget included onetime costs associated with the absorption of the Richmond Housing Authority that will not be replicated this year.

## Public Housing & Capital Fund Overview:

HACCC owns and manages 963 public housing units at 13 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 limited by income, and are significantly less than the operating costs of the properties, HUD provides a subsidy to supplement 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 as well as for management improvements.

## Public Housing Summary - All Units

	2022-2023 Budget	2021-2022 Budget	Change	
Revenue	\$14,271,196	\$13,924,080	\$ 347,116	
Expenditures	\$12,508,069	\$12,393,722	-\$ 114,347	
Program Costs, Debt Service & Other Capital Improvements	\$ 1,497,250	\$ 1,675,885	\$ 178,635	
To Reserves	\$ 265,877	-\$ 145,527	\$ 411.404	
<b>Public Housing by Asset Management Property (Amp)</b>	<b>Area</b>	<b>2022-2023 Revenue</b>	<b>2022-2023 Expenditure</b>	<b>2022-2023 Residual/ - Loss</b>
AMP-1,Ca001,Ca011,	Martinez	\$ 992,237	\$ 899,800	\$ 92,437
AMP-2,Ca045a,Ca045b	San Pablo	\$1,617,208	\$1,409,960	\$ 207,248
AMP-3,Ca004,Ca008,Ca012	Brentwood, Oakley	\$1,188,547	\$1,282,388	-\$ 93,841
AMP-4,Ca010	Rodeo	\$3,198,186	\$3,429,673	-\$ 231,488
AMP-5,Ca005	Pittsburg	\$2,062,263	\$2,148,191	-\$ 85.928
AMP-6,Ca009a,Ca009b	North Richmond	\$ 344,146	\$ 43,624	\$ 300,522



AMP-7,Ca006	North Richmond	\$ 75,010	\$ 14,119	\$ 60,891
AMP-8,Ca002,Ca013	Bay Point	\$ 454,885	\$ 537,191	-\$ 82,307
AMP-9,Ca003,Ca015	Antioch	\$1,152,098	\$1,053,571	-\$ 98,527
Capital Funding	All AMPS	\$3,186,617	\$3,186,803	-\$ 186
<b>Program Totals</b>		<b>\$14,271,196</b>	<b>\$14,005,319</b>	<b>\$ 265,877</b>

<b>Public Housing Reserves</b>	<b>Restricted Reserve Balance</b>	<b>Unrestricted Reserve Balance</b>	<b>Reserve Balance</b>
Projected 3/31/22	\$0	\$3,004,267	\$3,004,267
FY 2023 Budget Impact	\$0	\$ 265,877	\$ 265,877
Projected to 3/31/22**	\$0	\$3,270,144	\$3,270,144

\*\* Unrestricted Reserve balance should not be below \$2,084,678

Explanation of Change:

The increase in revenue and expenditures are based on HUD's preliminary funding projections.

### Housing Certificate Program Overview:

HACCC's Housing Certificate Program is now solely comprised of the Continuum of Care Funding Program. The Continuum of 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 Health, Housing and Homeless Program currently operates the supportive services and casework portions. The supportive services and casework will be shifting from the County to HOPE Solutions during 2022. Approximately 323 clients are assisted under this program.

<b>Certificate Programs Summary</b>	<b>2022-2023 Budget</b>	<b>2021-2022 Budget</b>	<b>Change</b>
Revenue	\$7,591,207	\$6,456,381	\$1,134,826
Expenditures	\$ 531,460	\$ 372,432	\$ 159,028
Program Costs, Debt Service & Other Capital Improvements	\$7,149,022	\$6,208,194	\$ 940,828
To Reserves	-\$ 89,275	-\$ 124,245	-\$ 124,245
<b>Certificate Programs Reserves</b>	<b>Restricted Reserve Bal.</b>	<b>Unrestricted Reserve Bal.</b>	<b>Reserve Balances</b>
Projected 3/31/22	\$0	-\$ 35,104	-\$ 35,104
FY 2022 Budget Impact	\$0	-\$ 89,275	-\$ 89,275
Projected to 3/31/23	\$0	-\$124,379	\$ 34,970

Explanation of Change:

The primary changes in the Certificate Program related to revenues and program costs are a result of increases in HAP funding. The increase in expenditures is a direct result in an increase compliance monitoring.

### State and Local Overview:

HACCC administers several programs and activities that are either not HUD-funded, or that involve non-restricted HUD funds. HACCC is the managing general partner for two tax credit projects, DeAnza Gardens and Casa Del Rio. Additionally, under HUD's asset management regulations, the State and Local fund receives management fees for administering the public housing and HCV programs. Pension & Other Post-Employment Benefit costs are also reflected in the State and Local fund.

<b>State &amp; Local Summary</b>	<b>2022-2023 Budget</b>	<b>2021-2022 Budget</b>	<b>Change</b>
Revenue	\$7,790,482	\$7,018,675	\$771,807
Expenditures	\$6,351,523	\$6,363,843	-\$ 12,320

Program Costs, Debt Service & Other Capital Improvements	\$ 789,730	\$ 696,545	\$ 93,185
To Reserves	\$ 649,229	-\$ 41,713	\$690,942
<b>State &amp; Local Reserves</b>	<b>Restricted Reserve Bal.</b>	<b>Unrestricted Reserve Bal.</b>	<b>Reserve Balances</b>
Projected 3/31/22	\$ 224,900	\$5,263,188	\$5,488,088
FY 2023 Budget Impact	\$1,078,299	-\$ 429,070	\$ 649,229
Projected to 3/31/23	\$1,303,199	\$4,834,118	\$6,137,317

Explanation of Change:

The projected changes in revenue and expense are primarily a result of the tax credit properties. The Reserve Balance reported does not include the unfunded Pension and Other Post-Employment Benefits (OPEB) in the amount of \$12,034,912.

CONSEQUENCE OF NEGATIVE ACTION

Should the Board of Commissioners choose not adopt Resolution No. 5242 Approving HACCC's budget for the fiscal year 2022-2023, HACCC will not be in compliance with HUD regulations. Further, HACCC will 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.

AGENDA ATTACHMENTS

RES 5242 HUD FORM 52574

MINUTES ATTACHMENTS

Signed Resolution No. 5242

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. 06/30/2022)

**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: \*\*\*\*\*PHA Code:

PHA Fiscal Year Beginning: \*\*\*\*\*Board Resolution Number:

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:
- ☐ 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:	Signature:	Date:
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**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. 06/30/2022)

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: HA of the County of Contra Costa

PHA Code: CA011

PHA Fiscal Year Beginning: 4/1/2022

Board Resolution Number:

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: 03/08/2022

☐ 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: <b>Karen Mitchoff</b>	Signature: 	Date: <b>03/08/2022</b>
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To: Contra Costa County Housing Authority Board of Commissioners  
 From: Joseph Villarreal, Housing Authority  
 Date: March 8, 2022



Contra  
Costa  
County

**Subject:** THE AWARD OF 25 PROJECT-BASED VOUCHERS TO COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND FOR LEGACY COURT APARTMENTS IN RICHMOND, CA

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### **RECOMMENDATIONS**

Consider RATIFYING the conditional award of 25 project-based vouchers (PBV) to Community Housing Development Corporation (CHDC) for its new construction project, Legacy Court Apartments located in Richmond, CA. The award of these PBVs is conditional upon this project meeting all HUD requirements and receiving all other required financing.

### **BACKGROUND**

A housing authority can utilize up to 20% of its Housing Choice Voucher (HCV) funding to “attach” rent subsidies to specific housing units. The attached subsidy is known as a project-based voucher (PBV). PBVs are a component of the HCV program and share most of the same rules and regulations. PBVs are attached to units via a contract with the owner that requires the units be rented to families eligible for the HCV program. While tenants living in a PBV unit may move with regular voucher assistance, the PBV remains attached to the unit and the owner must select another HCV-eligible tenant for that unit. The advantage of PBVs for owners is that the PBV commitment from a housing authority can be used to leverage financing for the construction, rehabilitation, or preservation of housing for low-income families by providing a greater cash-flow than the property would otherwise generate. This is because most funding available to owners of affordable projects restricts the rent that can be collected from tenants to an affordable amount that is usually far less than a comparable unit would merit on the open market.

However, because the HCV program pays market rate rents by subsidizing the difference between an affordable rent for the tenant and the market rate rent for a particular unit, and the PBV program uses this same basic formula, the amount of rent that an owner can collect from a PBV unit is usually significantly higher than otherwise available to the project. This allows the owner to leverage far more financing than if PBVs were not available and thus can be crucial to the success of a given project. The primary advantage of PBVs to a housing authority is that they help increase or preserve the supply of permanent, affordable housing available to both the community and to HCV recipients.

HUD requires housing authorities to utilize a competitive process to select developments that will receive PBV or RAD PBV assistance. A housing authority can utilize its own competition or may choose projects that were competitively awarded affordable housing funds under a federal, state, or local government program (e.g., CDBG, HOME, competitively awarded Low-Income Housing Tax Credits). If the competitive process of another governmental entity is used, the award of those funds cannot have occurred more than three years from the PBV selection date, and the earlier selection proposal must not have involved any consideration that the project would receive PBV assistance.

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Action of Board On: **03/08/2022** ☐ 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 8, 2022

Joseph Villarreal, Executive Director

Contact: 925-957-8028

By: , Deputy

cc:

## BACKGROUND (CONT'D)

There are two methods by which developers can secure PBV assistance. One method is through a competitive solicitation. In September of 2015, HACCC posted a competitive solicitation that advertised the availability of up to 500 units for PBV assistance, conditioned on the acceptance of responders of RAD PBV assistance as part of the award. Twelve developers submitted applications in response to the request for proposals (RFP) and were conditionally approved for 189 RAD PBV and 121 traditional PBV units of assistance. The second method by which PBV assistance can be awarded is through a non-competitive process. As provided for in HACCC's Section 8 Administrative Plan approved by the Board of Commissioners, HACCC can accept proposals for PBV assistance from owners that were selected in another governmental entity's affordable housing competition. HACCC targets projects awarded funding by the Contra Costa County Department of Conservation and Development in one or more of its competitions for HOME, CDBG, HOPWA or other affordable housing programs. HACCC has taken this approach to maximize the success rate of projects funded by both the County and HACCC.

Legacy Court was a project inherited from the Richmond Housing Authority (RHA). RHA had completed its review of the project and awarded the project 25 PBVs but the supporting documentation was never provided to HACCC. Accordingly, HACCC refused to honor the commitment made by RHA. After an extensive search, the documentation was discovered by CHDC staff and provided to HACCC in late December of 2021. After review of the documentation, HACCC has agreed to proceed with the commitment of PBVs to CHDC for the Legacy Court project.

This Board Order seeks to ratify the award of 25 PBVs. If approved by the Board, HACCC will eventually enter into a housing assistance payment contract (HAP) with the owner of the development for an initial term of 20 years and an extension of the initial term of 20 years. Federal statute permits the initial term to be anywhere from one to twenty years. HACCC utilizes a twenty-year term to accommodate the tax credit compliance term and to provide projects with the maximum financing available. In addition, the Federal statute also permits housing authorities to grant an extension of up to twenty years to the PBV contract at signing. HACCC utilizes the twenty-year extension to further increase the financing available to the project and to ensure long-term affordability of the units. Any contract extensions are subject to the availability of federal funding for the HCV program.

All tenants of PBV units must be screened for eligibility for the HCV program by HACCC and must come from HACCC's PBV site-based wait list for the property. The PBV site-based wait list is open to all families on HACCC's HCV wait list. The property owner will then select tenants for occupancy of a particular unit after conducting additional suitability screening consistent with their tenant screening and eligibility policies for that property. Tenants in PBV units will sign an initial lease with a one-year term. After one year, a PBV tenant can move from the PBV unit by using regular tenant-based HCV assistance subject to availability. If a PBV property does not continuously lease up all its PBV units, or if the property fails to meet HUD's Housing Quality Standards for health and safety, then the PBV units awarded to that property can be rescinded.

To date, HACCC has awarded 1,764 PBVs in previous funding competitions. Staff recommends that HACCC award 25 PBV units to CHDC for Legacy Court Apartments in Richmond.

## FISCAL IMPACT

The Legacy Court project is expected to receive approximately \$53.5 million in rent and subsidies if the proposed contract and terms are approved. Funding for project-based vouchers is provided by utilizing a portion of the Housing Authority of the County of Contra Costa's (HACCC) tenant-based voucher funding.

## CONSEQUENCE OF NEGATIVE ACTION

Should the Board not ratify the award of 25 PBV units to Community Housing Development Corporation on behalf of Legacy Courts, the project will likely not be able to proceed as the rental assistance for these units is critical to its financial viability.

To: Contra Costa County Housing Authority Board of Commissioners  
 From: Joseph Villarreal, Housing Authority  
 Date: March 8, 2022



Contra  
Costa  
County

**Subject:** INVESTMENT REPORT FOR THE QUARTER ENDING DECEMBER 31, 2021

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### **RECOMMENDATIONS**

RECEIVE the Housing Authority of the County of Contra Costa's investment report for the quarter ending December 31st, 2021.

### **BACKGROUND**

California Government Code (CGC) Section 53646 requires the Housing Authority of the County of Contra Costa (HACCC) to present the Board of Commissioners with a quarterly investment report that provides a complete description of HACCC's portfolio. The report is required to show the issuers, type of investments, maturity dates, par values (equal to market value here) and the current market values of each component of the portfolio, including funds managed by third party contractors. It must also include the source of the portfolio valuation (in HACCC's case it is the issuer). Finally, the report must provide certifications that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy and; (2) HACCC will meet its expenditure obligations for the next six months. (CGC 53646(b)).

The state-mandated report has been amended to indicate the amount of interest earned and how the interest was allocated. The amended report is attached.

In summary, HACCC had \$23,338.25 in interest earnings for the quarter ending Dec 31st, 2021. That interest was earned within discrete programs and most of the interest earned is available only for use within the program which earned the interest. Further, interest earnings may be restricted to specific purposes within a given program.

The Housing Choice Voucher Program reserve as of 12/31/2013 held in cash and investments was transitioned to HUD held program reserve account.

Non-restricted interest earnings within both the voucher and public housing programs must be used solely within those programs, but such interest earnings can be used for a wider range of purposes within the individual programs. The interest earned in the State and Local fund can be used for any purpose within HACCC's scope of operations.

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Action of Board On: **03/08/2022** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

### **VOTE OF COMMISSIONERS**

AYE: John Gioia, Commissioner  
 Candace Andersen,  
 Commissioner  
 Diane Burgis, Commissioner  
 Karen Mitchoff, Commissioner  
 Federal D. Glover, Commissioner  
 Cynthia Jordan, Commissioner

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 8, 2022

Joseph Villarreal, Executive Director

ABSENT: Joanne Segura,  
 Commissioner

By: June McHuen, Deputy

Contact: 925-957-8028

cc:

**BACKGROUND (CONT'D)**

The interest earned for the quarter ending December 31st, 2021 is shown below. A more detailed report is attached.

Public Housing	Housing Choice Voucher Fund		Central Office	State & Local
Unrestricted Interest Earned	Restricted Interest Earned	Unrestricted Interest Earned	Unrestricted Interest Earned	Unrestricted Interest Earned
\$13,053.01		\$7,397.26	\$264.82	\$2,623.16

**FISCAL IMPACT**

None. For reporting purposes only.

**CONSEQUENCE OF NEGATIVE ACTION**

Should the Board of Commissioners elect not to accept the investment report it would result in an audit finding of non-compliance and could ultimately affect future funding from the U.S. Department of Housing and Urban Development (HUD).

**ATTACHMENTS**

Investment Report



# HOUSING AUTHORITY OF CONTRA COSTA COUNTY

## INVESTMENT REPORT : PORTFOLIO HOLDINGS BY TYPE

For Period Ending: 12/31/2021

Issuer	Investment Type	Amount Invested	Yield	Investment Date	Maturity Date	Estimated Value@ Maturity Date
<b><u>Cantella &amp; Company</u></b>						
Fidelity Market Reserves	Money Market	33,550.53	0.01%	ongoing	ongoing	33,550.53
Discover Bank	Certificate of Deposit	105,000.00	2.250%	1/11/17	1/11/22	116,818.97
Federal Farm Credit Bank	Govt Agency	105,000.00	2.030%	2/10/17	2/03/22	115,622.46
Everbank	Certificate of Deposit	247,000.00	2.150%	4/28/17	4/28/22	273,567.05
Capital One , NA	Certificate of Deposit	100,000.00	2.300%	5/10/17	5/10/22	111,506.30
Capital One , NA	Certificate of Deposit	110,000.00	2.300%	5/10/17	5/10/22	122,656.93
Goldman Sachs	Certificate of Deposit	149,000.00	2.400%	6/07/17	6/07/22	166,889.80
Capital One Bank, USA	Certificate of Deposit	220,000.00	2.250%	9/20/17	9/20/22	244,763.56
Barclays Bank Delaware	Certificate of Deposit	247,000.00	2.250%	9/27/17	9/27/22	274,802.73
Discover Bank	Certificate of Deposit	140,000.00	2.550%	12/28/17	12/28/22	157,859.78
Morgan Stanley Bank	Certificate of Deposit	150,000.00	2.650%	1/11/18	1/11/23	169,885.89
Sally Mae Bank	Certificate of Deposit	173,000.00	2.650%	2/08/18	2/08/23	195,935.06
Citi Bank NA	Certificate of Deposit	100,000.00	3.100%	5/04/18	5/04/23	115,508.49
Goldman Sacs	Certificate of Deposit	100,000.00	3.300%	7/25/18	7/25/23	116,509.04
Commenty Capital Bank	Certificate of Deposit	120,000.00	3.250%	8/13/18	8/14/23	139,521.37
Citi Bank NA	Certificate of Deposit	145,000.00	3.000%	2/15/19	2/15/24	166,761.92
Morgan Stanley Private Bank	Certificate of Deposit	160,000.00	2.200%	7/25/19	7/25/24	177,619.29
State Bank of India	Certificate of Deposit	140,000.00	1.100%	5/28/20	5/28/25	147,704.22
Texas Exchange Bank	Certificate of Deposit	105,000.00	1.000%	6/19/20	6/19/25	110,252.88
State Bank of India	Certificate of Deposit	105,000.00	1.000%	4/27/21	4/27/26	110,252.88
Sally Mae Bank	Certificate of Deposit	75,000.00	1.050%	9/23/21	9/22/26	78,937.50
Synchrony Bank	Certificate of Deposit	100,000.00	0.950%	9/24/21	9/24/26	104,752.60
<b>GRAND TOTALS</b>		<b>2,929,550.53</b>				<b>3,251,679.25</b>

<b>L.A.I.F. (Acct # 25-07-003)</b>	Liquid Account	107,657.56	0.23%	ongoing	ongoing	107,657.56
<b>De Anza Gardens, LP</b>	Loan	1,000,000.00	3.00%			1,000,000.00
<b>GRAND TOTALS</b>		<b>4,037,208.09</b>				<b>4,359,336.81</b>

# HOUSING AUTHORITY OF CONTRA COSTA COUNTY

## INVESTMENT REPORT BY FUND

For Period Ending 12/31/2021

Issuer	Amount Invested	Amount Invested by Fund:				
		Public Housing	Management	Central Office	Housing Choice Voucher	Rental Rehabilitation
<b>Cantella &amp; Company</b>						
Fidelity Market Reserves	33,550.53	13,524.71	19,752.40	273.42		
Discover Bank	105,000.00	105,000.00				
Federal Farm Credit Bank	105,000.00	105,000.00				
Everbank	247,000.00	247,000.00				
Capital One , NA	100,000.00	100,000.00				
Capital One , NA	110,000.00	110,000.00				
Goldman Sachs	149,000.00	149,000.00				
Capital One Bank, USA	220,000.00	220,000.00				
Barclays Bank Delaware	247,000.00	247,000.00				
Discover Bank	140,000.00	140,000.00				
Morgan Stanley Bank	150,000.00	150,000.00				
Sally Mae Bank	173,000.00		173,000.00			
Citi Bank NA	100,000.00		100,000.00			
Goldman Sacs	100,000.00	100,000.00				
Commenty Capital Bank	120,000.00	120,000.00				
Citi Bank NA	145,000.00	145,000.00				
Morgan Stanley Private Bank	160,000.00	108,311.38	2,873.60	48,815.02		
State Bank of India	140,000.00		140,000.00			
Texas Exchange Bank	105,000.00		105,000.00			
State Bank of India	105,000.00	105,000.00				
Sally Mae Bank	75,000.00	75,000.00				
Synchrony Bank	100,000.00	95,000.00	5,000.00			
<b>GRAND TOTALS</b>	<b>2,929,550.53</b>	<b>2,334,836.09</b>	<b>545,626.00</b>	<b>49,088.44</b>	<b>-</b>	<b>-</b>

L.A.I.F. (Acct # 25-07-003)	107,657.57	-	-	-		107,657.57
De Anza Gardens, LP	1,000,000.00				1,000,000.00	
<b>GRAND TOTALS</b>	<b>4,037,208.09</b>	<b>2,334,836.09</b>	<b>545,626.00</b>	<b>49,088.44</b>	<b>1,000,000.00</b>	<b>107,657.57</b>

# HOUSING AUTHORITY OF CONTRA COSTA COUNTY

## Report per CGC 53646 CURRENT MARKET VALUE

For Period Ending 12/31/2021

Issuer	Investment Type	Maturity Date	Amount Invested	Current Market Value (at 12/31/21)	Yield
<b><u>Cantella &amp; Company</u></b>					
Fidelity Market Reserves	Money Market	ongoing	33,550.53	33,550.53	0.01%
Discover Bank	Certificate of Deposit	1/11/2022	105,000.00	105,064.05	2.25%
Federal Farm Credit Bank	Govt Agency	2/03/2022	105,000.00	105,164.85	2.03%
Everbank	Certificate of Deposit	4/28/2022	247,000.00	248,536.34	2.15%
Capital One , NA	Certificate of Deposit	5/10/2022	100,000.00	100,739.00	2.30%
Capital One , NA	Certificate of Deposit	5/10/2022	110,000.00	110,812.90	2.30%
Goldman Sachs	Certificate of Deposit	6/07/2022	149,000.00	150,403.58	2.40%
Capital One Bank, USA	Certificate of Deposit	9/20/2022	220,000.00	223,083.60	2.25%
Barclays Bank Delaware	Certificate of Deposit	9/27/2022	247,000.00	250,551.86	2.25%
Discover Bank	Certificate of Deposit	12/28/2022	140,000.00	143,057.60	2.55%
Morgan Stanley Bank	Certificate of Deposit	1/11/2023	150,000.00	153,522.00	2.65%
Sally Mae Bank	Certificate of Deposit	2/08/2023	173,000.00	177,325.00	2.65%
Citi Bank NA	Certificate of Deposit	5/04/2023	100,000.00	103,540.00	3.10%
Goldman Sacs	Certificate of Deposit	7/25/2023	100,000.00	104,336.00	3.30%
Commmenty Capital Bank	Certificate of Deposit	8/14/2023	120,000.00	125,254.80	3.25%
Citi Bank NA	Certificate of Deposit	2/15/2024	145,000.00	152,089.05	3.00%
Morgan Stanley Private Bank	Certificate of Deposit	7/25/2024	160,000.00	165,721.60	2.20%
State Bank of India	Certificate of Deposit	5/28/2025	140,000.00	140,490.00	1.10%
Texas Exchange Bank	Certificate of Deposit	6/19/2025	105,000.00	104,967.45	1.00%
State Bank of India	Certificate of Deposit	4/27/2026	105,000.00	104,150.55	1.00%
Sally Mae Bank	Certificate of Deposit	9/22/2026	75,000.00	74,262.75	1.05%
Synchrony Bank	Certificate of Deposit	9/24/2026	100,000.00	98,553.00	0.95%
			<b>2,929,550.53</b>	<b>2,975,176.51</b>	
L.A.I.F. (Acct # 25-07-003)	Liquid Account	ongoing	107,657.56	107,657.56	0.23%
De Anza Gardens, LP	Loan		1,000,000.00	1,000,000.00	3.00%
<b>GRAND TOTALS</b>			<b>4,037,208.09</b>	<b>4,082,834.07</b>	

# HOUSING AUTHORITY OF CONTRA COSTA COUNTY

## Investment Interest Earnings Report

For Period Ending 12/31/2021

150189	Amount Invested	Interest Earned this Qtr	Interest Earned this Quarter by Fund				
			Public Housing	Management	Central	Rental Rehab	Housing Voucher
			Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted
<b><u>Cantella &amp; Company</u></b>							
Fidelity Market Reserves	33,550.53	0.83	0.33	0.49	0.01	-	-
Discover Bank	105,000.00	582.53	582.53	-	-	-	-
Federal Farm Credit Bank	105,000.00	525.58	525.58	-	-	-	-
Everbank	247,000.00	1,309.44	1,309.44	-	-	-	-
Capital One , NA	100,000.00	567.12	567.12	-	-	-	-
Capital One , NA	110,000.00	623.84	623.84	-	-	-	-
Goldman Sachs	149,000.00	881.75	881.75	-	-	-	-
Capital One Bank, USA	220,000.00	1,220.55	1,220.55	-	-	-	-
Barclays Bank Delaware	247,000.00	1,370.34	1,370.34	-	-	-	-
Discover Bank	140,000.00	880.27	880.27	-	-	-	-
Morgan Stanley Bank	150,000.00	980.14	980.14	-	-	-	-
Sally Mae Bank	173,000.00	1,130.42	-	1,130.42	-	-	-
Citi Bank NA	100,000.00	764.38	-	764.38	-	-	-
Goldman Sacs	100,000.00	813.70	813.70	-	-	-	-
Commenty Capital Bank	120,000.00	961.64	961.64	-	-	-	-
Citi Bank NA	145,000.00	1,072.60	1,072.60	-	-	-	-
Morgan Stanley Private Bank	160,000.00	867.95	587.56	15.59	264.81	-	-
State Bank of India	140,000.00	379.73	-	379.73	-	-	-
Texas Exchange Bank	105,000.00	258.90	-	258.90	-	-	-
State Bank of India	105,000.00	258.90	258.90	-	-	-	-
Sally Mae Bank	75,000.00	194.18	194.18	-	-	-	-
Synchrony Bank	100,000.00	234.25	222.54	11.71	-	-	-
-	<b>2,929,550.53</b>	<b>15,879.04</b>	<b>13,053.01</b>	<b>2,561.22</b>	<b>264.82</b>	<b>-</b>	<b>-</b>

L.A.I.F. (Acct # 25-07-003)	107,657.56					61.94	
De Anza Gardens, LP	1,000,000.00	7,397.26					7,397.26
<b>GRAND TOTALS</b>	<b>4,037,208.09</b>	<b>23,338.25</b>	<b>13,053.01</b>	<b>2,561.22</b>	<b>264.82</b>	<b>61.94</b>	<b>7,397.26</b>

To: Contra Costa County Housing Authority Board of Commissioners  
 From: Joseph Villarreal, Housing Authority  
 Date: March 8, 2022



Contra  
Costa  
County

**Subject:** CONTRACT WITH IRON MOUNTAIN INFORMATION MANAGEMENT, LLC TO PROVIDE DOCUMENT IMAGING SERVICES FOR ALL TENANT FILES FOR THE HOUSING CHOICE VOUCHER PROGR

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### **RECOMMENDATIONS**

APPROVE and AUTHORIZE the Executive Director of the Housing Authority, or designee, to execute a contract with Iron Mountain Information Management, LLC to provide document imaging services for all tenant files for the Housing Choice Voucher program and the Public Housing program.

### **BACKGROUND**

HACCC has been a paper-oriented business since it was founded in 1942. Since then, entire storerooms have been dedicated to the storage of tenant files, financial records, and development documentation. These records have gotten old, fragile and volatile during the many decades of their existence. Moreover, they have taken up thousands of square feet in space throughout HACCC properties that could be used for other purposes.

In addition, these stored documents are vulnerable to fire, water damage and misplacement. Modern storage systems are migrating from hard document storage to cloud-based electronic storage that will be accessible from anywhere in the County or world. Electronic data is much easier to secure and easily protected from natural disasters that have plagued California over the past few years. With offsite data storage and onsite access, back-ups to back-ups are possible with minimal effort on behalf of the entire agency.

HACCC has already added a document imaging system for all housing programs that is integrated into our Yardi software. This document imaging system will ensure that families have greater access to online certifications and applications moving forward. However, the software provider, Yardi, does not have the capacity to scan the historical records from their tenant files.

Accordingly, HACCC reached out to several document imaging companies to gauge their interest in the task. Iron Mountain not only expressed interest, but had active contracts in Portland, OR that HACCC could use to meet its procurement requirements for competitive pricing. After negotiating terms of the contract, HACCC has reached agreement to proceed with Iron Mountain Information Management, LLC to complete a back-scan of all tenant files in the HCV and Public Housing programs. Iron Mountain is known to HACCC as it is currently contracted with the agency to do day-to-day shredding services for private tenant records as needed. In addition, they are contracted with HACCC to do offsite data storage for our agency servers.

---

Action of Board On: **03/08/2022** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

### **VOTE OF COMMISSIONERS**

AYE: John Gioia, Commissioner  
 Candace Andersen,  
 Commissioner  
 Diane Burgis, Commissioner  
 Karen Mitchoff, Commissioner  
 Federal D. Glover, Commissioner  
 Cynthia Jordan, Commissioner

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 8, 2022

Joseph Villarreal, Executive Director

ABSENT: Joanne Segura,  
 Commissioner

By: June McHuen, Deputy

Contact: 925-957-8028

cc:

#### BACKGROUND (CONT'D)

The project will be broken up into two sections. Part one will scan approximately 10,000 files and index each file to the appropriate household so that HACCC will retain the historical data that exists with all households. This part of the project is not to exceed (NTE) \$328,000 and expected to be completed within the 16-month term of the contract. Part two of the project will be to retain all records for emergency access and to meet HUD-required retention policies for 36 months. After the HUD required retention period of 36 months, Iron Mountain shall shred all documents as required by HUD. This part of the project is not to exceed \$48,000. The total NTE amount is \$376,000 and expected to be in place through May 31, 2026, to ensure proper completion and shredding of all documents.

#### FISCAL IMPACT

All costs will be paid in part from HCV administrative fees and administrative fee reserves and public housing operating costs based on the proration of fees applicable to each program. The contract stipulates that all fees are to be in an amount not to exceed \$376,000 for all document imaging services.

#### CONSEQUENCE OF NEGATIVE ACTION

If the Board fails to approve Iron Mountain Information Management, LLC to provide document imaging services for all tenant files for the Housing Choice Voucher program and the Public Housing program, HACCC shall be required to continue to use paper systems that will pose safety and security concerns and occupy needed space throughout the agency.

To: Contra Costa County Housing Authority Board of Commissioners  
 From: Monica Nino, County Administrator  
 Date: March 8, 2022



Contra  
Costa  
County

Subject: Claims

---

**RECOMMENDATIONS**

DENY claim filed by Sheetmetal & Assoc., an INLC.; Shannon O. Murphy.

**BACKGROUND**

DENY claim filed by Sheetmetal & Assoc., an INLC.; Shannon O. Murphy.

**FISCAL IMPACT**

No fiscal impact.

**CONSEQUENCE OF NEGATIVE ACTION**

Not acting on the claims could extend the claimants' time limits to file actions against the County.

---

Action of Board On: **03/08/2022** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

**VOTE OF COMMISSIONERS**

AYE: John Gioia, Commissioner  
 Candace Andersen,  
 Commissioner  
 Diane Burgis, Commissioner  
 Karen Mitchoff, Commissioner  
 Federal D. Glover, Commissioner  
 Cynthia Jordan, Commissioner

ABSENT: Joanne Segura,  
 Commissioner

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 8, 2022

Joseph Villarreal, Executive Director

By: June McHuen, Deputy

Contact: Risk Management

cc:

To: Contra Costa County Housing Authority Board of Commissioners  
 From: Joseph Villarreal, Housing Authority  
 Date: March 8, 2022



Contra  
Costa  
County

**Subject:** CONTRACT WITH CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING (DBA HOPE SOLUTIONS) TO ADMINISTER THE CONTINUUM OF CARE RENTAL SUBSIDY PROGRAM WITH HACCC

---

### **RECOMMENDATIONS**

APPROVE and AUTHORIZE the Executive Director of the Housing Authority, or designee, to execute a five-year contract with Contra Costa Interfaith Transitional Housing (dba Hope Solutions) in an amount not to exceed \$2,250,000 to administer the Continuum of Care Rental Subsidy program with HACCC.

### **BACKGROUND**

HACCC has been in a partnership with Contra Costa County's Department of Health Services to administer the County's Shelter Plus Care Program (S+C) through the Shelter Plus Care grant (S+C grant) for approximately 25 years. The Shelter Plus Care (S+C) Program provides a variety of permanent housing choices, accompanied by a range of supportive services. The S+C grant provides homeless and disabled persons housing through either tenant-based rental assistance (TBRA) or project-based rental assistance (PBRA).

Over the years, Contra Costa County's Department of Health Services – Health, Housing and Homeless Services (H3) has acted as the subrecipient and taken the lead role in the day-to-day administration of the S+C Program. They have identified qualified households to refer to the subsidy programs, verified a participant's disabled and homeless status, reported data to HUD, provided case management to participants, and assisted with navigation assistance as needed to ensure greater success for the families to be housed. HACCC's role focused more on tracking the grant expenditures, conducting intake certifications to determine applicants' qualifications for the subsidy programs, inspecting units, making payments to landlords, and ensuring that the S+C program is in compliance with HUD regulations.

Through the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH Act), the S+C program was reinvented in 2015 and became known as the Continuum of Care Rental Subsidy Program (COCRSP). The name change did not dramatically alter the S+C program.

HACCC has received approximately \$1.8 million each year to house approximately 300 households under the various COCRSPs. A maximum of 10% of that amount is carved out for administrative costs and is used to pay for the staffing and administrative costs of operating the program for both HACCC and its subrecipient. In addition, the grantee is required to provide 25% of the grant funding as in-kind or cash match for

---

Action of Board On: **03/08/2022** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

### **VOTE OF COMMISSIONERS**

AYE: John Gioia, Commissioner  
 Candace Andersen,  
 Commissioner  
 Diane Burgis, Commissioner  
 Karen Mitchoff, Commissioner  
 Federal D. Glover, Commissioner  
 Cynthia Jordan, Commissioner

ABSENT: Joanne Segura,  
 Commissioner

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 8, 2022

Joseph Villarreal, Executive Director

By: June McHuen, Deputy

Contact: 925-957-8028

cc:



#### BACKGROUND (CONT'D)

services to the program participants. To date, this match has included staff and administrative expenses as well as unreimbursed services through the County's Health Services.

H3 recently alerted HACCC that they were unable to continue to serve as the subrecipient of the CoC grant due to the increased demand to direct its resources to other County housing programs. Accordingly, a Request for Proposals (RFP) was issued on November 1, 2021, inviting qualified providers to apply as HACCC's new partner in the administration of the COCRSP.

After HACCC received and reviewed the application submitted by Contra Costa Interfaith Transitional Housing, also known as Hope Solutions (Hope Solutions), staff determined that it was suitable to replace H3 in administering the COCRSP. HACCC has been working closely with Hope Solutions for several years in its capacity as a housing provider and, most recently, as the housing navigation team for the Emergency Housing Voucher program previously brought before HACCC's Board of Commissioners. Staff recommends Hope Solutions to fill the role of subrecipient of the CoC Rental Subsidy Program grant.

#### FISCAL IMPACT

All costs will be paid from the annual appropriations approved by HUD through the County's annual application to HUD's Notice of Funding Opportunity (NOFO) for all Continuum of Care (CoC) programs. The maximum amount each year for all services will not exceed \$450,000 for a total of \$2,250,000.

#### CONSEQUENCE OF NEGATIVE ACTION

If the Board fails to approve the contract with Contra Costa Interfaith Transitional Housing dba Hope Solutions to be the subrecipient and administrative partner with HACCC in administration of the Continuum of Care Rental Subsidy program, HACCC will not be in a position to continue to provide assistance to participants of the CoC's rental subsidy program.

To: Contra Costa County Housing Authority Board of Commissioners  
 From: Joseph Villarreal, Housing Authority  
 Date: March 8, 2022



Contra  
Costa  
County

**Subject:** FINANCIAL AND PROGRAM AUDIT FOR FISCAL YEAR ENDING MARCH 31, 2021

---

### **RECOMMENDATIONS**

ACCEPT the financial and program compliance audit report for the period April 1, 2020 through March 31, 2021, prepared by Harn & Dolan CPA's, Walnut Creek, California

### **BACKGROUND**

The U. S. Department of Housing & Urban Development (HUD) requires every housing authority to have an annual independent audit conducted of its financial statements and business activities as well as of compliance with program requirements for the public housing, Housing Choice Voucher and Shelter-Plus Care programs. HACCC contracted with Harn & Dolan to prepare the audit report for the fiscal year ending March 31, 2021.

Harn & Dolan's audit identified no findings and no material weaknesses in either the financial or program compliance portions of the audit. The complete audit is attached.

### **FISCAL IMPACT**

None. Information item. Funding was provided for the audit contract in the Housing Authority of the County of Contra Costa's (HACCC) Fiscal Year 2021/22 Consolidated Operating Budget.

### **CONSEQUENCE OF NEGATIVE ACTION**

Should the Board of Commissioners not accept the financial audit report as performed by the certified public accountancy firm of Harn & Dolan, it would become necessary to expend additional funds to either redo the financial audit report or contract with another certified public accountancy firm to conduct an audit of HACCC's finances and programs.

---

Action of Board On: **03/08/2022** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

### **VOTE OF COMMISSIONERS**

AYE: John Gioia, Commissioner  
 Candace Andersen,  
 Commissioner  
 Diane Burgis, Commissioner  
 Karen Mitchoff, Commissioner  
 Federal D. Glover, Commissioner  
 Cynthia Jordan, Commissioner

ABSENT: Joanne Segura,  
 Commissioner

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 8, 2022

Joseph Villarreal, Executive Director

By: June McHuen, Deputy

Contact: 925-957-8028

cc:

## ATTACHMENTS

Audit

Management  
Report

**HOUSING AUTHORITY  
OF THE COUNTY OF CONTRA COSTA  
(A Component Unit of the County of Contra Costa)  
BASIC FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2021  
(Including Auditors' Report Thereon)**



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Financial Statements:	
Statement of Net Position - Proprietary Funds	12
Statement of Revenues, Expenses, and Changes in Fund	
Net Position - Proprietary Funds	14
Statement of Cash Flows - Proprietary Funds	15
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
Notes to the Basic Financial Statements	19
Required Supplementary Information:	
Schedule of Proportionate Share of the Net Pension Liability for CCCERA	67
Schedule of Employer Contributions to CCCERA	67
Schedule of Changes in the Net OPEB Liability and Related Ratios	68
Schedule of Employer Contributions to OPEB	69
Notes to the Required Supplementary Information	70
Supplementary Information:	
Schedule of Expenditures of Federal Awards	72
Notes to the Schedule of Expenditures of Federal Awards	73
Financial Data Schedule (CA011)	75
Statement of Completed Capital Fund Program Project	83
Schedule of Relevant Statistics	84
Independent Auditors' Report on Internal Control Over Financial	
Reporting and on Compliance and Other Matters Based on an	
Audit of Financial Statements Performed in Accordance with	
<i>Government Auditing Standards</i>	85
Independent Auditors' Report on Compliance for	
Each Major Program and on Internal Control over	
Compliance Required by the Uniform Guidance	87
Status of Prior Audit Findings	89
Schedule of Findings and Questioned Costs	90



# **Harn & Dolan**

Certified Public Accountants  
2423 Stirrup Court  
Walnut Creek, California 94596-6526  
(925) 280-1693 Fax (925) 938-4829

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
Housing Authority of the  
County of Contra Costa  
Martinez, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the County of Contra Costa, component unit of the County of Contra Costa, California (the Authority), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We did not audit the financial statements of the aggregate discretely presented component units reported in the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of HACCC Casa Del Rio, Inc, a California Nonprofit Public Benefit Corporation and CDR Senior Housing Associates, a California Limited Partnership, which represent 11.3%, -8.8% and 0.2%, respectively, of the primary government's assets, net position, and revenue. We did not audit the financial statements of DeAnza Housing Corporation, a California Nonprofit Public Benefit Corporation and DeAnza Gardens L.P. a California Limited Partnership, which are combined and reported as discretely presented component units titled Component Units in the fund financial statements. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units and blended component units - Casa Del Rio Housing is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's



internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority, as of March 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As described in Note 1.U. to the financial statements, the Authority adopted new accounting guidance, GASB No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, and the supplementary information required for the pension and other postemployment benefit plans on pages 67-70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the County of Contra Costa, California's basic financial statements. The schedule of relevant statistics is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying Financial Data Schedules (CA011) are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. Finally, the accompanying Schedule of Completed Capital Fund Program

Project is presented for the purpose of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, Financial Data Schedules, and Schedule of Completed Capital Fund Program Project are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of relevant statistics has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the Housing Authority of the County of Contra Costa, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script, reading "Harn & Dolan".

December 15, 2021

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**MARCH 31, 2021**

The management of the Housing Authority of the County of Contra Costa (the Authority) would like to provide the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2021.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

- Net position increased by \$10,125,990 (or 360.97%) during 2021 (see Table 1). This increase was a result of \$8,450,920 in normal operations and \$1,675,070 in actuarial changes in pension and OPEB liabilities.
- Unrestricted net position increased by \$7,507,045 (or 187.78%) during 2021 (see Table 1). This increase was a result of \$5,831,975 in normal operations and \$1,675,070 in actuarial changes in pension and OPEB liabilities.
- Total revenue increased by \$27.1 million (or 15.0%) as a result of current year activities (see Table 3).
- Total expenditures increased \$16.6 million (or 9.2%) as a result of current year activities (see Table 3).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three parts as follows: (1) **Fund Financial Statements**, (2) **Notes to the Basic Financial Statements**, and (3) **Supplementary Information**.

**FUND FINANCIAL STATEMENTS**

The Fund Financial Statements presentation is similar to the traditional government financial statements. The statements are the Statement of Net Position, the Statement of Revenue, Expenses, and Changes in Fund Net Position, and the Statement of Cash Flows. The focus is now on Major Funds, rather than fund types. The Authority's funds consist exclusively of Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the funds administered by the Authority are provided by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control. GASB's 34 and 37 require individual enterprise funds to be reported as major funds if total assets, liabilities, revenue, or expenses of that individual fund exceed 10% or corresponding element total of the Authority as a whole. In the past, the Authority reported four major funds and an aggregate column for non-major funds. Beginning April 1, 2006, the Authority reported all of its activities in one major fund titled "Housing". The Authority's mission is to provide affordable housing within the County of Contra Costa, regardless of grant or program. Therefore, we believe that reporting all activity in one fund is consistent with this mission and simpler for the readers of the Authority's report.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
MANAGEMENT DISCUSSION AND ANALYSIS  
MARCH 31, 2021**

**(Continued)**

The Authority's activity includes:

Public Housing – Under the Public Housing Program, (also titled as 'Low Rent-Aided Housing') the Authority rents units that it owns to very low & low-income households. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD. The ACC provides Operating Subsidy and Capital improvement Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income or at a flat rate below market rate.

Public Housing Capital Fund Grant - HUD provides grants for the modernization of the Public Housing Program units. The modernization is accounted for by each grant, which is merged as a part of the Public Housing Program totals.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, (hereunder titled as 'Voucher' Program) the Authority administers the program under an Annual Contributions Contract (ACC) with HUD. The ACC provides funding to the Authority to provide tenant based rental assistance to program participants. The rental assistance payment is structured so as the rental payment that the participant is obligated to pay is 30% to 40% of household income. This is a major federal program.

Lower Income Housing Assistance Continuum of Care Program - is a U.S. Department of Housing and Urban Development funded rehabilitation program that promotes community-wide commitment to the goal of ending homelessness. The program is designed to provide rental assistance and supportive services to homeless and disabled individuals and their families. It is cooperatively administered by the County Health Services Department and the Housing Authority of Contra Costa County, and has the capacity to serve roughly 200 households. Participants receive rental assistance and supportive services funded by the U.S. Department of Housing and Urban Development.

Casa Del Rio, Associates - Casa Del Rio, Senior Housing Associates (CDR) was formed as a limited partnership on April 12, 1994, for the purpose of developing, owning and operating an 82-unit affordable housing rental complex (the project) located in Antioch, California. The Project qualifies for low-income housing tax credits under Section 42 of the Internal Revenue Service Code. Such projects are regulated under terms of a Regulatory Agreement, including rent charges, operating methods and other matters. This limited partnership is considered to be a blended component unit of the Authority. The most recent audits were for the fiscal year ended December 31, 2020. These reports can be obtained from the Authority using the information on page 11.

Casa Del Rio, Incorporated - The general partner of the Casa Del Rio Partnership is HACCC Casa Del Rio, Inc., a California public benefit corporation. The officers and Board members of HACCC Casa Del Rio, Inc. are employees of the Authority, which was the developer of the Project, and is consider a blended component unit of the Housing Authority. These component units receive separate audit reports performed on a calendar year basis. The most recent audits were for the fiscal year ended December 31, 2020. These reports can be obtained from the Authority using the information on page 11.

Casa Del Rio Apartments, LLC - This limited liability corporation was formed to replace the limited partner "Boston Capital" of the Casa Del Rio Partnership. The officers and Board members of HACCC Casa Del Rio, Inc will direct the LLC.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
MANAGEMENT DISCUSSION AND ANALYSIS  
MARCH 31, 2021**

**(Continued)**

CDBG Rental Rehabilitation Program (RRP) - Under the RRP, the Authority executes annual funding contract with various governmental entities to fund the operations of a program that assists rental property owners with rehabilitation of housing units to help assure a supply of affordable rental apartments and homes for its Section 8/Voucher users and other low-income households. Technical assistance in determining repairs is provided by Authority staff and below-market-rate loans are made to cover part of rehabilitation costs. Program administrative costs are shared by the funding providers and the Authority.

Rental Rehabilitation Program (RRP) - Under the RRP, the Authority operates a program that assists rental property owners with rehabilitation of housing units to help assure a supply of affordable rental apartments and homes for its Section 8/Voucher users and other low-income households. Technical assistance in determining repairs is provided by Authority staff and below-market-rate loans are made to cover part of rehabilitation costs. Funds from this program are to supplement the CDBG RRP for loans or administration.

Management Fund & County Programs – This program is often referred to as the “State and Local Fund”. The fund represents non-HUD resources developed from a variety of activities, including developer fees, management fees, program cost reimbursement, and other local and non local activities. This fund administers the pension and benefit programs for the agency.

Central Office Cost Center - The COCC fund earns revenue from fees and services provided to various federal programs. The funds earned are considered federal funds and go to cover the overhead and support services provided to the various federal programs. HUD is currently preparing rule changes that will restrict these funds to use in Federal programs only.

**Discretely Presented Component Unit:**

DeAnza Gardens L.P. (DeAnza)– DeAnza was formed as a limited partnership on December 10, 2001 for the purpose of acquisition, ownership, maintenance, and operation of 180 multi-family affordable rental housing complex located in Contra Costa County.

The project was built on land owned by and leased from the Housing Authority of the County of Contra Costa (the Authority). Under the terms of the lease, title to the improvements reverts to the lesser at the end of the 75-year lease. The Project qualifies for low-income housing tax credits under Section 42 of the Internal Revenue Service Code. Such projects are regulated under terms of a Regulatory Agreement, including rent charges, operating methods and other matters.

DeAnza Corporation, Inc. The general partner of DeAnza Gardens L.P. is DeAnza Corporation Inc., a California public benefit corporation. The officers and Board members of the corporation are separate and apart from the Housing Authority. The only Board member position in the corporation that represents the Housing Authority is the Executive Director, who serves as one of the five board positions of the corporation. The Housing Authority has been designated as the managing general partner.

The DeAnza entities, under HUD REAC’s direction, are to be considered by the Authority as other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority’s financial statements to be misleading or incomplete. As such, the Authority considers these two

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**MARCH 31, 2021**

(Continued)

entities to be discretely presented component units. These component units receive separate audit reports performed on a calendar year basis. The most recent audits were for the calendar year ended December 31, 2020. These reports can be obtained from the Authority using the information on page 11.

Also included in the Basic Financial statements are:

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

**Supplementary Information.** Certain information is required to be included in this report by various federal agencies. This information is included after the notes to the financial statements under the title supplementary information.

**TABLE 1**  
**STATEMENT OF NET POSITION**

The following table reflects the condensed Statement of Net Position, for the primary government, compared to prior year. The Authority is engaged only in Business-Type Activities.

	March 31, 2021	March 31, 2020	Increase (Decrease)	%
Current assets	\$ 15,721,498	\$ 9,782,429	5,939,069	60.71%
Restricted assets	3,177,840	1,812,651	1,365,189	75.31%
Capital assets, net of depreciation	12,811,572	12,221,892	589,680	4.82%
Other noncurrent assets	3,894,875	3,761,593	133,282	3.54%
Total assets	<u>35,605,785</u>	<u>27,578,565</u>	<u>8,027,220</u>	29.11%
Deferred outflows of resources	959,724	936,333	23,391	2.50%
Current liabilities	3,770,310	3,334,831	435,479	13.06%
Payable from restricted assets	1,047,154	942,024	105,130	11.16%
Long term liabilities	15,944,477	19,843,473	(3,898,996)	19.65%
Total liabilities	<u>20,761,941</u>	<u>24,120,328</u>	<u>(3,358,387)</u>	13.92%
Deferred inflows of resources	2,872,358	1,589,349	1,283,009	80.73%
Net position:				
Net investment in capital assets	7,451,386	5,894,245	1,557,141	26.42%
Restricted	2,513,401	908,782	1,604,619	176.57%
Unrestricted - operations	15,001,335	9,712,176	5,289,159	54.46%
Unrestricted - pension	(5,300,278)	(7,144,227)	1,843,949	25.81%
Unrestricted - OPEB	(6,734,634)	(6,565,755)	(168,879)	2.57%
Total net position	<u>\$ 12,931,210</u>	<u>\$ 2,805,221</u>	<u>\$ 10,125,989</u>	360.97%

Major Factors Affecting the Statement of Net Position

The major factor affecting net position was the result of increased operating costs.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
MANAGEMENT DISCUSSION AND ANALYSIS  
MARCH 31, 2021**

(Continued)

Table 2 below presents details on the change in Unrestricted Net Position.

**TABLE 2  
CHANGE OF UNRESTRICTED NET POSITION BY PROGRAM**

	Beginning Balance 04/01/2020	Change of Unrestricted Position this Report Period	Ending Balance 03/31/2021
Housing Choice Voucher Program:			
Unrestricted: Operations	\$ 4,583,742	\$ 3,513,857	\$ 8,097,599
Pension	(3,199,575)	860,220	(2,339,355)
OPEB	(2,940,504)	(31,925)	(2,972,429)
	<u>(1,556,337)</u>	<u>4,342,152</u>	<u>2,785,815</u>
Public Housing (including Capital Fund):			
Unrestricted: Operations	1,780,026	142,268	1,922,294
Pension	(2,247,078)	572,003	(1,675,075)
OPEB	(2,065,131)	(63,251)	(2,128,382)
	<u>(2,532,183)</u>	<u>651,020</u>	<u>(1,881,163)</u>
Central Office Cost Center:			
Unrestricted: Operations	886,798	62,886	949,684
Pension	(1,695,729)	410,815	(1,284,914)
OPEB	(1,558,424)	(74,212)	(1,632,636)
	<u>(2,367,355)</u>	<u>399,489</u>	<u>(1,967,866)</u>
Casa Del Rio (blended component unit):			
Unrestricted: Operations	(162,323)	(154,676)	(316,999)
Pension/OPEB	-	-	-
	<u>(162,323)</u>	<u>(154,676)</u>	<u>(316,999)</u>
Mainstream Voucher Program:			
Unrestricted: Operations	17,100	27,293	44,393
Pension/OPEB	-	-	-
	<u>17,100</u>	<u>27,293</u>	<u>44,393</u>
Other State and Local:			
Unrestricted: Operations	2,606,833	1,697,531	4,304,364
Pension	(1,845)	911	(934)
OPEB	(1,696)	509	(1,187)
	<u>2,603,292</u>	<u>1,698,951</u>	<u>4,302,243</u>
Authority-wide:			
Unrestricted: Operations	9,712,176	5,289,159	15,001,335
Pension	(7,144,227)	1,843,949	(5,300,278)
OPEB	(6,565,755)	(168,879)	(6,734,634)
Authority totals	<u>\$ (3,997,806)</u>	<u>\$ 6,964,229</u>	<u>\$ 2,966,423</u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
MANAGEMENT DISCUSSION AND ANALYSIS  
MARCH 31, 2021**

(Continued)

**TABLE 3  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	Actual <u>March 31, 2021</u>	Budget <u>March 31, 2021</u>	Actual <u>March 31, 2020</u>	Budget <u>March 31, 2020</u>
Operating revenue:				
Rental and other	\$ 20,951,427	\$ 15,749,504	\$ 15,932,318	\$ 6,509,404
Non-operating revenue:				
Federal grants and subsidies	184,574,000	185,141,208	162,658,542	172,913,393
Capital contributions	1,775,002	-	1,514,704	4,275,984
Other revenue	<u>346,906</u>	<u>-</u>	<u>407,753</u>	<u>-</u>
Total revenues	<u>207,647,335</u>	<u>200,890,712</u>	<u>180,513,317</u>	<u>183,698,781</u>
Operating expenses:				
Administration	10,401,636	18,339,628	11,932,844	16,626,240
Tenant services	495,877	270,380	629,798	962,254
Utilities	2,491,446	2,697,541	2,361,262	2,193,747
Maintenance	5,058,672	5,681,092	5,578,757	4,639,620
General	1,789,015	2,824,008	1,630,711	1,571,795
Housing assistance payments	175,583,951	166,522,752	156,944,931	154,905,539
Depreciation	1,536,594	1,509,641	1,689,819	1,770,938
Non-operating expenses:				
Debt-service interest	167,155	161,013	178,056	762,950
Capital Expenses	<u>-</u>	<u>322,950</u>	<u>-</u>	<u>11,884</u>
Total expenses	<u>197,521,346</u>	<u>198,329,005</u>	<u>180,946,178</u>	<u>183,517,967</u>
Changes in net position	10,125,989	2,561,707	(432,861)	180,814
Net position, beginning of the year	<u>2,805,221</u>	<u>2,805,221</u>	<u>3,238,082</u>	<u>3,238,088</u>
Net position, end of the year	<u><u>\$ 12,931,210</u></u>	<u><u>\$ 5,366,928</u></u>	<u><u>\$ 2,805,221</u></u>	<u><u>\$ 3,418,902</u></u>

**Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Position**

The major factors affecting the Statement of Revenue, Expenses, and Changes in Net Position was the result of the increase in portability activities and housing assistance payments in Federal Programs. The increase in net position of \$10,125,989 was a result of an increase in operations.



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
MANAGEMENT DISCUSSION AND ANALYSIS  
MARCH 31, 2021**

(Continued)

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year-end, the Authority had \$12.8 million invested in capital assets, see also Note 5 to the basic financial statements.

**TABLE 4  
CAPITAL ASSETS**

	<u>March 31, 2021</u>	<u>March 31, 2020</u>	<u>Change</u>
Land	\$ 2,647,315	\$ 2,158,260	\$ 325,267
Buildings	103,448,017	102,564,403	1,820,296
Equipment	3,359,866	3,033,219	(153,205)
Accumulated Depreciation	(98,003,716)	(96,707,794)	(1,594,136)
Construction In Progress	<u>1,360,090</u>	<u>1,173,804</u>	<u>156,196</u>
Total	<u>\$ 12,811,572</u>	<u>\$ 12,221,892</u>	<u>\$ 554,418</u>

The following reconciliation summarizes the change in Capital Assets.

**TABLE 5  
CHANGE IN CAPITAL ASSETS**

	<u>2021</u>	<u>2020</u>
Capital assets - beginning of year	\$ 12,221,892	\$ 11,667,474
Additions:		
Land	-	-
Demolition costs	489,054	325,267
Building improvements	883,615	825,855
Construction-in-progress	186,286	1,150,636
Equipment	567,319	136,044
Correction to prior year equipment	-	(193,565)
Depreciation	<u>(1,536,594)</u>	<u>(1,689,819)</u>
Capital assets - end of year	<u>\$ 12,811,572</u>	<u>\$ 12,221,892</u>

**Notes Payable Outstanding**

As of year-end, the Authority had \$4,024,713 of notes payable outstanding, see Note 6 to the basic financial statements.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
MANAGEMENT DISCUSSION AND ANALYSIS  
MARCH 31, 2021**

**(Continued)**

**ECONOMIC FACTORS**

The Authority is primarily dependent upon HUD for funding operations; therefore, the Authority is affected more by the federal budget than by state or local economic conditions. The Authority's budgets and subsidy funding requests are approved by HUD.

**FINANCIAL CONTACT**

The individual to be contacted regarding this report, and the reports of the Authority's component units, is the Director of Finance of the Housing Authority of the County of Contra Costa, at (925) 957-8014. Specific requests may be submitted to the Director of Finance, Housing Authority of the County of Contra Costa, P.O. Box 2759, 3133 Estudillo Street, Martinez, CA 94553.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**MARCH 31, 2021**

	<u>Primary Government Housing</u>	<u>Component Units</u>
<b><u>ASSETS</u></b>		
Current assets		
Cash and investments (Note 2 and 14)	\$ 13,759,773	\$ 45,968
Due from other agencies	1,211,554	-
Due from related parties - DeAnza (Note 14)	177,286	-
Tenant accounts receivable	306,302	38,844
Allowance for doubtful accounts	(124,075)	(25,448)
Account receivable - miscellaneous	-	29,922
Interest receivable	12,721	8,793
Notes receivable - short term (Note 4)	983	-
Prepaid expenses	<u>376,954</u>	<u>30,733</u>
Total current assets	<u>15,721,498</u>	<u>128,812</u>
Restricted assets:		
Restricted cash (Note 2 and 3 and 14)	<u>3,177,840</u>	<u>1,788,554</u>
Capital assets (Note 5 and 14):		
Land	2,647,315	1,150,712
On site improvements	-	4,028,709
Buildings	103,448,017	29,741,813
Furniture and equipment	3,359,866	555,752
Construction in progress	1,360,090	-
Accumulated depreciation	<u>(98,003,716)</u>	<u>(16,504,763)</u>
Total capital assets	<u>12,811,572</u>	<u>18,972,223</u>
Other noncurrent assets:		
Long-term notes receivable (Note 4)	376,466	-
Long-term notes receivable - DeAnza (Note 4 and 14)	1,000,000	-
Interest receivable on long-term notes (Note 4)	148,880	-
Due from related parties - DeAnza (Note 14)	2,313,097	-
Other long-term assets	<u>56,432</u>	<u>-</u>
Total other noncurrent assets	<u>3,894,875</u>	<u>-</u>
Total assets	<u>35,605,785</u>	<u>20,889,589</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Pension (Note 11)	647,020	-
OPEB (Note 12)	<u>312,704</u>	<u>-</u>
	<u>959,724</u>	<u>-</u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**MARCH 31, 2021**  
(Continued)

	<u>Primary Government Housing</u>	<u>Component Units</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable	\$ 935,891	\$ 51,116
Due to related parties - Authority (Note 14)	-	29,808
Due to other agencies	259,643	-
Accrued salaries and related costs	462,323	-
Accrued interest (Note 14)	542,815	43,269
Other accrued liabilities	310,296	-
Tenant security deposits	344,401	-
Payable from restricted assets:		
Tenant security deposits	46,080	168,019
Unearned revenue (Note 8)	570,805	11,678
Current portion of compensated absences (Note 1.I.)	408,410	-
Current portion of long-term debt (Note 6 and 14)	280,127	301,025
Total current liabilities	<u>4,160,791</u>	<u>604,915</u>
Other noncurrent liabilities:		
Long-term debt (Note 6 and 14)	3,744,586	6,997,573
Long-term debt - Authority (Note 14)	-	1,000,000
Long-term portion of compensated absences (Note 1.I.)	216,794	-
Payable from restricted assets:		
Family self sufficiency escrows	656,673	-
Other noncurrent liabilities (Note 9)	1,860,819	-
Due to related parties - Authority (Note 14)	-	2,444,845
Net pension liability (Note 11)	3,458,981	-
Net other postemployment benefit liability (Note 12)	6,663,297	-
Total noncurrent liabilities	<u>16,601,150</u>	<u>10,442,418</u>
Total liabilities	<u>20,761,941</u>	<u>11,047,333</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Pension (Note 11)	2,488,317	-
OPEB (Note 12)	384,041	-
	<u>2,872,358</u>	<u>-</u>
<b><u>NET POSITION</u></b> (Note 10 and 14)		
Net investment in capital assets	7,451,386	11,630,356
Restricted net position	2,513,401	1,768,683
Unrestricted net position	2,966,423	(3,556,783)
Total net position	<u>\$ 12,931,210</u>	<u>\$ 9,842,256</u>

The accompanying notes are an integral part of this statement



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

	<u>Primary Government Housing</u>	<u>Component Units</u>
<b>Operating revenue:</b>		
Rents and other tenant revenue	\$ 4,639,448	\$ 2,230,620
Other	<u>16,311,979</u>	<u>96,103</u>
Total operating revenue	<u>20,951,427</u>	<u>2,326,723</u>
<b>Operating expenses:</b>		
Administration	10,401,636	421,733
Tenant services	495,877	-
Utilities	2,491,446	288,208
Maintenance	5,058,672	549,401
General	1,789,015	140,937
Housing assistance payments	175,583,951	-
Depreciation (Note 5 and 14)	<u>1,536,594</u>	<u>732,766</u>
Total operating expenses	<u>197,357,191</u>	<u>2,133,045</u>
Operating income (loss)	(176,405,764)	193,678
<b>Nonoperating revenue (expenses):</b>		
Grants	184,574,000	-
Unrestricted interest	91,368	56,726
Restricted interest	11,626	-
Interest on notes receivable		
with related party (Note 4 and 14)	30,000	(30,000)
Related party fees (Note 14)	213,912	(213,912)
Debt service - interest (Note 6 and 14)	<u>(164,155)</u>	<u>(504,735)</u>
Net gain before contributions and transfers	8,350,987	(498,243)
Capital contributions	<u>1,775,002</u>	<u>-</u>
Change in net position	10,125,989	(498,243)
Net position - beginning of year	<u>2,805,221</u>	<u>10,340,499</u>
Net position - end of year	<u><u>\$ 12,931,210</u></u>	<u><u>\$ 9,842,256</u></u>

The accompanying notes are an integral part of this statement.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2021**

	<u>Primary Government</u> <u>Housing</u>
<b>Cash flows from operating activities:</b>	
Tenant receipts	\$ 4,428,787
Other receipts	16,600,209
Payroll and benefit expenditures	(11,742,022)
Administration expenditures	(2,332,086)
Tenant services expenditures	(345,769)
Utilities expenditures	(2,495,966)
Maintenance expenditures	(3,668,966)
General expenditures	(992,011)
Housing assistance payment expenditures	(174,069,278)
Net cash used by operating activities	<u>(174,617,102)</u>
<b>Cash flows from noncapital financing activities:</b>	
Operating grants received	184,894,963
Related parties transactions	(345,859)
Repayment of notes receivable	3,606
Notes receivable issued	(1,689)
Net cash provided by noncapital financing activities	<u>184,551,021</u>
<b>Cash flows from capital financing activities:</b>	
Grants received to acquire capital assets	1,775,002
Acquisition of capital assets	(2,126,274)
Principal paid on debt	(265,823)
Interest paid on debt	(322,976)
Net cash used by capital financing activities	<u>(940,071)</u>
<b>Cash flows from investing activities:</b>	
Interest receipts	91,535
Interest on restricted cash	11,639
Net cash provided by investing activities	<u>103,174</u>
Net increase to cash	9,097,022
Cash at beginning of year	7,840,591
Cash at end of year	<u><u>\$ 16,937,613</u></u>
Cash and investments	\$ 13,759,773
Restricted cash	3,177,840
Total cash at year end	<u><u>\$ 16,937,613</u></u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2021**

(Continued)

	<u>Primary Government</u> <u>Housing</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (176,405,764)
Adjustments to reconcile operating loss to	
Net cash used by operating activities:	
Depreciation expense	1,536,594
Related party transaction	133,873
(Increase) Decrease in:	
A/R other governments	1,570,746
Tenants accounts receivable	(64,699)
Prepaid expenses	107,662
Other long-term assets	3,703
Deferred outflows of resources	(23,391)
Increase (Decrease) in:	
Accounts payable	(548,340)
Due to other agencies	50,638
Tenant security deposits	25,105
Accrued salaries and related costs	205,150
Unearned revenues	251,571
FSS escrows	80,026
Compensated absences	111,703
Net pension liability	(2,865,858)
Net OPEB liability	(68,830)
Deferred inflows of resources	<u>1,283,009</u>
Net cash used by operating activities	<u>\$ (174,617,102)</u>

**Noncash transactions:**

- Interest of \$30,000 was accrued as receivable from DeAnza Gardens L.P. No payments were received with regards to this loan.
- Lease fees of \$72,000 were accrued as receivable from DeAnza Gardens L.P. These fees are deferred.

**The accompanying notes are an integral part of this statement.**



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
STATEMENT OF FIDUCIARY NET POSITION  
MARCH 31, 2021**

**Other Post  
Employment  
Benefit Trust Fund**

**ASSETS**

Cash and investments:

Cash and investment with fiscal agent

\$ 926,752

Total assets

926,752

**LIABILITIES**

Total liabilities

-

**NET POSITION**

Restricted for retiree benefits

926,752

Total net position

\$ 926,752

**The accompanying notes are an integral part of this statement.**

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
MARCH 31, 2021**

	<b><u>Other Post Employment Benefit Trust Fund</u></b>
<b><u>Additions</u></b>	
Earnings on investments	\$ <u>270,867</u>
<b><u>Deductions</u></b>	
Service fees and administrative expenses	<u>4,610</u>
Change in net position	266,257
Net Position, April 1, 2020, as restated	<u>660,495</u>
Net position, March 31, 2021	<u><u>\$ 926,752</u></u>

**The accompanying notes are an integral part of this statement.**

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of The Housing Authority of the County of Contra Costa (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Authority's more significant accounting policies:

**A. Organization**

The Authority was established pursuant to the State Health and Safety Code in 1941. The Authority is a public entity organized under the laws of the State of California's Health and Safety Code to provide housing assistance to low and moderate income families at rents they can afford. Eligibility is determined by family composition and income in areas served by the Authority. To accomplish this purpose, the Authority has entered into Annual Contributions Contracts with the U.S. Department of Housing and Urban Development (HUD) to operate assisted housing programs.

The governing board of the Authority is the County Board of Supervisors. The Authority is a legally separate entity from the County, maintaining separate accounting records, staff, and administration facilities. In addition, there is no financial benefit/burden relationship between the County and the Authority and the County has limited or no opportunity to impose its will upon the Authority because the Authority is governed by rules and regulations imposed by the Federal government through the U.S. Department of Housing and Urban Development. The County defines the Authority as a discretely presented component unit in its Comprehensive Annual Financial Report (CAFR). A copy of this report may be obtained by contacting the Office of the Auditor-Controller, 625 Court Street, Martinez, California 94553 or by visiting <http://co.contra-costa.ca.us/>.

**B. Financial Reporting Entity**

The Authority's combined financial statements include the accounts of all the Authority's operations. The criteria used in determining the scope of the financial reporting entity is based on provisions of Governmental Accounting Standards No. 61, *The Financial Reporting Entity*. The financial statements of the Authority include the financial activity of the Authority and any component units. The decision to include a potential component unit in the reporting entity was made based on the significance of their operational or financial nature and significance of their relationship with the Authority, including consideration of organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the aforementioned criteria, the Authority has blended

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 1 (continued)**

and discretely presented component units. The blended component units, although legally separate entities, are, in substance, part of the Authority's operations. Discretely presented component units are reported in a separate column in the fund financial statements to emphasize that they are legally separate from the government. The component units are as follows:

**Blended Component Units.** HACCC Casa Del Rio, Inc (A California Nonprofit Public Benefit Corporation) and CDR Senior Housing Associates (A California Limited Partnership) . HACCC Casa Del Rio, Inc. is the general partner of CDR Senior Housing Associates. The officers and Board members of HACCC Casa Del Rio, Inc. are employees of the Authority. The partnership was formed in 1994 to develop and operate an 82-unit affordable housing rental complex located in Antioch, California, which is currently known as Casa Del Rio Senior Housing.

Casa Del Rio Senior Housing was placed into service in 1995. Pursuant to the Indemnification Agreement dated July 1, 1994, by and among the Authority, HACCC Casa Del Rio, Inc., CDR Senior Housing Associates, and MHIFED I Limited Partnership, the Authority could possibly be liable for unpaid taxes, interest and penalties, cost to contest, operating deficiency and expenses of enforcement as identified in the Agreement and for a sponsor's operating guaranty to provide sufficient staff or equipment to the general partner, as needed and remedies against sponsor for default under the Amended HCD Agreement. Casa Del Rio Senior Housing participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code. Various agreements dictate the maximum income levels of new tenants and also provide rent restrictions through 2054.

Casa Del Rio Apartments LLC was formed to replace the limited partner, Boston Capital, of the Casa Del Rio Partnership. The officers and Board members of HACCC Casa Del Rio, Inc, will direct the LLC.

Since HACCC Casa Del Rio, Inc and CDR Senior Housing Associates have the potential to impose a financial burden on the Authority, these entities have been included in the Authority's financial statements as blended component units. See also Note 14.

**Discretely Presented Component Units.** DeAnza Housing Corporation (A California Nonprofit Public Benefit Corporation) and DeAnza Gardens, L.P. (A California Limited Partnership). The Authority is the General Partner and DeAnza Housing Corporation is the managing general partner of DeAnza Gardens, L.P. The partnership was formed for the purpose of acquisition, ownership, maintenance, and operation of 180 multi-family rental housing units and the provision of low-income housing through the construction, renovation,

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 1 (continued)**

rehabilitation, operation, and leasing of an affordable housing development located in Contra Costa County, which is currently known as DeAnza Gardens.

DeAnza Gardens was placed into service during 2005. It was built on land owned by and leased from the Authority. Under the terms of the lease, title to the improvements revert to the Authority at the end of the 75-year lease. Financing for construction was obtained through notes from the Authority, Bank of America, and DeAnza Housing Corporation. DeAnza Gardens participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code. Various agreements dictate the maximum income levels of new tenants and also provide rent restrictions through 2078.

Since DeAnza Housing Corporation and DeAnza Gardens L.P. are other organizations for which the nature and significance of their relationship with the Authority are such that exclusion from the financial statements would cause the Authority's financial statements to be misleading or incomplete, these entities have been included in the Authority's financial statements as discretely presented component units. See also Note 14.

Complete audited financial statements are issued separately for each of the individual component units listed above and may be obtained from the Housing Authority of the County of Contra Costa, 3133 Estudillo Street, P.O. Box 2759, Martinez, California 94553.

**C. Basis of Presentation**

Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Authority's activities are strictly business-type. The Authority's fiduciary fund activity consist of the assets held on behalf of its employees for its post employment benefit plan (OPEB).

**Fund Financial Statements:**

Fund financial statements of the Authority are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses/expenditures as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. A fund is considered major if it is the primary operating fund of the Authority or if total assets, liabilities, revenue, or expenses/expenditures of the individual fund are at least 10 percent of the Authority-wide total. The Authority considers all of its activity to be housing related

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 1 (continued)**

and therefore, considers all the financial activity of the Authority to be one major fund, titled *Housing*. As such, the Authority has no non-major funds.

**PROPRIETARY FUND TYPES**

**Enterprise Funds** - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are also used when the governing body has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Authority's funds are operated as enterprise funds.

**D. Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Proprietary Fund Types are accounted for on an economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded at the time liabilities are incurred. Under this basis of accounting and measurement focus, the Authority applies all GASB pronouncements.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses result from providing goods and services related to the fund's ongoing operations. The principal operating revenue of the Authority's enterprise funds is dwelling rental income. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. The principal operating expenses of the Authority's enterprise funds are employee salaries and benefits, housing assistance payments, utilities, and the costs to maintain the owned units. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When the Authority incurs an expense for which both restricted and unrestricted resources may be used, it is the Authority's policy to use restricted resources first and then unrestricted resources as needed.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 1 (continued)**

**E. Interfund Transactions**

**Statement of Net Position:**

Short-term amounts due between funds are classified as “Due from/to other funds”. As of March 31, 2021, the amounts due between the various proprietary funds totaled \$2,489,867. These amounts have been eliminated from the Statement of Net Position - Proprietary Funds.

Operating advances made to the blended component units, HACCC Casa Del Rio, Inc and CDR Senior Housing Associates totaled \$654,620 as of March 31, 2021 and \$631,382 as of December 31, 2020. The interfund balance as of December 31, 2020, was reported as non-current related party payable by the other auditors. For the March 31, 2021 reporting, the interfund balance of \$631,382 as of December 31, 2020 was eliminated, while the difference of \$23,238 receivable as of March 31 in excess of the amount receivable as of December 31 was reported as other long-term assets in the Statement of Net Position - Proprietary Funds. See also Note 14.

A long-term note due from the Management Enterprise Fund to the blended component unit, HACCC Casa Del Rio, Inc, in the amount of \$185,000 has been eliminated from the Statement of Net Position - Proprietary Funds. See also Notes 4 and 6.

For further detail of these eliminated balances, please see the Financial Data Schedule found in the Supplementary Information section of this report.

**Statement of Revenues, Expenses, and Changes in Fund Net Position:**

On May 15, 2019, HUD approved the issuance of project based vouchers for 81 of the 82 units in the Casa Del Rio Senior Housing complex, effective July 1, 2019. The Housing Choice Voucher Program paid a total of \$1,102,298 in HAP payments to CDR Associates. CDR Associates paid management fees to the State and Local Enterprise Fund in the amount of \$52,452. CDR, Inc paid management fees to the Central Office Enterprise Fund in the amount of \$52,536.

As of July 1, 2019 the Authority began administering the ACC units of the Housing Choice Voucher Program of the City of Richmond. To accommodate the increased activity, the Housing Choice Voucher Program expanded its operations to office space owned by the Public Housing Program. Rent for this property has been calculated using rental costs of comparable properties. The Housing Choice Voucher Program Enterprise Fund paid rent to the Public Housing Enterprise Fund in the amount of \$149,916 for the current fiscal year.

The Authority utilizes a Central Office Enterprise Fund to account for administrative costs that are not charged to its Public Housing, Housing Choice Voucher, Mainstream Voucher, and Continuum of Care Programs’ Enterprise Funds. The Public Housing Enterprise Fund paid property management, bookkeeping, and asset management fees in the amount of

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 1 (continued)**

\$865,566, \$83,307, and \$74,720, respectively. The Public Housing Capital Fund Enterprise Fund paid management fees in the amount of \$291,978. The Housing Choice Voucher Enterprise Fund paid management fees and bookkeeping fees in the amount of \$1,987,575 and \$707,600, respectively. Management and bookkeeping fees were also paid on the Housing Choice Voucher Program units administered on behalf of other housing authorities in the amount of \$114,563 and \$62,375, respectively. The Mainstream Voucher Enterprise Fund paid management fees and bookkeeping fees in the amount of \$13,941 and \$4,677, respectively. The Continuum of Care Enterprise Fund allocated costs of \$62,438 in lieu of fees. Finally, the Cares Act Grant associated with the Housing Choice Voucher Program set aside \$16,678 in administrative fees to support the Central Office Enterprise Fund during the pandemic. These costs, totaling \$4,285,418, are reported as total fee revenue in the Central Office Enterprise Funds and administrative expenses of the Public Housing, Housing Choice Voucher, Mainstream Voucher, Continuum of Care, and Cares Act Enterprise Funds.

The Authority is required by HUD to pay HAP on behalf of other authorities with Housing Choice Voucher Program participants residing within Contra Costa County. The Authority is reimbursed for this HAP from the initiating housing authority. HUD requires this HAP to be reported as an expense when paid to the landlord and as income when reimbursed from the initiating housing authority. For the current fiscal year, the Authority paid \$15,679,047 in HAP on behalf of other housing authorities. This amount is therefore reported as revenue and expense of the Housing Choice Voucher Enterprise Fund.

CDR Inc earns interest of \$13,912 on its loan with the Authority of \$185,000. CDR Inc has agreed to give the interest back to the Authority as a charitable contribution. This interest revenue and expense were eliminated within the blended component unit enterprise fund.

Interfund transfers of \$1,415,307 were made between the Authority's funds this fiscal year. Interfund transfers of \$1,153,730 were made within the Public Housing Enterprise Fund. This represents the use of Capital Fund grants for Public Housing operating costs. The remaining \$261,577 was made from the Central Office Cost Center and Family Self Sufficiency Enterprise Funds to the Housing Choice Voucher Enterprise Fund to correct prior year balances, as requested by HUD.

Interfund revenues and expenses of \$5,642,620 have been eliminated from the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds. This amount includes the interfund HAP, interfund rent, management fees, bookkeeping fees, and asset management fees. The transfers net to zero and are not reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds. For further detail, please see the Financial Data Schedule found in the Supplementary Information section of this report.



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 1 (continued)**

**F. Cash and Investments**

Cash includes amounts in demand deposits and saving accounts. Investments are reported in the accompanying statement at market value. All of the Authority's investments can be converted to cash in a relatively short amount of time. Therefore, all cash and investments are used in the Statement of Cash Flows.

Changes in fair value that occur during a fiscal year are recognized as *interest income* reported for that fiscal year. *Interest income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The Authority pools cash and investments of all programs. Each program's share in this pool is displayed in the accompanying Financial Data Schedule as *cash and investments*. Interest income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

**G. Accounts Receivable**

Receivables are principally amounts due from HUD and tenants. Allowance for doubtful accounts has been provided based on the likelihood of the recovery.

**H. Capital Assets**

Capital assets, which include property, plant and equipment, acquired for Proprietary Funds are capitalized in the respective funds to which they apply. The Authority has an established capitalization policy, which requires all acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets to be capitalized. Property and equipment are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest expense incurred during the development period is capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of exhaustible capital assets used by Proprietary Funds is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Position. Capital assets are being depreciated using the straight-line basis over the useful lives of the assets. The useful lives are generally 27.5 years for buildings, 10 years for modernization, 5 years for vehicles, furniture and equipment, and 3 years for computer equipment. Salvage value on all depreciable equipment is assumed to be insignificant and therefore valued at \$0.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 1 (continued)**

**I. Compensated Absences**

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the Authority. All vacation pay is accrued when incurred and allocated to the appropriate proprietary fund. Total liability for the Authority is \$625,203 based on year-end hourly rates. Of this amount \$408,410 is considered by the Authority to be a current liability.

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Financial Position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The Authority's deferred outflows of resources consist of (1) items associated with, and referred to in, the actuarial report of the defined benefit pension plan, and (2) payments made on behalf of employees to the defined benefit pension plan after the measurement date of the actuarial report. See also Note 11.

In addition to liabilities, the Statement of Financial Position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority's deferred inflows of resources consist of items associated with, and referred to in, the actuarial report of the defined benefit pension plan. See also Note 11.

It is the Authority's practice to report deferred outflows and inflows of resources in the aggregate on the Statement of Net Position.

**K. Net Position**

Net position represents the differences between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position consists of net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowing used for acquisition, construction, or improvement of those assets (excluding interfund borrowing and including accrued interest). Net position is reported as restricted when there are limitations imposed on its use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 1 (continued)**

**L. Income Taxes**

The Authority is exempt from federal and state income taxes. The Authority is also exempt from property taxes but makes payments in lieu of taxes on owned housing.

**M. Budgets and Budgetary Accounting**

The Board of Commissioners adopts an operating budget effective April 1 annually. This budget may be revised by the Board of Commissioners during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption.

**N. Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; the disclosure of contingent assets and liabilities; and the reported revenues and expenses. Actual results could differ from those estimates.

**O. Encumbrances**

Encumbrance accounting is not employed by the Authority.

**P. Grant Restrictions**

The Authority has received loans and grants from the U.S. Department of Housing and Urban Development. The grants require that only individuals and families that meet various income, age and employment standards be housed or aided.

**Q. Cost Allocation Procedures**

Cost allocation procedures are divided into one of the following three methods, 1) Direct Costs, 2) Indirect Costs, 3) Fee for Service.

Direct Allocation Method: this method is used when the cost being incurred directly benefits a specific "program, region, development, project or site". Allocation at the regional, development, project or site level shall be allocated by using the ratio of number of bedrooms managed (zero bedroom units will count as 1). Allocation at the Program level will be based on a common factor within the program area, such as units within a grant, grant award amounts, or other reasonable factors where allowed.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 1 (continued)**

Indirect Allocation Method: this method is used when the cost being incurred is for a common or joint objective and therefore does not directly benefit a specific “program, region, development, project or site”. These costs will be allocated using a rationale from direct salary allocation plan consistent with Uniform Guidance. The direct salary allocation plan will be established annually as a part of the annual budget process.

Fee for Service Method: this method is used when an employee performs work outside of their budgeted allocation. The fee for service method will reduce the allocations of salary and benefits from the program that the position was originally budgeted for. This method should be documented on a time reporting process, either by way of time card or activity log or both.

**R. Loan Costs**

The Authority has implemented GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. The Statement requires that debt issuance costs be reported as expenses when incurred since they no longer meet the definition of an asset. The component units are nonprofit public benefit corporations and limited partnerships and they follow the guidance of the Financial Accounting Standards Board for their financial reporting. Certain recognition criteria and presentation features are different from GASB. For instance, prior to January 1, 2016, these entities reported debt issuance costs as an asset amortized over time. During 2016, these entities adopted new accounting guidance required by accounting principles generally accepted in the United State of America and changed its method of accounting for debt issuance costs and related amortization of such costs. The net of these costs are now reported as a direct reduction of notes payable. No modifications have been made to the audited financial information as presented. The unamortized value of the loan costs does not have a material effect on the Authority’s net position. Net loan costs of \$12,248 have been netted with long-term debt of the primary government, for the blended component units, while \$22,704 have been netted with long-term debt of the component units, for the discretely presented component units.

**S. Pension Plan**

The Authority participates in a cost-sharing multi-employer defined benefit retirement plan that is administered by the Contra Costa County Employees’ Retirement Association (CCCERA). Contributions to CCCERA are made on a current basis as required by the plan and are charged to expenditures. The Authority used actuarial reports supplied by CCCERA for the purpose of measuring the net pension liability, deferred outflows and inflows of resources related to the pension plan. The valuation date of the latest actuarial report was December 31, 2020, with a measurement date for employer reporting as of June 30, 2021.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 1 (continued)**

**T. Postemployment Benefits Other than Pension (OPEB)**

The Authority provides a defined benefit health care program to its retired employees and their dependents. The Authority has established a trust account to administer the funding of the OPEB plan. The Authority used actuarial valuation reports supplied by OPEB consultants to recognize net OPEB liability, deferred outflows and inflows of resources, and expenses related to the plan in accordance with GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The dates of the latest report are (1) actuarial valuation date of June 30, 2020, (2) measurement date of June 30, 2020, and (3) fiscal year end of March 31, 2021.

**U. New Accounting Pronouncements**

Pronouncements Implemented During the Current Fiscal Year

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The implementation of GASB Statement No. 84 was originally required for accounting periods beginning after December 15, 2018, but was postponed by one year with GASB 95. The objective of GASB 84 is to enhance consistency and comparability by establishing criteria for identifying activities that should be reported as fiduciary activities and clarifying how business-type activities should report their fiduciary activities.

The Authority administers a trust for the purpose of funding its other post employment benefit plan, see also Note 12.

The implementation of this pronouncement requires the Authority to record the beginning net position of the funds held on behalf of its employees in trust for its other post employment benefit plan. This is a change in accounting principle. The beginning net position was previously not reported and will now be reported as \$660,495, as of April 1, 2020, in the Statement of Changes in Fiduciary Net Position.

Pronouncements to be Implemented in Subsequent Years

In June 2017, the GASB issued Statement No. 87, *Leases*. The implementation of GASB Statement No. 87 was originally required for accounting periods beginning after December 15, 2019, but was postponed by eighteen months with GASB 95. The primary objective of GASB 95 was to provide temporary relief in light of the COVID-19 pandemic. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. The impact of this pronouncement is not known at this time. The implementation of this statement is expected to occur in the next fiscal year.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 2 - CASH AND INVESTMENT**

Cash and investments as of March 31, 2021 are classified in the accompanying financial statement as follows:

Statement of net position:

Cash and investments	\$ 13,759,773
Restricted cash	<u>3,177,840</u>
Total Cash & Investments	<u><u>\$ 16,937,613</u></u>

Demand deposits	\$ 13,114,701
Investments	3,055,267
Cash held by other agencies	765,095
Cash on hand	<u>2,550</u>
Total Cash & Investments	<u><u>\$ 16,937,613</u></u>

**Investments Authorized by the Authority's Investment Policy**

Investments authorized by the Authority are empowered by the HUD Notice 99-48 and its own investment policy to invest HUD funds in the following:

- United States Treasury Bills, Notes and Bonds;
- Obligations issued by Agencies or Instrumentalities of the U.S. Government;
- State or Municipal Depository Funds, such as the Local Agency Investment Fund (LAIF) or pooled cash investment funds managed by County treasurers;
- Insured Demand and Savings Deposits, provided that deposits in excess of the insured amounts must be 100% collateralized by federal securities;
- Insured Money Market Deposit Accounts;
- Insured SUPER NOW accounts, provided that deposits in excess of the insured amount must be 100% collateralized by federal securities;
- Negotiable Certificates of Deposit issued by federally or state chartered banks or associations, limited to no more than 30% of surplus funds;
- Repurchase/Reverse Repurchase Agreements of any securities authorized by this section; securities purchased under purchase agreements shall be no less than 102% of market value;
- Sweep Accounts that are 100% collateralized by federal securities;
- Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this Section (Money Market Mutual Funds); Funds must carry the highest rating of at least two national rating agencies and are limited to not more than 20% of surplus funds;
- Funds held under the terms of a Trust Indenture or other contract or agreement including the HUD/PHA Annual Contributions Contract, may be invested according to the provisions of those indentures or contracts; and
- Any other investment security authorized under the provisions of HUD Notice PIH 97-41.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 2 (continued)**

The Authority is empowered by the California Government Code (CGC) Sections 5922 and 53601 et seq and its own investment policy to invest non-HUD funds in the following:

- Bonds issued by the local entity with a maximum maturity of five years;
- United States Treasury Bills, Notes and Bonds;
- Registered state warrants or treasury notes or bonds issued by the State of California;
- Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurer, other local agencies or Joint Powers Agencies;
- Obligations issued by Agencies or Instrumentalities of the U.S. Government;
- Bankers Acceptances with a term not to exceed 270 days, limited to 40% of surplus funds; no more than 30% of surplus funds can be invested in Bankers Acceptances of any single commercial bank;
- Prime Commercial Paper with a term not to exceed 180 days and the highest ranking issued by Moody's Investors Service or Standard & Poor's Corp., limited to 15% of surplus funds; provided that if the average total maturity of all commercial papers does not exceed 31 days up to 30% of surplus funds can be invested in commercial papers.
- Negotiable Certificates of Deposit issued by federally or state chartered banks or associations, limited to not more than 30% of surplus funds;
- Repurchase/Reverse Repurchase Agreements of any securities authorized by this Section, securities purchased under these agreements shall be no less than 102% of market value. Securities purchased under reverse repurchase agreements shall be for temporary and unanticipated cash flow needs only.
- Medium term notes (not to exceed two years) of U.S. corporations rated "AAA" or better by Moody's or Standard & Poor's limited to not more than 30% of surplus funds;
- Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this Section (Money Market Mutual Funds), limited to not more than 15% of surplus funds;
- Funds held under the terms of a Trust Indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements;
- Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations;
- Any mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment least-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five years, securities in this category must be rated AA or better by a national rating service and are limited to not more than 30% of surplus funds;
- Any other investment security authorized under the provisions of California Government Code Sections 5922 and 53601.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 2 (continued)**

**Disclosure Related to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market rates. See the table shown later in this note titled "Investment Disclosure" for the maturity dates for each of the Authority's investments.

**Disclosures related to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. See the table shown later in this note titled "Investment Disclosure" for the ratings assigned to the issuer for each of the Authority's investments.

**Concentration of Credit Risk**

See the table shown later in this note titled "Investment Disclosure" to determine how the Authority's investments are concentrated. These investments are owned by the following programs:

Public Housing Program	\$ 2,340,555	76.61%
Central Office Cost Center	59,479	1.95%
Other State and Local Programs	547,791	17.92%
Rental Rehabilitation Program	<u>107,442</u>	3.52%
Total investments	<u><u>\$ 3,055,267</u></u>	

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires California banks and savings and loan associations to secure the Authority's deposits not covered by federal deposit insurance by pledging mortgages or government securities as collateral. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Such collateral must be held in the pledging bank's trust department in a separate depository in an account for the Authority.



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 2 (continued)**

The custodial risk for investments is the risk that, in the event of the failure of the counterparty (broker-dealer, etc) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The Authority has executed a "General Depository Agreement" with WestAmerica Bank dated June 5, 2018. This agreement states that "any portion of PHA funds not insured by a Federal insurance organization shall be fully (100%) and continuously collateralized with specific and identifiable U.S. Government or Agency securities prescribed by HUD."

The Authority's exposure to custodial credit risk is as follows:

Demand deposits with banks, fully insured by FDIC	\$ 500,000
Demand deposits with banks, in excess of FDIC	439,000
Demand deposits with banks covered by depository agreements	12,136,737
Cash held by investment companies	38,964
Deposits held by CHFA	<u>765,095</u>
Total demand deposits and cash held by other agencies	<u><u>\$ 13,879,796</u></u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 2 (continued)**

See the table below for information regarding the investments.

**Investment Disclosure - March 31, 2021**

<u>Investment Type</u>	<u>Issuer</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rate</u>
Government Security	LAIF	\$ 107,325	\$ 107,461	N/A	
	Interest on LAIF	117	117	N/A	
Certif. Of Deposit	Discover Bank	105,000	106,797	1/11/2022	300
Certif. Of Deposit	Everbank	247,000	252,464	4/28/2022	214
Certif. Of Deposit	Capital One Bank	100,000	102,444	5/10/2022	300
Certif. Of Deposit	Capital One Bank	110,000	112,688	5/10/2022	300
Certif. Of Deposit	Goldman Sachs Bank	149,000	153,065	6/07/2022	300
Certif. Of Deposit	Capital One Bank	220,000	226,921	9/20/2022	300
Certif. Of Deposit	Barclays Bank - Delaware	247,000	254,867	9/27/2022	300
Certif. Of Deposit	Discover Bank	140,000	145,883	12/28/2022	300
Certif. Of Deposit	Morgan Stanley Bank	150,000	156,695	1/11/2023	300
Certif. Of Deposit	Sallie Mae Bank	173,000	181,039	2/08/2023	300
Certif. Of Deposit	Citi Bank NA	100,000	106,117	5/04/2023	300
Certif. Of Deposit	Goldman Sachs Bank	100,000	107,159	7/25/2023	300
Certif. Of Deposit	Comenity Capital Bank	120,000	128,611	8/14/2023	300
Certif. Of Deposit	Citi Bank NA	145,000	156,233	2/15/2024	300
Certif. Of Deposit	Morgan Stanley Bank	160,000	169,621	7/25/2024	288
Certif. Of Deposit	State Bank of India	140,000	143,091	5/28/2025	150
Certif. Of Deposit	Texas Exchange Bank	105,000	105,049	6/19/2025	296
Certif. Of Deposit	JP Morgan Chase Bank	105,000	104,019	10/30/2025	296
Certif. Of Deposit	JP Morgan Chase Bank	130,000	128,346	1/20/2026	296
Gov't Agency	Farmer Mac	105,000	106,716	2/03/2022	AAA
Total Investments		<u>\$ 2,958,442</u>	3,055,403		
Investments reported below fair value			(136)		
Total Investments reported			<u>\$ 3,055,267</u>		

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The hierarchy for the Authority's investments are considered Level 2, except for the LAIF investments which are not subject to fair value hierarchy.

The Authority has not executed a General Depository Agreement with either the Local Agency Investment Fund (LAIF) or Cantella Investments (the Authority's broker for investments other than LAIF).

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. Each government agency may invest up to \$30,000,000 in

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 2 (continued)**

each account in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF.

At March 31, 2021, an account was maintained in the name of the Housing Authority of the County of Contra Costa for \$106,006. The total cost value of investment in LAIF was \$107,325. The total fair value of investments in LAIF was \$107,461. The fair value total includes an unrealized gain on investments of \$136. The unrealized gain was based on a fair value adjustment factor of 1.001269853 that was calculated by the State of California Treasurer's Office. The unrealized gain was not recorded by the Authority and is considered immaterial. Of the \$107,325 invested in LAIF, \$107,442 is recorded as assets of the Authority. The difference includes \$117 of interest receivable from LAIF as of March 31, 2021, shown by the Authority as investments.

LAIF is a part of the State of California Pooled Money Investment Account (PMIA). At March 31, 2021, the fair value of the State of California Pooled Money Investment Account (PMIA), including accrued interest, was \$127,000,522,693. The PMIA portfolio had securities in the form of structured notes totaling \$1,100 million and asset-backed securities totaling \$2,340.565 million. The PMIA has policies, goals and objectives for the portfolio to make certain that the goals of safety, liquidity, and yield are not jeopardized. These policies are formulated by investment staff and reviewed by both the PMIA and LAIF Advisory Boards on an annual basis. LAIF's and the Authority's exposure to credit, market, or legal risk is not available.

During 2002, California Government code was added to the LAIF's enabling legislation stating that "the right of a city, county...special district...to withdraw its deposited money from the LAIF upon demand may not be altered, impaired, or denied in any way by any state official or state agency based upon the State's failure to adopt a State Budget by July 1 of each new fiscal year." In addition, it has been determined that the State of California cannot declare bankruptcy under Federal regulations. This allows other government code stating that "money placed with the State Treasurer for deposit in the LAIF shall not be subject to ...transfer or loan...or impound or seizure by any state official or state agency" to stand.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 3 - RESTRICTED CASH**

Restricted cash consists of funds for replacement and operating reserves required by the lender and funds being held by the Authority on behalf of its clients. The balances are as follows:

HUD funds restricted in use for HAP payments	\$ 1,748,306
Family Self Sufficiency Program participant's escrow funds	656,673
Blended component unit - Casa Del Rio:	
Funds held by CHFA:	
Replacement reserve	469,352
Operating reserve	243,857
Hazard and earthquake insurance impounds	51,886
Tenant security deposits	<u>7,766</u>
Total restricted cash	<u>\$ 3,177,840</u>

The funds held by the California Housing Finance Agency (CHFA) can only be used for major repairs or insurance, upon receipt of prior written approval from CHFA. These amounts, as well as the HUD funds restricted in use for HAP payments, are also reported as restricted net position (see also Note 10). The amounts held by the Authorities for program participants of the FSS program and for tenant security deposits are reported as payable from restricted assets.

Tenant security deposits are not fully designated as restricted cash as of fiscal year end.

Please see the prior note to determine interest rates and credit risks for the above restricted cash.

**Note 4 - NOTES RECEIVABLE**

A schedule of changes in notes receivable is as follows:

	Balance 3/31/2020	Loans Issued	Loans Repaid	Balance 3/31/2021	Long-term Portion	Short-term Portion
CDBG Loan Program	\$ 322,436	\$ -	\$ -	\$ 322,436	\$ 322,436	\$ -
Rental Rehab. Program	54,030	-	-	54,030	54,030	-
Employee computer loans	2,900	1,689	(3,606)	983	-	983
DeAnza Gardens LP	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
	1,379,366	1,689	(3,606)	1,377,449	1,376,466	983
Interfund:						
CDR from mgmt fund	185,000	-	-	185,000	185,000	-
Totals	<u>\$ 1,564,366</u>	<u>\$ 1,689</u>	<u>\$ (3,606)</u>	<u>\$ 1,562,449</u>	<u>\$ 1,561,466</u>	<u>\$ 983</u>

Interest on these loans is as follows:

	Balance 3/31/2020	Interest Accrued	Interest Repaid	Balance 3/31/2021	Long-term Portion	Short-term Portion
CDBG Loan Program	\$ 117,370	\$ 9,255	\$ -	\$ 126,625	\$ 126,625	\$ -
Rental Rehab. Program	20,635	1,620	-	22,255	22,255	-
DeAnza Gardens LP	570,107	30,000	-	600,107	600,107	-
Totals	<u>\$ 708,112</u>	<u>\$ 40,875</u>	<u>\$ -</u>	<u>\$ 748,987</u>	<u>\$ 748,987</u>	<u>\$ -</u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 4 (continued)**

The Authority has made deferred payment loans to individuals and organizations under the County's Community Development Block Grant (CDBG) and Rental Rehabilitation (RR) Programs. These loans are secured by deeds of trust in the name of the County of Contra Costa or the City of Antioch. These programs are revolving loan programs administered by the Authority. Any repayments of outstanding loans, or interest on the loans, must be used for new loans or program administration as authorized by the County or the City of Antioch. These loans typically earn 3% interest per annum. These notes receivable, along with all of the accrued interest, are offset by an equal amount shown in other noncurrent liabilities (See Note 9).

The Authority administers an employee loan program whereby employees can borrow funds for the purpose of purchasing a computer to be used at home. These loans accrue no interest. Payments are made through the payroll system.

Pursuant to a demand note dated June 30, 1994, the Authority may be liable to HACCC Casa Del Rio, Inc for \$185,000. Although the note is due upon demand, the maturity date is December 31, 2059. The note will be called prior to maturity only in the event that there are operating deficits and there is insufficient cash available to cover expenses.

The Authority has also issued a note to the DeAnza Gardens, L.P., which is a discretely presented component unit of the Authority (see Note 1.B.). The note bears simple interest at the rate 3% per annum, payments are due commencing on October 1, 2005, but are payable only to the extent of the previous years' excess/distributable cash, and is due June 2043. No payments, of interest or principal, have been received on this loan.

Not shown on the previous schedule, the DeAnza Housing Corporation issued a note in the amount of \$1,000,000 bearing simple interest at 6.8%, to be paid in full June 2043. This second note is an intra-fund transaction. DeAnza Gardens L.P. owes the DeAnza Housing Corporation. This loan has been eliminated from the discretely presented component unit column of the Statement of Net Position. Since this loan does not effect the Authority, it is not shown in the table on the prior page.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 5 - CAPITAL ASSETS**

Capital asset activity for the year ending March 31, 2021.

	March 31, 2020	Additions	Adjustments/ Transfers	Deletions	March 31, 2021
<b>Capital assets, not being depreciated:</b>					
Land	\$ 2,158,260	\$ -	\$ 489,055	\$ -	\$ 2,647,315
Construction in progress	1,173,804	1,494,763	(1,308,477)	-	1,360,090
Total	3,332,064	1,494,763	(819,422)	-	4,007,405
<b>Capital assets depreciated:</b>					
Buildings and improvements	102,564,403	64,192	819,422	-	103,448,017
Equipment	3,033,219	567,319	-	(240,672)	3,359,866
Total capital assets being depreciated	105,597,622	631,511	819,422	(240,672)	106,807,883
Total capital assets	108,929,686	2,126,274	-	(240,672)	110,815,288
<b>Accumulated depreciation:</b>					
Buildings and improvements	(93,853,196)	(1,348,133)	-	-	(95,201,329)
Equipment	(2,854,598)	(188,461)	-	240,672	(2,802,387)
Total accumulated depreciation	(96,707,794)	(1,536,594)	-	240,672	(98,003,716)
Total capital assets depreciated, net	8,889,828	(905,083)	819,422	-	8,804,167
Total capital assets, net	\$ 12,221,892	\$ 589,680	\$ -	\$ -	\$ 12,811,572

The changes by project are as follows:

	March 31, 2020	Additions	Adjustments/ Transfers	Deletions	March 31, 2021
<b>TOTAL CAPITAL ASSETS:</b>					
Public Housing	\$ 96,017,108	\$ 1,796,544	\$ -	\$ (133,394)	\$ 97,680,258
Housing Choice Voucher	5,397,267	285,681	-	(107,278)	5,575,670
CDBG/Rental Rehab Loan	3,937	-	-	-	3,937
Management Fund	81,446	-	-	-	81,446
Central Office Cost Center	184,580	13,878	-	-	198,458
Blended Component Units:					
Casa Del Rio	7,245,348	30,171	-	-	7,275,519
Total capital assets	108,929,686	2,126,274	-	(240,672)	110,815,288
<b>DEPRECIATION:</b>					
Public Housing	(89,198,501)	(1,068,484)	-	133,394	(90,133,591)
Housing Choice Voucher	(2,692,982)	(287,731)	-	107,278	(2,873,435)
CDBG/Rental Rehab Loan	(3,937)	-	-	-	(3,937)
Management Fund	(77,927)	(1,672)	-	-	(79,599)
Central Office Cost Center	(180,835)	(6,058)	-	-	(186,893)
Blended Component Units:					
Casa Del Rio	(4,553,612)	(172,649)	-	-	(4,726,261)
Total depreciation	(96,707,794)	(1,536,594)	-	240,672	(98,003,716)
Net	\$ 12,221,892	\$ 589,680	\$ -	\$ -	\$ 12,811,572

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 5 (continued)**

The Authority has been working with HUD to dispose of three of their Public Housing projects. The units associated with these projects have been removed from the Authority's available rental units and have been demolished or are sitting idle. The historical costs of these units remain on the books of accounts and included in the amounts shown above. As of March 31, 2021, \$1,083,643 of land and \$466,495 of construction-in-progress is included above as capital assets, not being depreciated. In addition, buildings and improvements of \$16,872,257, along with the associated depreciation of \$16,628,877, are included above as capital assets being depreciated. Depreciation will continue until the property is sold, at which time the book value of the property will be removed from the books of accounts.

**Note 6 - LONG TERM DEBT**

The following is a schedule of the changes in long-term debt for the current fiscal year:

	Balance 3/31/2020	Loans Issued	Payments	Balance 3/31/2021	Short-term Portion	Long-term Portion	Interest Payable
Office building mortgage	\$ 1,462,146	\$ -	\$ (229,403)	\$ 1,232,743	\$ 240,762	\$ 991,981	\$ -
Blended component units:							
Casa Del Rio:							
CHFA	214,020	-	(36,420)	177,600	39,365	138,235	-
RHCP	2,626,618	-	-	2,626,618	-	2,626,618	1,878,288
	4,302,784	-	(265,823)	4,036,961	280,127	3,756,834	1,878,288
Loan costs	(15,388)	-	3,140	(12,248)	-	(12,248)	-
Totals	<u>\$ 4,287,396</u>	<u>\$ -</u>	<u>\$ (262,683)</u>	<u>\$ 4,024,713</u>	<u>\$ 280,127</u>	<u>\$ 3,744,586</u>	<u>\$ 1,878,288</u>
Interfund:							
Mgmt Fund to CDR	<u>\$ 185,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,000</u>	<u>\$ -</u>	<u>\$ 185,000</u>	<u>\$ -</u>

Following is a schedule of debt payment requirements to maturity for the mortgages noted above that require payments:

Year ending	Office Building		CHFA		Total
	Principal	Interest	Principal	Interest	
2022	\$ 240,762	\$ 55,457	\$ 39,365	\$ 12,466	348,050
2023	253,060	43,159	42,547	9,284	348,050
2024	265,722	30,497	45,987	5,844	348,050
2025	279,154	17,065	49,701	2,130	348,050
2026	194,045	3,615	-	-	197,660
	<u>\$ 1,232,743</u>	<u>\$ 149,793</u>	<u>\$ 177,600</u>	<u>\$ 29,724</u>	<u>\$ 1,589,860</u>

During December 2006, the Authority purchased an office building to house the staff of their Housing Choice Voucher Program. To facilitate this purchase, the Authority borrowed \$2,847,500

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 6 (continued)**

from WestAmerica Bank on December 15, 2006. Originally, the interest on this loan was 6.75% per annum. The interest rate decreased to 6% in 2012 and 5.25% in 2013. On November 1, 2015, the terms of the loan agreement with WestAmerica Bank were changed. As of November 1, 2015, the \$2,335,903 loan will be amortized over 120 months, is due November 1, 2025, requires monthly payments of \$24,685, and accrues interest at a fixed rate of 4.850% per annum. Interest of \$66,816 was paid to WestAmerica Bank and expensed during the fiscal year ended March 31, 2021.

The California Housing Finance Agency note, received through the State of California, is dated November 14, 1994. The original amount borrowed was \$600,000. The loan carries a simple interest rate of 7.8% per annum. Principal and interest are payable in monthly installments of \$4,319. The note is due in full December 2024. Interest in the amount of \$15,410 was paid and expensed during the calendar year ended December 31, 2020.

The Rental Housing Construction Program note, received through the State of California, is dated January 15, 1993. The original amount borrowed was \$2,626,618. The loan accrues interest at a rate of 3% per annum. Payments are required on this loan only to the extent that the Casa Del Rio project has surplus cash. This note and interest on the note are due June 5, 2054. No principal payments were made on this loan during the year ended December 31, 2020. Interest payments in the amount of \$240,750 were made to the State during the current fiscal year. This payment represented 75% of excess cash as of December 31, 2019. Interest was expensed in the amount of \$78,787. The amount of deferred interest accrued as payable as of the end of the fiscal year was \$1,878,288. Of this amount \$542,815 is reported as a short-term liability. This amount represents 75% of the excess cash as of December 31, 2020. The remaining amount is considered to be long-term and is shown as other noncurrent liabilities. See also Note 9.

Costs incurred in order to obtain permanent financing for the Casa Del Rio notes were \$94,143 and are amortized on a straight-line basis into interest expense over the term of the loan. Interest expense amortization of permanent loan costs was \$3,140 during the current fiscal year.

Pursuant to a demand note dated June 30, 1994, the Authority may be liable to HACCC Casa Del Rio, Inc for \$185,000. Although the note is due upon demand, the maturity date is December 31, 2059. The note will be called prior to maturity only in the event that there are operating deficits and there is insufficient cash available to cover expenses.



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 7 - PAYMENT IN LIEU OF TAXES**

In connection with the Public Housing Program, the Authority is obligated to make annual payments in lieu of property taxes based on the lesser of 25% of the assessable value of owned housing, times the current tax rate; or 10% of the dwelling rents, net of utilities expense. At March 31, 2021, \$99,686 was expensed for payment in lieu of taxes. Approximately 75% is payable as of March 31, 2021 and is shown as *Due to Other Agencies*.

**Note 8 - UNEARNED REVENUE**

Unearned revenue consists of:

Revolving loan funds held for future expenditures		\$ 189,663
Prepaid rent - Public Housing	\$ 29,485	
Casa Del Rio	<u>675</u>	30,160
Prepaid portability payments received		
from other agencies - Housing Choice Voucher		<u>350,982</u>
		<u><u>\$ 570,805</u></u>

**Note 9 - OTHER NONCURRENT LIABILITIES**

Other noncurrent liabilities consist of:

Loan liability:		
CDBG:		
Notes receivable (See also Note 4)	\$ 322,436	
Interest on notes receivable (See also Note 4)	<u>126,625</u>	\$ 449,061
Rental Rehabilitation:		
Notes receivable (See also Note 4)	54,030	
Interest on notes receivable (See also Note 4)	<u>22,255</u>	76,285
Long term portion of the interest payable		
on the RHCP loan - a liability of the blended		
component unit, Casa Del Rio (See also Note 6)		<u>1,335,473</u>
		<u><u>\$ 1,860,819</u></u>

**Note 10 - NET POSITION**

**A. Net investment in capital assets**

Net investment in capital assets consists of the following:

Capital assets, net of depreciation (see Note 5)	\$ 12,811,572
Long term debt (omitting interfund balances) (see Note 6)	(4,024,713)
Accrued interest on long term debt (see Note 6 & 9)	<u>(1,335,473)</u>
Net investment in capital assets	<u><u>\$ 7,451,386</u></u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 10 (continued)**

**B. Restricted Net Position**

Net position is reported as restricted when constraints placed on the net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Authority has reported the following as restricted net position:

Housing Choice Voucher - HAP	\$ 1,477,589
Mainstream Voucher - HAP	270,717
Casa Del Rio Senior Housing - Reserves	<u>765,095</u>
Restricted net position	<u>\$ 2,513,401</u>

In 2012, HUD implemented cash management procedures which mitigated the accumulation of excess HAP in Net Restricted Asset accounts by PHAs. These procedures based the payment of HAP on actual need reported by PHAs in the Voucher Management System (VMS). Most excess allocation is now held by HUD until PHAs demonstrate the need for the disbursement of funds. The balance in the HUD held reserves as of December 31, 2020 was approximately \$70,000 and \$220,000 for the Housing Choice and Mainstream 5 Voucher Programs, respectively.

The restricted net position associated with the Casa Del Rio Senior Housing represents replacement and operating reserves required by CHFA. These funds are being held by CHFA and are fully funded. See also Note 3.

**C. Deficit Unrestricted Net Position**

The Authority has a deficit unrestricted net position balance as of March 31, 2021, of \$3,997,806. This deficit is the result of the Authority's compliance with GASB Statement No 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement 27* and GASB Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. When these factors are isolated, the Authority has positive unrestricted net assets as it relates to operations. The balances associated with the pension and OPEB plans change annually as payments are made to the plan and as actuarial information is received regarding the plan.

The following detail provides as overview, at the Authority-wide level, of the unrestricted net position:

	Balance 4/1/2020	Net Change	Balance 3/31/2021
Operations net position	\$ 9,712,176	\$ 5,289,159	\$ 15,001,335
GASB 68 Pension net position	(7,144,227)	1,843,949	(5,300,278)
GASB 75 OPEB net position	<u>(6,565,755)</u>	<u>(168,879)</u>	<u>(6,734,634)</u>
	<u>\$ (3,997,806)</u>	<u>\$ 6,964,229</u>	<u>\$ 2,966,423</u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 11 - RETIREMENT PLAN**

**A. Plan Description**

The Authority participates in a cost-sharing multiple-employer defined benefit retirement plan that is administered by the Contra Costa County Employees' Retirement Association (CCCERA) under the County's Employee's Retirement Law of 1937 (1937 Act) and the Public Employee's Pension Act of 2013 (PEPRA). A more detailed description of the plan and the benefits provided can be obtained from the CCCERA's Comprehensive Annual Financial Report and the CCCERA's Actuarial Valuation and Review, which are located at [www.cccera.org](http://www.cccera.org). CCCERA is a component unit of the County of Contra Costa.

CCCERA follows accounting principles and reporting guidelines set forth by GASB. The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America, under which revenues are recognized when earned and deductions are recorded when the liability is incurred. Contributions are recognized in the period due, investment income is recognized as revenue when earned, retirement benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the Plan. Investments are carried at fair value. There have been no significant changes to the plan.

**B. Benefits Provided**

All full-time employees of the Authority participate in this plan. There are currently 83 active plan members and 76 retirees or beneficiaries receiving benefits. The plan provides death, disability and service retirement benefits, in accordance with the 1937 ACT. Annual cost-of-living adjustments (COLA) to retirement benefits can be granted by the Retirement Board as provided by State statutes. The Authority has two applicable tiers, Tier 1 Enhanced and PEPRA Tier IV (3% Max COLA).

Tier 1 Enhanced employees are those with a membership prior to January 1, 2013. These members are eligible to retire once they attain the age of 70 regardless of service or at age 50, with 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. Benefits are calculated pursuant to Section 31676.16 for Enhanced Benefit Formulae. The monthly allowance is 1/50th (Enhanced) of final compensation times years of accrued retirement service credit times age factor from Section 31676.16 (Enhanced). The maximum retirement benefit is 100% of final compensation. Final average compensation consists of the highest 12 consecutive months.

PEPRA Tier IV employees are those with a membership on or after January 1, 2013. These members are eligible to retire once they have attained the age of 70 regardless of service or at 52, with five years of retirement service credits. Benefits are calculated pursuant to the

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
MARCH 31, 2021**

(Continued)

**Note 11 (continued)**

provisions found in California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a). There is no final compensation limit in the maximum retirement benefit for this tier. Final average compensation consist of the highest 36 consecutive months.

**C. Contributions**

The Authority contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from the CCCERA actuary after the completion of the annual actuarial valuation. Contribution rates for Tier 1 vary based on the employee's age at entry into the plan. Members are required to make contributions to CCCERA regardless of the retirement plan or tier in which they are included. The rates and contributions made during the fiscal year ended March 31, 2021 were as follows:

Tier	Payroll Subject to Contribution	Employer Contribution	Contribution as a % of Payroll	Employee Contribution	Contribution as a % of Payroll
Classic (tier 1)	\$ 3,790,661	\$ 1,780,583	46.97%	\$ 277,948	7.33%
PEPRA	2,271,543	957,354	42.15%	168,199	7.40%
Total	<u>\$ 6,062,205</u>	<u>\$ 2,737,937</u>	45.16%	<u>\$ 446,147</u>	7.36%

The contributions made by the Authority of \$2,737,937, including \$230,230 employer subvention of member contributions. As of March 31, 2021, the Authority owed CCCERA \$273,026. This liability is short-term, represents March contributions paid in April 2021, and is reported as "accrued salaries and related costs" in the Statement of Net Position - Proprietary Funds.

**D. Net Pension Liability**

*The Governmental Accounting Standards 68 Actuarial Valuation Based on December 31, 2020 Measurement Date for Employer Reporting as of June 30, 2021*, provided by CCCERA outlines the net pension liability (NPL) allocated to its member employers as based on the following definition of covered payroll - "Only compensation earnable and pensionable would go into the determination of retirement benefits". The NPL was measured as of December 31, 2020 and 2019. The Plan's Fiduciary Net Position was valued as of the measurement dates and the TPL was determined based upon rolling forward the TPL from actuarial valuations as of December 31, 2019 and 2018, respectively. In addition, changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected, if any. Consistent with the provisions of GASB 68, the assets and liabilities measured as of December 31, 2020 and 2019 are not adjusted or rolled forward to the June 30, 2021 and 2020 reporting dates, respectively.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 11 (continued)**

The components of NPL for CCCERA, as a whole, are as follows:

Reporting Date for employer under GASB 68	6/30/2021	6/30/2020
Measurement Date for Employer under GASB 68	<u>12/31/2020</u>	<u>12/31/2019</u>
Total Pension Liability (TPL)	\$ 10,531,687,786	\$ 10,121,098,471
Plan's Fiduciary Net Position	<u>(10,070,237,862)</u>	<u>(9,257,012,679)</u>
Net Pension Liability (NPL)	<u>\$ 461,449,924</u>	<u>\$ 864,085,792</u>
Plan's Fiduciary Net Position as a % of TPL	95.62%	91.46%

The Plan provisions used in the measurement of the NPL as of December 31, 2020 and 2019 are the same as those used in the CCCERA actuarial valuation as of December 31, 2020 and 2019, respectively. The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the Post Retirement Death Benefit Reserve.

The most recent Actuarial Report available from CCCERA had a valuation date of December 31, 2020. The December 31, 2020 CCCERA Actuarial Report reflects the following changes to the Authority's NPL balances:

Reporting Date for employer under GASB 68	6/30/2021	6/30/2020
Measurement Date for Employer under GASB 68	<u>12/31/2020</u>	<u>12/31/2019</u>
NPL as the beginning of the measurement period	\$ 6,324,839	\$ 10,796,497
Pension Expense	663,756	1,967,995
Employer Contributions (1)	(2,469,111)	(2,297,649)
New Net Deferred Inflows/Outflows of Resources	(1,592,562)	(2,835,860)
Change in Allocation of Prior Deferred Inflows/Outflows	(27,995)	(87,169)
New Net Deferred Flows Due to Changes in Proportion (2)	96,299	(281,795)
Recognition of Prior Deferred Inflows/Outflows of Resources	376,331	(943,947)
Recognition of Prior Deferred Flows Due to Change in Proportion (2)	<u>87,424</u>	<u>6,767</u>
NPL as of the end of the measurement period	<u>\$ 3,458,981</u>	<u>\$ 6,324,839</u>
Authority's proportionate share of CCCERA's NPL	0.750%	0.732%

(1) Includes "member subvention of employer contributions" and excludes "employer subvention of member contributions".

(2) Includes differences between employer contributions and proportionate share of contributions.

**Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability as of December 31, 2020 calculated using the discount rate of 7.00%, as well as what the NPL liability would be if it were calculated using a discount rate that is one percentage point lower or higher than the current rate:

	1% decrease 6.00%	Current rate 7.00%	1% increase 8.00%
Housing Authority NPL	\$ 12,637,628	\$ 3,458,981	\$ (4,060,100)
CCCERA NPL in total	\$ 1,863,212,334	\$ 461,449,924	\$ (686,863,670)
Authority NPL as a % of CCCERA	0.678%	0.750%	0.591%

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 11 (continued)**

**E. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension**

Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits as follows:

Reporting Date for employer under GASB 68	6/30/2021	6/30/2020
Measurement Date for Employer under GASB 68	12/31/2020	12/31/2019
Service Cost	\$ 1,809,469	\$ 1,709,668
Interest on total pension liability	5,333,407	4,976,147
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	27,752	(80,284)
Expensed portion of current-period difference between expected and actual experience in the TPL	(17,037)	195,456
Expensed portion of current-period changes of assumptions or other inputs	(29,928)	-
Member contributions (1)	(860,818)	(801,303)
Projected earnings on plan investments	(4,868,081)	(4,171,930)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(357,398)	(880,478)
Administrative expense	81,533	75,342
Other expenses	8,612	8,197
Recognition of beginning of year deferred outflows of resources as pension expense	1,464,192	1,922,468
Recognition of beginning of year deferred inflows of resources as pension expense	(1,840,523)	(978,521)
Net amortization of deferred amounts from changes in proportion and differences between employer's contribution and proportionate share of contributions	(87,424)	(6,767)
Pension expense	<u>\$ 663,756</u>	<u>\$ 1,967,995</u>

(1) Includes "employer subvention of members contributions" and "excludes member subvention of employer contributions"

Deferred outflows and inflows of resources represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner. In addition, deferred outflows of resources include employer contributions to the pension plan made subsequent to the measurement date, as follows:

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 11 (continued)**

	Deferred Outflows	Deferred Inflows
Changes in proportion and differences between employer's contribution and proportionate share of contribution (1)	\$ 133,238	\$ 335,838
Changes in assumptions or other input	-	344,550
Net excess of projected over actual earnings on pension plan investments	-	2,493,719
Difference between expected and actual experience in the Total Pension Liability	640,302	87,750
Balances per actuarial report		
- measurement date 12/31/2020	773,540	3,261,857
Employer contributions made January thru March 2021	647,020	-
Balances reported March 31, 2021	<u>\$ 1,420,560</u>	<u>\$ 3,261,857</u>

(1) Calculated in accordance with Paragraph 54 and 55 of GASB 68

Deferred outflows and inflows of resources, other than the employer contributions noted above, are reported in the aggregate as net deferred inflows and will be recognized in future pension expense as follows:

Measurement period:	
2021	\$ (832,158)
2022	(70,394)
2023	(1,219,337)
2024	(366,428)
	<u>\$ (2,488,317)</u>

The amount reported as deferred outflows of resources related to employer contributions made January through March 2021, should have the effect of reducing net pension liability during the next actuarial measurement period.

**F. Actuarial Assumptions**

The total pension liability (TPL) as of December 31, 2020, and December 31, 2019 that were measured by actuarial valuations as of December 31, 2019 and December 31, 2018, respectively, used the following actuarial assumptions, which were based on the results of an experience study for the period January 1, 2015 through December 31, 2017, applied to all periods included in the measurement. They are the same actuarial assumptions as those used for the December 31, 2020 funding valuation and the December 31, 2019 funding actuarial valuation. The TPL determined as of December 31, 2020 also included a refinement to the Entry Age actuarial cost method calculation for active reciprocal members and was based on a recommendation made in the December 31, 2018 actuarial audit.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 11 (continued)**

Valuation Date	12/31/2020	12/31/2019
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level % of Payroll	Level % of Payroll
Inflation	2.75%	2.75%
Salary increases - general	3.75% to 15.25%	3.75% to 15.25%
Investment rate of return	7.00%	7.00%
Administrative expenses	1.14%	1.14%
Cost of living adjustment	2.75%	2.75%

When measuring pension liability GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as CCCERA uses for funding. This means that the TPL measured for financial reporting shown in this report is determined on generally the same basis as CCCERA's actuarial accrued liability (AAL) measure for funding.

Mortality rates for member contributions were based on the PUB-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected 30 years with the two-dimensional mortality improvement scale MP-2020, weighted 30% male and 70% female.

The long-term expected rate of return on pension plan investments determined in 2019 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the December 31, 2020 and 2019 actuarial valuations. This information will be subject to change every three years based on the results of an actuarial experience study.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate</u>
Large Cap U.S. Equity	5.0%	5.44%
Developed International Equity	13.0	6.54
Emerging Markets Equity	11.0	8.73
Short-term Gov't/Credit	23.0	0.84
U. S. Treasury	3.0	1.05
Private Equity	8.0	9.27
Risk Diversifying	7.0	3.53
Global Infrastructure	3.0	7.9
Private Credit	12.0	5.80
Real Estate (all)	10.0	6.8%-12%
Risk Parity	5.0	5.80
Total	<u>100.0%</u>	



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 11 (continued)**

The discount rate used to measure the TPL was 7% as of both December 31, 2020 and December 31, 2019. The projection of cash flows used to determine the discount rate assumed employer and employee contributions will be made at the rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions for future plan members, are not included. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2020 and 2019.

**Note 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**Plan Description:** Contra Costa County Housing Authority (The Authority) administers a single-employer, defined benefit health care plan. Currently, the plan provides postemployment medical and dental insurance benefits to eligible employees, and their dependents, who retire from the Authority and commence receiving their CCCERA pension at the time of retirement. Health benefit provisions for active employees are established and may be amended through negotiations between the Authority and their bargaining unit and employee groups. The Authority does not issue a separate audit report on its post retirement health benefit plan.

The Contra Costa County Board of Supervisors appointed the Executive Director of the Authority as the Plan Administrator. As of March 31, 2021, Public Agency Retirement Services is the Trust Administrator.

The Contra Costa County Board of Supervisors has the right at any time and for any reason, in its sole discretion, to modify, alter, or amend the Plan in whole or in any part, in any manner and without limit, including reducing or eliminating the payment of any benefits. WestAmerica Bank (Trustee) shall, upon written direction of the Plan Administrator, make distributions from the assets of the Trust to the insurers, third party administrators, health care and welfare providers or other entities providing Plan benefits or services, or to the employer for reimbursement of Plan benefits and expenses paid by the employer.

**Benefits:** The Authority has contracted with Kaiser Permanente, Anthem, United Healthcare, Blue Shield, and the California Public Employees' Retirement System (CalPERS) to provide medical benefits and Delta Dental for dental benefits.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
MARCH 31, 2021**

(Continued)

**Note 12 (continued)**

The Authority contributes the cost of retiree medical and dependent medical and dental coverage up to specified limits. The maximum monthly contributions are:

<u>Coverage Level</u>	<u>Maximum Monthly Contribution</u>
Retiree	\$462
Retiree +1	\$924
Retiree +2	\$1,205

These caps are not expected to increase in the future. At the retiree's death a surviving spouse may elect to continue coverage. However, they must contribute 100% of the required contribution. The retiree dental plan is the same as the plan provided to active employees. Monthly dental only premiums are:

<u>Coverage Level</u>	<u>Dental Only Premium</u>
Retiree	\$ 63.72
Retiree +1	\$110.81
Retiree +2	\$186.36

**Eligibility:** Eligibility for retiree medical and dental benefits generally require an employee to (1) be age 50 or older with at least 10 years of service with the Authority, (2) be age 55 or older with at least 5 years of service with the Authority, or (3) have completed 30 or more years of service with the Authority.

**Demographic Data for the fiscal year ended June 30, 2020:**

Retirees and beneficiaries receiving benefits	68
Active plan members	<u>81</u>
Total	<u><u>149</u></u>

**Contributions:** The contribution requirements of program members and the Authority are determined by negotiations between the Authority and the respective unions and employee groups. There is currently no requirement for employees to contribute to the plan.

In 2016, The Authority established a trust account with the Public Agency Retirement Services (PARS) to administer the funding of the projected benefits of the OPEB plan. Monthly, the Authority makes healthcare premium payments for its current retirees to the benefit providers. The retiree contributes any necessary amount of the premium cost that exceeds the specific established plan limits. The Authority then makes deposits into their PARS trust account for the difference between the actuarially determined annual OPEB cost and the out-of-pocket payments made to the healthcare benefit providers.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 12 (continued)**

The contributions made for the measurement period year ended June 30, 2020 were as follows:

Contribution made to PARS	\$ -
Payments to CalPERS for retiree premiums	329,675
Payments to CalPERS for implicit subsidy of retirees	<u>103,787</u>
Total employer contributions	<u>\$ 433,462</u>

Investments: The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan Administrator. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The following was the adopted asset allocation policy as of June 30, 2020:

<u>Investment Class</u>	<u>Target allocation</u>	<u>Long-Term Expected Real Rate of Return (1)</u>
Equity	73%	5.66%
Fixed Income	20%	1.46%
REITs	2%	5.06%
Cash	5%	0.00%

(1) JP Morgan arithmetic Long Term Capital Market assumptions and expected inflation of 2.26%

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB:**

At March 31, 2021, the Authority reported \$6,663,297 for the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. The Authority's net OPEB liability was based on a projection of the Authority's covered payroll of \$5,804,388.

Plan Fiduciary Net Position (plan assets) was valued as of the measurement date and agrees with the account balance held by PARS. As of June 30, 2020, the Plan Fiduciary Net Position was \$752,456.

For the year ended March 31, 2021, the Authority recognized OPEB expense of \$587,138. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for service cost, interest on the total OPEB liability, and expected investment return, net of investment expense, as follows:

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 12 (continued)**

	<u>6/30/2020</u>	<u>6/30/2019</u>
<b>Components of OPEB Expense</b>		
Service Cost	\$ 209,178	\$ 166,281
Interest on the total OPEB liability	553,480	436,877
Projected earnings on OPEB plan investments	(56,181)	(43,011)
Administrative expenses	1,883	1,246
Changes in benefit terms	-	1,308,625
Recognition of deferred resources due to:		
Changes in assumptions	(28,195)	3,603
Differences between expected and actual experience	(107,073)	(63,742)
Differences between projected and actual earnings on assets	14,046	1,447
Aggregate OPEB expense	<u>\$ 587,138</u>	<u>\$ 1,811,325</u>

The components of the net OPEB liability as of June 30, 2020, were as follows:

	<u>6/30/2020</u>	<u>6/30/2019</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 209,178	\$ 166,281
Interest	553,480	436,877
Changes in benefit terms	-	1,308,625
Differences between expected and actual experience	(235,678)	24,988
Changes in assumptions	(171,044)	-
Benefits payments	(433,462)	(371,272)
Net change in total OPEB liability	(77,526)	1,565,499
Total OPEB liability - beginning (a)	7,493,279	5,927,780
Total OPEB liability - ending (b)	<u>\$ 7,415,753</u>	<u>\$ 7,493,279</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 433,462	\$ 663,460
Net investment income	(6,813)	31,079
Benefit payments	(433,462)	(371,272)
Administrative expenses	(1,883)	(1,246)
Net change in plan fiduciary net position	(8,696)	322,021
Plan fiduciary net position - beginning (.c.)	761,152	439,131
Plan fiduciary net position - ending (d)	<u>\$ 752,456</u>	<u>\$ 761,152</u>
Net OPEB Liability - beginning (a) - (.c.)	<u>\$ 6,732,127</u>	<u>\$ 5,488,649</u>
Net OPEB Liability - ending (b) - (d)	<u>\$ 6,663,297</u>	<u>\$ 6,732,127</u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 12 (continued)**

At March 31, 2020, the Authority reported deferred inflows of resources and deferred outflows of resources related to OPEB for the following resources:

	Deferred Outflows	Deferred Inflows
Unrecognized deferred resources due to:		
Differences between expected and actual experience	\$ 15,002	\$ 323,635
Changes in assumptions	7,222	139,246
Net differences between projected and actual earnings	56,616	-
Balances per actuarial report - measurement date 6/30/2020	78,840	462,881
Employer contributions made July 2020 thru March 2021	312,704	-
Balances reported March 31, 2021	<u>\$ 391,544</u>	<u>\$ 462,881</u>

Deferred outflows and inflows of resources, other than the employer contributions noted above, will be recognized in future pension expense as follows:

Measurement period:	
2022	\$ (118,688)
2023	(117,753)
2024	(55,947)
2025	(62,991)
2026	(28,662)
	<u>\$ (380,041)</u>

The amount reported as deferred outflows of resources related to employer contributions made July 2020 through March 2021, should have the effect of reducing net pension liability during the next actuarial measurement period.

**Actuarial Methods and Assumptions:** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, with a measurement date of June 30, 2020. The Entry Age Normal actuarial cost method was used, a method under which the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the normal cost. The methodology used for amortization was straight-line. For assumption changes and experience gains/losses, it was assumed Average Future

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 12 (continued)**

Working Lifetime, averages over all activities and retirees (retirees are assumed to have no future working years). Asset gains and losses are assumed 5 years. Assets are valued at the market value of assets as of the measurement date. The Authority intends to contribute the ADC to the PARS trust each year. In addition pay-as-you-go benefit payments will be paid outside of the trust.

The Authority used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.26% annually		
Payroll increases	3.25% annually		
Net investment return	7.39% based on PARS capital appreciation investment policy		
Discount rate	7.39% based on PARS capital appreciation investment policy		
Health care trend	Year	Increase in premium rates	
	Beginning	Pre 65	Post 65
	2022	6.80%	5.00%
	2023	6.55%	5.00%
	2024	6.30%	5.00%
	2025	6.05%	5.00%
	2026	5.80%	5.00%
	2027	5.55%	5.00%
	2030 and later	5.00%	5.00%
Baseline cost	Pre-Medicare \$9,493 per year		
	Post-Medicare \$3,983 per year		
Health plan participation	90% of active employees who are currently enrolled in medical and dental coverage and retire from the Authority will elect to participate in the retiree medical and dental program. Furthermore 70% of active employees who are currently only enrolled in dental coverage and retire from the Authority will elect to participate in the retiree medical and dental program.		
Medicare Coverage	The assumption is that all future retirees will be eligible for Medicare when they reach age 65.		
Morbidity Factors	CalPERS 2017 study		
Population for Curving	CalPERS 2017 study		
Age weighted claim costs	Age	Claim costs	
	50	\$ 10,047	
	55	\$ 12,177	
	60	\$ 14,806	
	65	\$ 4,115	
	70	\$ 3,629	
	75	\$ 4,226	
	80	\$ 4,683	

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
MARCH 31, 2021**

(Continued)

**Note 12 (continued)**

Mortality	The mortality rates used are those described in the 2017 CCCERA experience study. Pre-retirement - Pub-2010 General Employment Amount-Weighted Above-Median Mortality projected forward with the MP-2020 generational projections. Post-retirement - Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality projected forward with the MP-2020 generational projections.
Disability	Because of the anticipated low incidence of disability retirements disability was not valued.
Percent Married	Assumption was that 80% of male retirees and 55% of female retirees were married.
Retirement	Rates selected are those described in the 2017 CCCERA experience study. Employees hired before January 2013 were valued using the General Tier 1 Enhanced Retirement table, while employees hired on or after January 1, 2013 were valued using the PEPRA retirement table.
Withdrawal	Rates are based on the 2017 CCCERA experience study.

There have been no assumptions changes since the last measurement date.

**Discount Rate:** The discount rate of 7.39%, is based on a blend of the long-term expected rate of return on assets for benefits covered by plan assets and a yield or index of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets. The following presents the Authority's NOL if it were calculated using a discount rate 1% higher and 1% lower than the current rate:

	1% decrease <u>6.39%</u>	Current rate <u>7.39%</u>	1% increase <u>8.39%</u>
Authority NOL	\$ 7,346,426	\$ 6,663,297	\$ 6,072,344

**Trend Rate:** The following presents the Authority's NOL if it were calculated using a trend table that is 1% point higher and 1% point lower than the current rate:

	1% decrease <u>in trend rate</u>	Current <u>Trend Rate</u>	1% increase <u>in trend rate</u>
Authority NOL	\$ 6,007,671	\$ 6,663,297	\$ 7,149,653

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 13 - DEFERRED COMPENSATION PLAN**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by Mass Mutual Financial Group. The plan, available to all regular employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries.

A total of \$5,403,468 is being held by Mass Mutual Financial Group on behalf of the Authority's employees. These funds are not recorded as assets of the Authority since they are held in trust for the exclusive benefit of participants and their beneficiaries and are not subject to claims of the Authority's general creditors.

**Note 14 - RELATED PARTIES**

**Casa Del Rio Housing - Blended Component Unit**

**Organization:**

Casa Del Rio Housing is made up of HACCC Casa Del Rio, Inc (A California Nonprofit Public Benefit Corporation) and CDR Senior Housing Associates (A California Limited Partnership). HACCC Casa Del Rio, Inc. is the general partner of CDR Senior Housing Associates. The officers and Board members of HACCC Casa Del Rio, Inc. are employees of the Authority. The partnership was formed in 1994 to develop and operate an 82-unit affordable housing rental complex located in Antioch, California, which is currently known as Casa Del Rio Senior Housing.

Pursuant to the Indemnification Agreement dated July 1, 1994, by and among the Authority, HACCC Casa Del Rio, Inc., CDR Senior Housing Associates, and MHIFED I Limited Partnership, the Authority could possibly be liable for unpaid taxes, interest and penalties, cost to contest, operating deficiency and expenses of enforcement as identified in the Agreement.

Pursuant to the Operating Deficit Guaranty Agreement dated July 1, 1994, by the Authority to and for the benefit of MHIFED I Limited Partnership, the Authority can possibly be liable for operating deficit and expenses of enforcement as identified in the Agreement.

Pursuant to the Indemnity Agreement, dated July 1, 1994, by the Authority to and for the benefit of CDR Senior Housing Associates and MHIFED I Limited Partnership, the Authority can possibly be liable for any costs, expenses, and liabilities arising out of claims made by FPI (FPI Real Estate Group, FPI Mortgage Co. and FPI Management, Inc.) under the Development Agreement.



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 14 (continued)**

Pursuant to the Demand Note dated June 30, 1994, from the Authority to HACCC Casa Del Rio, Inc., the Authority can possibly be liable to HACCC Casa Del Rio, Inc. for \$185,000. Although the note is due upon demand the maturity date is December 31, 2059, the note will be called prior to maturity only in the event that there are operating deficits and there is not sufficient cash available to cover expenses. This note is recorded as both an interfund note receivable and note payable (see Notes 4 and 6).

Pursuant to the Assignment and Assumption Agreement, the Authority can possibly be liable for any and all claims relating to the Assignment and Assumption Agreement arising prior to the date of the Assignment and Assumption Agreement.

Pursuant to the Department of Housing and Community Development Rental Housing Construction Program First Amendment to the Regulatory Agreement (the "Amended HCD Agreement") dated November 14, 1994, by and among the Department of Housing and Community Development, CDR Senior Housing Associates, and the Authority; the Authority can possibly be liable for a sponsor's operating guaranty to provide sufficient staff or equipment to the general partner, as needed and remedies against sponsor for default under the Amended HCD Agreement.

Since HACCC Casa Del Rio, Inc (CDR Inc) and CDR Senior Housing Associates (CDR Associates) have the potential to impose a financial burden on the Authority, these entities have been included in the Authority's financial statements as a blended component unit. The fiscal year end of these blended component units is December 31. Audits were conducted on these entities as of December 31, 2020, by Linquist, Von Husen, & Joyce, LLP. The opinions were not modified. These audit reports may be obtained by contacting the Authority at the address on page 11. The Authority reports the balances for these blended component units as of December 31, 2020, which differs from that of the Authority's fiscal year end of March 31, 2021. The balances at each fiscal year end do not differ materially. Modification were made to the audited financial statements to conform with the reporting categories of the Authority. Specifically, net assets reported in the audit were converted to the three categories of net position in conformity with the Authority's reporting practices.

**Condensed Financial Statements:**

The condensed financial statements for HACCC Casa Del Rio, Inc. and subsidiary as of and for the year ended December 31, 2020, are as follows:

**STATEMENT OF NET POSITION**

Current assets	\$ 707,604
Restricted assets	772,861
Property and equipment	2,549,258
Other non-current assets	191,800
Total assets	<u>\$ 4,221,523</u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 14 (continued)**

**STATEMENT OF NET POSITION (continued)**

Current liabilities	\$ 624,386
Payable from restricted assets	7,766
Long term liabilities	<u>4,719,460</u>
Total liabilities	<u>5,351,612</u>
Net investment in capital assets	(1,578,185)
Restricted net position	765,095
Unrestricted net position	<u>(316,999)</u>
Total net position	<u>(1,130,089)</u>
Total liabilities and net position	<u><u>\$ 4,221,523</u></u>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

Rents and other tenant revenue	\$ 1,448,658
Other revenue	<u>2,081</u>
Total revenue	<u>1,450,739</u>
Administrative expenses	278,088
Utility expenses	108,347
Maintenance expenses	249,624
General expenses	57,069
Depreciation	<u>172,649</u>
Total expenses	<u>865,777</u>
Operating income (loss)	584,962
Interest income	11,639
Debt service interest	<u>(97,339)</u>
Change in net position	499,262
Net position at the beginning of the year - 1/1/2020	<u>(1,629,351)</u>
Net position at the end of the year - 12/31/2020	<u><u>\$ (1,130,089)</u></u>

**STATEMENT OF CASH FLOWS**

Net cash provided (used) by:	
Operating activities	\$ (278,300)
Noncapital financing activities	900,642
Capital financing activities	(322,751)
Investing activities	<u>11,639</u>
Net change in cash	311,230
Cash at the beginning of the year - 1/1/2020	<u>1,144,227</u>
Cash at the end of the year - 12/31/2020	<u><u>\$ 1,455,457</u></u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 14 (continued)**

**Interfund accounting issues:**

Operating advances made by the Authority were \$654,620 as of March 31, 2021. The interfund balance as of December 31, 2020 was \$631,382 and was reported as non-current related party payables by the other auditors. The interfund balance as of December 31, 2020 was eliminated, while the differences of \$23,238, as of March 31, 2021 was reported as other long-term assets in the Statement of Net Position - Proprietary Funds.

During the fiscal year ended December 31, 2020, CDR Associates and CDR Inc. paid management fees to the Authority in the amount of \$52,452 and \$52,536, respectively. On May 15, 2019, HUD approved the issuance of project based vouchers for 81 of the 82 units in the Casa Del Rio Senior Housing complex, effective July 1, 2019. During the twelve months ended March 31, 2021, the Authority's Housing Choice Voucher Program paid a total of \$1,102,298 in HAP payments to CDR Associates.

**Intrafund accounting issues:**

The intrafund amounts which have been eliminated as of March 31, 2021, from the Casa Del Rio Blended Component Unit Enterprise Fund for inclusion into the Fund Financial Statements include:

- \$181,330 receivable/payable between CDR Inc and CDR Associates
- \$1,282,441 investment in partnership recorded as an liability of CDR Inc and net position of CDR Associates.
- \$15,000 managements fees reported as revenue to CDR Inc and expenses of CDR Associates.
- \$13,912 interest fees reported as revenue to CDR Inc and expenses of CDR Associates.

**Deficit Net Position**

These blended component units combined, have a deficit net position of \$1,130,089, including a deficit unrestricted net position of \$316,999. This deficit is a decrease over the prior year's deficit balance in total net position of \$1,629,351.

**DeAnza - Discretely Presented Component Units**

**Organization:**

The discretely presented component units are DeAnza Housing Corporation (A California Nonprofit Public Benefit Corporation) and DeAnza Gardens, L.P. (A California Limited Partnership). The Authority is the General Partner and DeAnza Housing Corporation is the managing general partner of DeAnza Gardens, L.P. The partnership was formed for the purpose of acquisition, ownership, maintenance, and operation of 180 multi-family rental housing units and

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
MARCH 31, 2021**

(Continued)

**Note 14 (continued)**

the provision of low-income housing through the construction, renovation, rehabilitation, operation, and leasing of an affordable housing development located in Contra Costa County, which is currently known as DeAnza Gardens.

DeAnza Housing Corporation (DeAnza Corp) and DeAnza Gardens L.P. (DeAnza L.P.) have been reported as discretely presented component units of the Authority. The fiscal year end of these discretely presented component units is December 31. Audits were conducted on these entities as of December 31, 2020, by Linquist, Von Husen, & Joyce, LLP. The opinions were not modified. These audit reports may be obtained by contacting the Authority at the address on page 11. The Authority reports the balances for these discretely presented component units as of December 31, 2020, which differs from that of the Authority's fiscal year end of March 31, 2021. The balances at each fiscal year end do not differ materially. Modifications were made to the audited financial statements to conform with the reporting categories of the Authority. Specifically, net assets reported in the audit were converted to the three categories of net position in conformity with the Authority's reporting practices.

**Inter-agency accounting issues:**

The amounts shown as due to related parties consist of the following:

	Primary Gov't Assets 3/31/2021	Component Unit Liabilities 12/31/2020
Due to the Authority:		
Short-term for operations	\$ 177,286	\$ 29,808
Long-term:		
Interest on note	\$ 600,107	\$ 592,607
Land lease	1,284,000	1,266,000
Long-term for operations	428,990	572,634
	<u>\$ 2,313,097</u>	<u>\$ 2,431,241</u>
Due to Boston Capital - long-term		<u>\$ 13,604</u>

The Authority loaned \$1 million to DeAnza Gardens L.P. The note bears simple interest at the rate 3% per annum, payments are due commencing on October 1, 2005, but are payable only to the extent of the previous years' excess/distributable cash, and is due June 2043. Interest of \$30,000 was expensed during the fiscal year ended December 31, 2020. No interest has been paid to the Authority. The Authority reported \$600,107 due from related parties and revenue of \$30,000. See Note 4.

DeAnza Gardens was built on land owned by the Authority's Public Housing Program Enterprise Fund. Based on an agreement between DeAnza Gardens L.P. and the Authority, the land is leased

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 14 (continued)**

for \$72,000 per year, payable from excess/distributable cash. Unpaid lease amounts are carried forward without interest. The Authority's Public Housing Program Enterprise Fund reported \$1,284,000 due from related party for this lease, with \$72,000 reported in the current fiscal year as fees charged to a related party (nonoperating revenue).

During the fiscal year ended December 31, 2020, DeAnza Gardens L.P. and DeAnza Corporation paid management fees to the Authority in the amount of \$12,960 and \$128,952, respectively. Some of the DeAnza Gardens tenants (7 as of December 2020) are also clients of the Authority's Housing Choice Voucher Program. The rent for these tenants is subsidized by HUD through the Authority. During the twelve months ended March 31, 2021, the Authority's Housing Choice Voucher Program paid \$138,649 in HAP payments to DeAnza Gardens L.P.

**Intrafund accounting issues:**

The intrafund amounts which have been eliminated when reporting these entities in the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Fund Net Position are:

- \$1,000,000 long-term note held by DeAnza Corp from DeAnza L.P.
- \$1,190,280 of interest on the long-term note held by DeAnza Corp from DeAnza L.P.
- \$378,141 receivable recognized by DeAnza Corp from DeAnza L.P.
- \$868 deficit investment in partnership reported by DeAnza Corp is offset by net position in DeAnza L.P.
- \$61,652 managements fees reported as revenue to DeAnza Corp and expenses of DeAnza L.P.
- \$68,000 interest revenue on the long-term debt is recognized by DeAnza Corp and expensed by DeAnza L.P.

**Cash and investments:**

	Unrestricted	Restricted
Demand deposits (FDIC insured up to \$250,000)	\$ 45,468	\$ 19,871
Investments	-	1,088,552
Held by mortgagor	-	680,131
Cash on hand	500	-
	<u>\$ 45,968</u>	<u>\$ 1,788,554</u>

The demand deposits are with WestAmerica bank. The total on deposit did not exceed the amount covered by FDIC as of December 31, 2020. FDIC coverage is \$250,000 for 2020. Cash and investments of \$1,088,552 are held by Cantella & Co., Inc. The investments consist of marketable certificates of deposit with a cost of \$962,011 and a fair value of \$1,023,252. The investments also include \$65,300 held in a money market account.

Restricted cash includes replacement and operating reserves required by the lender and reported as restricted net assets totaling \$1,768,683. Cash has also been restricted for security deposits in

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 14 (continued)**

the amount of \$19,871. The excess of the security deposit liability of \$168,019, over the cash balance represents cash held as an investment in the operating reserve account.

**Capital assets:**

DeAnza Gardens was completed and placed into service during the fiscal year ended December 31, 2004. DeAnza Gardens L.P.'s property and equipment are summarized as follows:

	12/31/2020	12/31/2019
Building and improvements	\$ 29,533,365	\$ 29,510,970
Land improvements	1,150,712	1,150,712
Off-site improvements	208,448	208,448
On-site improvements	4,028,709	4,028,709
Furniture and fixtures	<u>555,752</u>	<u>555,752</u>
	35,476,986	35,454,591
Less accumulated depreciation	<u>(16,504,763)</u>	<u>(15,771,997)</u>
	<u><u>\$ 18,972,223</u></u>	<u><u>\$ 19,682,594</u></u>

Capital assets are being depreciated on the straight-line method over the estimated useful life of the assets. The useful lives of the assets are estimated to be forty years for buildings and off-site improvements, fifteen years for on-site improvements and seven years for furniture and fixtures.

**Long-term debt:**

Permanent financing was obtained for the costs of the DeAnza Gardens' construction during 2005. The note is held by California Community Reinvestment Corporation. The original amount of the loan was \$10,115,373. This loan requires monthly payments of \$64,603, beginning November 1, 2005, earns interest at a rate of 6.6% per annum, and is due in full October 2023. Activity on the loan is as follows:

Balance 12/31/2018	Payments	Balance 12/31/2020	S/T Portion	L/T Portion	Interest Payable
\$ 7,603,151	\$ (281,850)	\$ 7,321,301	\$ 301,025	\$ 7,020,276	\$ 43,269
Loan costs		<u>(22,703)</u>		<u>(22,703)</u>	
Balances 12/31/2020		<u><u>\$ 7,298,598</u></u>		<u><u>\$ 6,997,573</u></u>	

Interest expense for the fiscal year ended December 31, 2020 \$ 493,383

Costs incurred in order to obtain permanent financing for the De Anza notes were \$391,461 and are amortized on a straight-line basis into interest expense over the term of the loan. Interest expense amortization of permanent loan costs was \$11,352 during the current fiscal year.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 14 (continued)**

**Deficit Unrestricted Net Position**

While DeAnza Gardens has a positive net position in total, its unrestricted net position is in deficit as of December 31, 2020. The majority of the entity's assets are either invested in capital assets or restricted, leaving the unrestricted net position in deficit by \$3,556,783. This deficit is an increase of \$163,688, over the prior year's deficit in unrestricted net position of \$3,393,095.

**Note 15 - CONTINGENT LIABILITIES**

**A. Grants**

The Authority has received funds from various federal, state and local grant programs. It is possible that at some future date it may be determined that the Authority was not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Authority does not expect such disallowed amounts, if any, to materially affect the financial statements.

**B. Litigation**

The Authority is involved in various matters of litigation. It is the Authority's opinion that these matters of litigation will not have a material effect, if any, on the financial position of the Authority.

**C. Monitoring by Funding Agency**

During 2019, the U.S. Department of Housing and Urban Development conducted on-site monitoring of the Authority's Continuum of Care Program. The COVID-19 pandemic has delayed the final resolution of this monitoring. Dialogue regarding supporting documentation, as well as the level of detail, for the program match has been on-going. The final version of the report has not yet been issued. It is the Authority's opinion that any matters of discussion will not have a material effect, if any, on the financial position of the Authority.

**Note 16 - ECONOMIC DEPENDENCE**

The Authority receives a significant portion of its revenue from the U.S. Department of Housing and Urban Development. See the Schedule of Expenditures of Federal Awards, shown as supplemental information, for the HUD programs that the Authority administers. These programs are currently on-going. However, they are dependent on the Federal budgeting processes, and therefore, funding will vary from year to year.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

(Continued)

**Note 17 - RISK MANAGEMENT**

Workers Compensation Insurance: The Authority participates in a joint venture under a joint powers agreement (JPA) with the California Housing Workers' Compensation Authority (CHWCA). CHWCA was formed to provide workers' compensation insurance coverage for member housing authorities. At December 31, 2020, there were twenty-eight members. The relationship between the Authority and CHWCA is such that CHWCA is not a component unit of the Authority for financial reporting purposes.

Condensed CHWCA audited financial information is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total assets	\$ 31,671,493	\$ 30,367,986
Total liabilities	<u>(16,383,326)</u>	<u>(15,625,835)</u>
Net position	<u>\$ 15,288,167</u>	<u>\$ 14,742,151</u>
Total revenues	\$ 5,812,929	\$ 7,069,186
Total expenses (omitting dividends)	(4,620,349)	(3,957,145)
Dividend expense	<u>(646,564)</u>	<u>(2,015,578)</u>
Net change in net position	<u>\$ 546,016</u>	<u>\$ 1,096,463</u>

CHWCA had no long-term debt outstanding at December 31, 2020. The Authority's share of year end assets, liabilities, or retained earnings has not been calculated. The Authority's annual premium is based on covered payroll. Premiums paid for the calendar year ended December 31, 2020 were \$209,763. CHWCA issues a separate annual financial report, which may be obtained by contacting Sedgwick, 1750 Creekside Oaks Drive, Suite 200, Sacramento, California, 95833.

Property and Liability Insurance: The Authority carries insurance for its various operations with the Housing Authority Insurance Services (HAI), the Housing Authority Risk Retention Group (HARRG), and Employment Risk Management Authority (ERMA). The property insurance limits vary by property covered, with a deductible of \$50,000 per occurrence. The commercial liability limit of coverage is \$5,000,000 aggregate for the policy year. The deductible is \$25,000 per occurrence. The liability insurance covers bodily injury and property damage liability (\$5 million limit), mold liability (\$250,000 limit), and employee benefits administration liability (\$1 million limit, with a deductible of \$1,000 per employee). The automobile insurance limits are \$4 million for liability, \$1 million for non-owned hired autos, and \$1 million for uninsured motorists. Employment liability insurance coverage through ERMA is \$1 million with a \$50,000 deductible per occurrence.



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

**(Continued)**

**Note 18 - SUBSEQUENT EVENTS**

The Authority has evaluated subsequent events that have occurred through the independent auditors' report date. Management determined that there were no subsequent events that required recognition or disclosure in the financial statements except as noted below.

Uncertainties Surrounding the Coronavirus Outbreak - In the last part of 2019, the world experienced an outbreak of a strain of the coronavirus labeled COVID-19. COVID-19 spread to the United States in the first quarter of 2020 causing significant disruption to the economy and volatility in the U.S. markets. Significant uncertainty continues to exist with regards to the magnitude and duration of these disruptions and the impact this outbreak will have on the Authority's tenants, employees, and vendors. The related financial impact, if any, cannot be reasonably estimated at this time.

Changes in Health Care Benefits - During labor negotiations conducted during 2021, the Authority agreed to change the health care subsidy paid from a flat amount to a percentage of the CalPERS Kaiser Region 1 premium rate effective beginning January 1, 2022. The Authority's actuarial consulting firm estimated that this change would increase Net OPEB Liability by \$2.9 million. The change in benefits would be recognized during the fiscal year ending March 31, 2023. On December 7, 2021, the Board of Commissioners authorized the negotiated healthcare benefits for the term of July 1, 2021 through June 30, 2024.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
REQUIRED SUPPLEMENTARY INFORMATION  
AS OF MARCH 31, 2021**

**Schedule of Proportionate Share of the Net Pension Liability (NPL) for CCCERA**

Reporting Date for Employer Under GASB 68	Proportion of the NPL	Proportionate Share of the NPL	Covered Employee Payroll	NPL as a % of covered Payroll	Funded Ratio
6/30/2014	0.724%	\$ 10,648,283	\$ 4,677,572	227.65%	80.04%
6/30/2015	0.724%	\$ 8,652,807	\$ 4,691,885	184.42%	84.06%
6/30/2016	0.716%	\$ 10,788,391	\$ 4,841,907	222.81%	80.83%
6/30/2017	0.726%	\$ 10,162,604	\$ 5,215,890	194.84%	82.73%
6/30/2018	0.772%	\$ 6,267,604	\$ 5,183,762	120.91%	89.72%
6/30/2019	0.756%	\$ 10,796,497	\$ 5,288,211	204.16%	83.10%
6/30/2020	0.732%	\$ 6,324,839	\$ 5,607,319	112.80%	90.49%
6/30/2021	0.750%	\$ 3,458,981	\$ 5,906,312	58.56%	94.98%

**Schedule of Employer Contributions to CCCERA**

Measurement Date Year Ended December 31	Actuarially Determined Contributions	Contribution in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 2,329,742	\$ 2,329,742	\$ 0	\$ 4,841,907	48.12%
2016	\$ 2,179,232	\$ 2,179,232	\$ 0	\$ 5,215,890	41.78%
2017	\$ 2,150,337	\$ 2,150,337	\$ 0	\$ 5,183,762	41.48%
2018	\$ 2,254,454	\$ 2,254,454	\$ 0	\$ 5,288,211	42.63%
2019	\$ 2,297,649	\$ 2,297,649	\$ 0	\$ 5,607,319	40.98%
2020	\$ 2,469,111	\$ 2,469,111	\$ 0	\$ 5,906,312	41.80%

Contributions exclude “employer subvention of member contributions”. Prior to the December 31, 2016 measurement date the contributions included “employer subvention of member contributions”.

Both schedules above are required to present ten years of information. The information above is presented for the years currently available. A full ten-year trend will be built as the information becomes available in the future.

**The actuarial methods and assumptions used to determine the actuarially determined contributions (ADC) for CCCERA were as follows:**

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two and a half years prior to the end of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level Percentage of Payroll
Remaining amort period	Remaining balance of 12/31/07 UAAL is amortized over a fixed period with 4 years remaining as of 12/31/18. Any changes in UAAL after 12/31/07, will be separately amortized over a fixed 18-year period effective with that valuation.
Asset valuation method	Market value of assets less unrecognized returns in each of the last 9 semi-annual periods.
Investment rate of return	7.00% net of pension plan investment expenses, including inflation.
Inflation rate	2.75%
Administrative expenses	1.10% of payroll allocated to both the employer and member based on components of the normal cost rates.
Real salary increase	0.5%
Projected salary increases	3.75% to 15.25%
Cost of living adjustment	2.75%
Other	Same as those used in the 12/31/18 funding actuarial valuation.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**AS OF MARCH 31, 2021**  
**(Continued)**

**Schedule of Changes in the Net OPEB Liability and Related Ratios**

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2016	\$ 5,715,330	\$ 109,232	\$ 5,606,098
Service cost	183,043	-	183,043
Interest	422,711	-	422,711
Difference between expected and actual experience	(11,577)	-	(11,577)
Benefit payments, including refunds	(363,140)	(363,140)	-
Contributions - employer	-	458,323	(458,323)
Net investment income	-	16,201	(16,201)
Administrative expenses	-	(350)	350
Balance as of June 30, 2017	5,946,367	220,266	5,726,101
Service cost	192,195	-	192,195
Interest	441,259	-	441,259
Difference between expected and actual experience	(328,931)	-	(328,931)
Changes in assumptions	18,031	-	18,031
Benefit payments, including refunds	(341,141)	(341,141)	-
Contributions - employer	-	537,461	(537,461)
Net investment income	-	23,378	(23,378)
Administrative expenses	-	(833)	833
Balance as of June 30, 2018	5,927,780	439,131	5,488,649
Service cost	166,281	-	166,281
Interest	436,877	-	436,877
Change in benefit terms	1,308,625	-	1,308,625
Difference between expected and actual experience	24,988	-	24,988
Changes in assumptions	-	-	-
Benefit payments, including refunds	(371,272)	(371,272)	-
Contributions - employer	-	663,460	(663,460)
Net investment income	-	31,079	(31,079)
Administrative expenses	-	(1,246)	1,246
Balance as of June 30, 2019	7,493,279	761,152	6,732,127
Service cost	209,178	-	209,178
Interest	553,480	-	553,480
Difference between expected and actual experience	(235,678)	-	(235,678)
Changes in assumptions	(171,044)	-	(171,044)
Benefit payments, including refunds	(433,462)	(433,462)	-
Contributions - employer	-	433,462	(433,462)
Net investment income	-	(6,813)	6,813
Administrative expenses	-	(1,883)	1,883
Balance as of June 30, 2020	<u>\$ 7,415,753</u>	<u>\$ 752,456</u>	<u>\$ 6,663,297</u>

Plan fiduciary net position as a % of total OPEB liability:

June 30, 2017	3.70%
June 30, 2018	7.41%
June 30, 2019	10.16%
June 30, 2020	10.14%

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
REQUIRED SUPPLEMENTARY INFORMATION  
AS OF MARCH 31, 2021  
(Continued)**

**Schedule of Changes in the Net OPEB Liability and Related Ratios (continued)**

Covered Payroll		
June 30, 2017		Not available
June 30, 2018	\$	5,334,017
June 30, 2019	\$	5,500,723
June 30, 2020	\$	5,804,388
Net OPEB liability as a % of covered payroll		
June 30, 2017		Not available
June 30, 2018		102.90%
June 30, 2019		122.39%
June 30, 2020		114.80%

**Schedule of Employer Contributions to OPEB**

Measurement Date Year Ended June 30	Actuarially Determined Contributions	Contribution in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 547,470	\$ 458,323	\$ 89,147	not available	not available
2018	548,163	537,461	10,702	\$ 5,334,017	10.08%
2019	582,876	663,460	(80,584)	\$ 5,500,723	12.06%
2020	596,627	433,462	163,165	\$ 5,804,388	12.06%

This schedule is required to present ten years of information. The information above is presented for the years currently available. A full ten-year trend will be built as the information becomes available in the future.

**The actuarial methods and assumptions used to determine the actuarially determined contributions (ADC) for OPEB were as follows:**

Valuation date	Jun 30, 2020
Measurement date	June 30, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Straight-line Amortization
Asset valuation method	Market value of assets as of the measurement date.
Funding Policy	The Authority intends to contribute the ADC to PARS trust each year net of unreimbursed retiree benefit payments (explicit and implicit) paid outside of the trust.
Discount Rate	7.39%
Net Investment Return	7.39%
Inflation rate	2.26%
Payroll Increases	3.25%

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**MARCH 31, 2021**

- The Schedule of Proportionate Share of Net Pension Liability presents the Authority's portion of CCCERA's NPL as a dollar value as well as a percentage. The funded ratio represents the Authority's proportionate share of the Plan's Fiduciary Net Position as a percentage of the Authority's proportionate share of the Total Pension Liability. GASB 68 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met. This schedule was provided by CCCERA in its "GAS 68 Actuarial Valuation Based on December 31, 2020 Measurement Date for Employer Reporting as of June 30, 2021".
- The Schedule of Employer Contributions to CCCERA presents information regarding the Authority's required contributions to CCERA, the amounts actually contributed, and any excess or deficiency to the contributions required. This schedule reports only employer required contributions. The amounts noted are based on the Plan's calendar year and not on the Authority's fiscal year end of March 31. See also Footnote 11 to the Basic Financial Statements for the contributions, both employer and employee, for the current fiscal year. GASB 68 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met. The information for this schedule was obtained from information contained in CCCERA's "GAS 68 Actuarial Valuation Based on December 31, 2020 Measurement Date for Employer Reporting as of June 30, 2021".
- The Schedule of Employer Contributions to OPEB presents information regarding the Authority's required contributions to their OPEB plan, the amounts actually contributed, and any excess or deficiency to the contributions required. This schedule reports only employer required contributions. The amounts noted are based on the Plan's calendar year and not on the Authority's fiscal year end of March 31. See also Footnote 12 to the Basic Financial Statements for the contributions, both employer and employee, for the current fiscal year. GASB 75 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met. The information for this schedule was obtained from information contained in "Housing Authority of Contra Costa Authority OPEB Plan", with a measurement date of June 30, 2020.
- There have been no changes in assumptions or benefit terms since the previous valuation for CCCERA.
- There have been no changes in assumptions or to the benefit terms of the OPEB plan.

## **SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MARCH 31, 2021**

<b><u>Federal Grantor</u></b>	<b><u>CFDA Number</u></b>	<b><u>Passed Through to Subrecipients</u></b>	<b><u>Federal Expenditures</u></b>
Department of Housing and <u>Urban Development (HUD):</u>			
Direct Programs:			
Housing Choice Voucher Program	14.871		\$ 159,811,157
COVID-19 - CARES Act			
Administrative Fee Allocation	14.871		4,026,124
Supplemental HCV HAP	14.871		3,664,138
Mainstream Voucher Program	14.879		1,184,646
COVID-19 - CARES Act			
Administrative Fee Allocation	14.879		16,729
Subtotal for Housing Voucher Cluster			<u>168,702,794</u>
Continuum of Care Program	14.267	\$ 194,911	<u>6,708,386</u>
Public and Indian Housing	14.850		5,261,864
COVID-19 - CARES Act			
Supplemental Operating Funds	14.850		<u>808,551</u>
Subtotal for Public Housing			<u>6,070,415</u>
Public Housing - Capital Fund Program	14.872		<u>3,219,311</u>
Family Self Sufficiency Program	14.896		<u>124,512</u>
Subtotal federal expenditures, Dept of HUD		<u>194,911</u>	<u>184,825,418</u>
Total expenditures of federal awards		<u>\$ 194,911</u>	<u>\$ 184,825,418</u>

**The accompanying Independent Auditors' Report and notes are an integral part of this schedule.**



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MARCH 31, 2021**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Housing Authority of the County of Contra Costa, California, under programs of the federal government for the year ended March 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the Authority it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Housing Voucher Cluster** - the Housing Voucher Cluster includes the Housing Choice Voucher and Mainstream Voucher Programs. Expenditures reported consist of (1) expenditures for housing assistance payments (HAP) incurred, omitting HAP paid on port-in vouchers, during the current fiscal year; and (2) the full amount of administrative fee revenue received during the current fiscal year, regardless of expenditure.

Excess HAP funding is reported as restricted net position as required by HUD (See Note 10.B.)

**Continuum of Care Program** - expenditures reported agree with the HUD grants earned for the current fiscal year.

**Public and Indian Housing Program** - expenditures reported consist only of the operating subsidy amount received from HUD for the current fiscal year.

**Public Housing Capital Fund Program** - expenditures reported agree with the revenue and actual expenditures (expenses, plus capital expenditures, less depreciation expense) for the current fiscal year.

**Family Self Sufficiency Program** - expenditures reported agree with the HUD grants earned for the current fiscal year.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MARCH 31, 2021  
(Continued)**

**3. CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITIES ACT (CARES ACT)**

The Authority received funding under the CARES Act as noted in the Schedule of Expenditures of Federal Awards. Due to the likely one-time appropriation of the supplemental funds provided under the CARES Act, CFDA numbers were not issued by the OMB. The funding expended during the current fiscal year was reported using a separate line, but using the same CFDA number as the program to which the CARES Act funding was associated. All funds received were expended during the current fiscal year.

**4. INDIRECT COST RATE**

The Authority has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

Housing Authority of the County Contra Costa (CA011)  
Martinez, CA

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2021

	Public Housing (Including Capital Fund)	Public Housing CARES Act Funding	Community Development Block Grants	Mainstream CARES Act Funding	Component Unit Discretely Presented - De Anza	Component Unit Blended - Casa Del Rio	PIH Family Self- Sufficiency Program
<b>CFDA number:</b>	<b>14.870/14.872</b>	<b>14.PHC</b>	<b>14.218</b>	<b>14.MSC</b>			<b>14.896</b>
111 Cash - Unrestricted	\$243,143		\$136,254		\$45,967	\$682,598	\$642
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted					\$1,768,683	\$765,095	
114 Cash - Tenant Security Deposits					\$19,871	\$7,766	
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$243,143	\$0	\$136,254	\$0	\$1,834,521	\$1,455,459	\$642
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects	\$124,086						\$4,126
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous					\$29,921		
126 Accounts Receivable - Tenants	\$299,770				\$38,844	\$6,533	
126.1 Allowance for Doubtful Accounts -Tenants	-\$120,111				-\$25,448	-\$3,964	
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery							
128.1 Allowance for Doubtful Accounts - Fraud							
129 Accrued Interest Receivable	\$7,356				\$8,793		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$311,101	\$0	\$0	\$0	\$52,110	\$2,569	\$4,126
131 Investments - Unrestricted	\$2,340,555						
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	\$143,337				\$30,733	\$22,439	
144 Inter Program Due From							
145 Assets Held for Sale							
150 Total Current Assets	\$3,038,136	\$0	\$136,254	\$0	\$1,917,364	\$1,480,467	\$4,768
161 Land	\$1,840,726				\$1,150,712	\$475,797	
162 Buildings	\$92,724,356				\$29,741,813	\$6,621,317	
163 Furniture, Equipment & Machinery - Dwellings							
164 Furniture, Equipment & Machinery - Administration	\$1,755,085				\$555,752	\$178,405	
165 Leasehold Improvements							
166 Accumulated Depreciation	-\$90,133,591				-\$16,504,763	-\$4,726,261	
167 Construction in Progress	\$1,360,089						
168 Infrastructure					\$4,028,709		
160 Total Capital Assets, Net of Accumulated Depreciation	\$7,546,665	\$0	\$0	\$0	\$18,972,223	\$2,549,258	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current			\$322,436			\$185,000	
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due							
173 Grants Receivable - Non Current							
174 Other Assets	\$1,310,395		\$126,625			\$6,800	
176 Investments in Joint Ventures							
180 Total Non-Current Assets	\$8,857,060	\$0	\$449,061	\$0	\$18,972,223	\$2,741,058	\$0
200 Deferred Outflow of Resources	\$303,308						
290 Total Assets and Deferred Outflow of Resources	\$12,198,504	\$0	\$585,315	\$0	\$20,889,587	\$4,221,525	\$4,768

State/Local	Continuum of Care Program	Rental Rehabilitation Program	Mainstream Vouchers	Housing Choice Vouchers	HCV CARES Act Funding	Central Office Cost Center CARES Act Funding	Fiduciary	Central Office Cost Center	Subtotal	Eliminations	Total
	14.267		14.879	14.871	14.HCC	14.CCC					
\$136,690	\$68,381	\$82,221	\$44,220	\$9,305,365				\$4,996	\$10,750,477		\$10,750,477
			\$270,717	\$2,134,262			\$926,752		\$5,865,509		\$5,865,509
									\$27,637		\$27,637
\$136,690	\$68,381	\$82,221	\$314,937	\$11,439,627	\$0	\$0	\$926,752	\$4,996	\$16,643,623	\$0	\$16,643,623
				\$914,598					\$914,598		\$914,598
	\$168,743								\$296,955		\$296,955
\$177,286									\$207,207		\$207,207
									\$345,147		\$345,147
									-\$149,523		-\$149,523
\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
\$983									\$983		\$983
\$3,069								\$2,295	\$21,513		\$21,513
\$181,338	\$168,743	\$0	\$0	\$914,598	\$0	\$0	\$0	\$2,295	\$1,636,880	\$0	\$1,636,880
\$547,791		\$107,442						\$59,479	\$3,055,267		\$3,055,267
\$4,659	\$5,441		\$907	\$157,406				\$42,764	\$407,686		\$407,686
\$1,405,826								\$1,084,041	\$2,489,867	-\$2,489,867	\$0
\$2,276,304	\$242,565	\$189,663	\$315,844	\$12,511,631	\$0	\$0	\$926,752	\$1,193,575	\$24,233,323	-\$2,489,867	\$21,743,456
				\$330,791					\$3,798,026		\$3,798,026
\$74,415				\$4,027,930					\$133,189,831		\$133,189,831
\$7,032		\$3,937		\$1,216,949				\$198,458	\$3,915,618		\$3,915,618
-\$79,599		-\$3,937		-\$2,873,435				-\$186,893	-\$114,508,479		-\$114,508,479
									\$1,360,089		\$1,360,089
									\$4,028,709		\$4,028,709
\$1,848	\$0	\$0	\$0	\$2,702,235	\$0	\$0	\$0	\$11,565	\$31,783,794	\$0	\$31,783,794
\$1,000,000		\$54,030		\$0					\$1,561,466	-\$185,000	\$1,376,466
\$1,683,717		\$22,255		\$0					\$3,149,792	-\$631,382	\$2,518,410
\$2,685,565	\$0	\$76,285	\$0	\$2,702,235	\$0	\$0	\$0	\$11,565	\$36,495,052	-\$816,382	\$35,678,670
\$169				\$423,588				\$232,660	\$959,725		\$959,725
\$4,962,038	\$242,565	\$265,948	\$315,844	\$15,637,454	\$0	\$0	\$926,752	\$1,437,800	\$61,688,100	-\$3,306,249	\$58,381,851

The accompanying Independent Auditors' Report and Notes are an integral part of this schedule.

Housing Authority of the County Contra Costa (CA011)  
Martinez, CA

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2021

	Public Housing (Including Capital Fund)	Public Housing CARES Act Funding	Community Development Block Grants	Mainstream CARES Act Funding	Component Unit Discretely Presented - De Anza	Component Unit Blended - Casa Del Rio	PIH Family Self- Sufficiency Program
<b>CFDA number:</b>	<b>14.870/14.872</b>	<b>14.PHC</b>	<b>14.218</b>	<b>14.MSC</b>			<b>14.896</b>
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	\$494,153				\$51,116	\$3,218	
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable							
322 Accrued Compensated Absences - Current Portion	\$154,048						\$4,768
324 Accrued Contingency Liability							
325 Accrued Interest Payable					\$43,269	\$542,815	
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government	\$73,900		\$136,253				
341 Tenant Security Deposits	\$344,402				\$168,017	\$46,080	
342 Unearned Revenue	\$29,484				\$11,678	\$677	
343 Current Portion of Long-term Debt - Capital Projects					\$301,025	\$39,365	
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities					\$29,808		
346 Accrued Liabilities - Other	\$286,361						
347 Inter Program - Due To	\$997,256						
348 Loan Liability - Current							
310 Total Current Liabilities	\$2,379,604	\$0	\$136,253	\$0	\$604,913	\$632,155	\$4,768
351 Long-term Debt, Net of Current - Capital Projects					\$6,997,573	\$2,752,604	
352 Long-term Debt, Net of Current - Operating Borrowings					\$1,000,000		
353 Non-current Liabilities - Other					\$2,444,845	\$1,966,854	
354 Accrued Compensated Absences - Non Current	\$46,633						
355 Loan Liability - Non Current			\$449,062				
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities	\$3,198,997						
350 Total Non-Current Liabilities	\$3,245,630	\$0	\$449,062	\$0	\$10,442,418	\$4,719,458	\$0
300 Total Liabilities	\$5,625,234	\$0	\$585,315	\$0	\$11,047,331	\$5,351,613	\$4,768
400 Deferred Inflow of Resources	\$907,767						
508.4 Net Investment in Capital Assets	\$7,546,665	\$0	\$0	\$0	\$11,630,356	-\$1,578,184	\$0
511.4 Restricted Net Position	\$0	\$0	\$0	\$0	\$1,768,683	\$765,095	\$0
512.4 Unrestricted Net Position	-\$1,881,162	\$0	\$0	\$0	-\$3,556,783	-\$316,999	\$0
513 Total Equity - Net Assets / Position	\$5,665,503	\$0	\$0	\$0	\$9,842,256	-\$1,130,088	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$12,198,504	\$0	\$585,315	\$0	\$20,889,587	\$4,221,525	\$4,768

State/Local	Continuum of Care Program	Rental Rehabilitation Program	Mainstream Vouchers	Housing Choice Vouchers	HCV CARES Act Funding	Central Office Cost Center CARES Act Funding	Fiduciary	Central Office Cost Center	Subtotal	Eliminations	Total
	14.267		14.879	14.871	14.HCC	14.CCC					
\$8,182	\$62,265		\$734	\$331,034				\$36,306	\$987,008		\$987,008
\$462,323									\$462,323		\$462,323
\$153	\$3,178			\$122,605				\$123,660	\$408,412		\$408,412
									\$586,084		\$586,084
	\$49,488								\$259,641		\$259,641
									\$558,499		\$558,499
		\$189,663		\$350,982				\$0	\$582,484		\$582,484
				\$240,762					\$581,152		\$581,152
									\$29,808		\$29,808
				\$21,360				\$2,576	\$310,297		\$310,297
	\$124,517			\$1,368,094					\$2,489,867	-\$2,489,867	\$0
\$470,658	\$239,448	\$189,663	\$734	\$2,434,837	\$0	\$0	\$0	\$162,542	\$7,255,575	-\$2,489,867	\$4,765,708
				\$991,981					\$10,742,158		\$10,742,158
\$185,000				\$656,673					\$1,185,000	-\$185,000	\$1,000,000
	\$3,117			\$85,695				\$81,348	\$216,793	-\$631,382	\$4,436,990
		\$76,285							\$525,347		\$525,347
\$1,783				\$4,467,615				\$2,453,882	\$10,122,277		\$10,122,277
\$186,783	\$3,117	\$76,285	\$0	\$6,201,964	\$0	\$0	\$0	\$2,535,230	\$27,859,947	-\$816,382	\$27,043,565
\$657,441	\$242,565	\$265,948	\$734	\$8,636,801	\$0	\$0	\$0	\$2,697,772	\$35,115,522	-\$3,306,249	\$31,809,273
\$506				\$1,267,757				\$696,328	\$2,872,358		\$2,872,358
\$1,848	\$0	\$0	\$0	\$1,469,492	\$0	\$0		\$11,565	\$19,081,742		\$19,081,742
\$0	\$0	\$0	\$270,717	\$1,477,589	\$0	\$0	\$926,752		\$5,208,836		\$5,208,836
\$4,302,243	\$0	\$0	\$44,393	\$2,785,815	\$0	\$0	\$0	-\$1,967,865	-\$590,358		-\$590,358
\$4,304,091	\$0	\$0	\$315,110	\$5,732,896	\$0	\$0	\$926,752	-\$1,956,300	\$23,700,220	\$0	\$23,700,220
\$4,962,038	\$242,565	\$265,948	\$315,844	\$15,637,454	\$0	\$0	\$926,752	\$1,437,800	\$61,688,100	-\$3,306,249	\$58,381,851

The accompanying Independent Auditors' Report and Notes are an integral part of this schedule.

Housing Authority of the County Contra Costa (CA011)

Martinez, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

3/31/2021

	Public Housing (Including Capital Fund)	Public Housing CARES Act Funding	Community Development Block Grants	Mainstream CARES Act Funding	Component Unit Discretely Presented	Component Unit Blended	PIH Family Self- Sufficiency Program
<b>CFDA number</b>	<b>14.870/14.872</b>	<b>14.PHC</b>	<b>14.218</b>	<b>14.MSC</b>			<b>14.896</b>
70300 Net Tenant Rental Revenue	\$4,264,238				\$2,230,620	\$1,441,285	
70400 Tenant Revenue - Other	\$28,851					\$7,373	
70500 Total Tenant Revenue	\$4,293,089	\$0	\$0	\$0	\$2,230,620	\$1,448,658	\$0
70600 HUD PHA Operating Grants	\$6,706,173	\$808,551		\$16,729			\$124,512
70610 Capital Grants	\$1,775,002						
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70700 Total Fee Revenue							
70800 Other Government Grants							
71100 Investment Income - Unrestricted	\$58,764				\$56,726	\$13	
71200 Mortgage Interest Income							
71400 Fraud Recovery							
71500 Other Revenue	\$249,374				\$96,103	\$2,081	
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted						\$11,626	
70000 Total Revenue	\$13,082,402	\$808,551	\$0	\$16,729	\$2,383,449	\$1,462,378	\$124,512
91100 Administrative Salaries	\$130,990	\$682,505		\$16,559	\$183,380	\$78,799	
91200 Auditing Fees	\$14,150				\$18,650	\$19,614	
91300 Management Fee	\$1,157,544					\$0	
91310 Book-keeping Fee	\$83,307						
91400 Advertising and Marketing					\$8,589		
91500 Employee Benefit contributions - Administrative	\$493,741	\$61,874			\$48,683	\$1,265	
91600 Office Expenses	\$442,981				\$270,361	\$73,213	
91700 Legal Expense	\$233,086				\$3,215	\$209	
91800 Travel	\$4,665				\$527		
91900 Other	\$19,490				\$30,240	\$104,988	
91000 Total Operating - Administrative	\$2,579,954	\$744,379	\$0	\$16,559	\$563,645	\$278,088	\$0
92000 Asset Management Fee	\$74,720						
92100 Tenant Services - Salaries	\$2,651						\$70,819
92200 Relocation Costs	\$25,146						
92300 Employee Benefit Contributions - Tenant Services	-\$241						\$43,861
92400 Tenant Services - Other	\$45,779	\$64,172		\$170			
92500 Total Tenant Services	\$68,033	\$64,172	\$0	\$170	\$0	\$0	\$114,680
93100 Water	\$724,429				\$161,071	\$15,530	
93200 Electricity	\$818,636				\$19,180	\$41,066	
93300 Gas	\$132,312				\$3,866	\$1,586	
93600 Sewer	\$622,794				\$104,091	\$50,165	
93000 Total Utilities	\$2,298,171	\$0	\$0	\$0	\$288,208	\$108,347	\$0
94100 Ordinary Maintenance and Operations - Labor	\$1,130,435				\$145,404	\$75,200	
94200 Ordinary Maintenance and Operations - Materials and Other	\$622,362				\$77,025	\$39,573	
94300 Ordinary Maintenance and Operations Contracts	\$1,717,251				\$233,302	\$126,086	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$313,016				\$23,390		
94000 Total Maintenance	\$3,783,064	\$0	\$0	\$0	\$479,121	\$240,859	\$0

State/Local	Continuum of Care Program	Rental Rehabilitation Program	Mainstream Vouchers	Housing Choice Vouchers	HCV CARES Act Funding	Central Office Cost Center CARES Act Funding	Fiduciary	Central Office Cost Center	Subtotal	Eliminations	Total
	14.267		14.879	14.871	14.HCC	14.CCC					
									\$7,936,143	-\$1,102,298	\$6,833,845
									\$36,224		\$36,224
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,972,367	-\$1,102,298	\$6,870,069
	\$6,708,386		\$1,253,318	\$161,266,069	\$7,690,262				\$184,574,000		\$184,574,000
									\$1,775,002		\$1,775,002
								\$3,221,498	\$3,221,498	-\$3,221,498	\$0
								\$74,720	\$74,720	-\$74,720	\$0
								\$857,959	\$857,959	-\$857,959	\$0
								\$4,154,177	\$4,154,177	-\$4,154,177	\$0
\$60,874		\$902		\$1,878				-\$1,260	\$177,897		\$177,897
		\$197							\$197		\$197
				\$23,308					\$23,308		\$23,308
\$65,444				\$16,251,386		\$16,678		\$303,765	\$16,984,831	-\$386,144	\$16,598,687
							\$270,867		\$282,493		\$282,493
\$126,318	\$6,708,386	\$1,099	\$1,253,318	\$177,542,641	\$7,690,262	\$16,678	\$270,867	\$4,456,682	\$215,944,272	-\$5,642,619	\$210,301,653
	\$85,582	\$589	\$2,217	\$300,823	\$2,533,493			\$1,931,799	\$5,946,736		\$5,946,736
			\$140	\$21,059				\$4,152	\$77,765		\$77,765
	\$62,438		\$13,941	\$1,987,575	\$16,678				\$3,238,176	-\$3,238,176	\$0
			\$4,677	\$769,975					\$857,959	-\$857,959	\$0
									\$8,589		\$8,589
\$418	\$61,880	\$429	\$10,015	-\$332,660	\$1,044,818			\$1,065,072	\$2,455,535		\$2,455,535
\$632	\$8,160		\$6,216	\$508,027	\$405,287			\$495,174	\$2,210,051	-\$149,916	\$2,060,135
	\$78		\$527	\$79,560				\$20,517	\$337,192		\$337,192
			\$4	\$535				\$2,344	\$8,075		\$8,075
			\$142	\$135,940			\$4,610		\$295,410	-\$219,550	\$75,860
\$1,050	\$218,138	\$1,018	\$37,879	\$3,470,834	\$4,000,276	\$0	\$4,610	\$3,519,058	\$15,435,488	-\$4,465,601	\$10,969,887
									\$74,720	-\$74,720	\$0
			\$166	\$25,061				\$2,651	\$96,046		\$96,046
									\$25,146		\$25,146
			\$77	-\$16,810				\$241	\$27,128		\$27,128
	\$194,911				\$25,848	\$16,678			\$347,558		\$347,558
\$0	\$194,911	\$0	\$243	\$8,251	\$25,848	\$16,678	\$0	\$2,892	\$495,878	\$0	\$495,878
			\$61	\$9,225					\$910,316		\$910,316
			\$217	\$32,706				\$33,036	\$944,841		\$944,841
			\$26	\$3,999				\$3,561	\$145,350		\$145,350
			\$14	\$2,083					\$779,147		\$779,147
\$0	\$0	\$0	\$318	\$48,013	\$0	\$0	\$0	\$36,597	\$2,779,654	\$0	\$2,779,654
									\$1,351,039		\$1,351,039
			\$14	\$2,108				\$2,685	\$743,767		\$743,767
-\$2,549			\$823	\$128,892				\$32,442	\$2,236,247		\$2,236,247
-\$1,421									\$334,985		\$334,985
-\$3,970	\$0	\$0	\$837	\$131,000	\$0	\$0	\$0	\$35,127	\$4,666,038	\$0	\$4,666,038

The accompanying Independent Auditors' Report and Notes are an integral part of this schedule.



Housing Authority of the County Contra Costa (CA011)

Martinez, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

3/31/2021

	Public Housing (Including Capital Fund)	Public Housing CARES Act Funding	Community Development Block Grants	Mainstream CARES Act Funding	Component Unit Discretely Presented	Component Unit Blended	PIH Family Self- Sufficiency Program
CFDA number	14.870/14.872	14.PHC	14.218	14.MSC			14.896
95200 Protective Services - Other Contract Costs	\$775,622				\$66,576		
95300 Protective Services - Other	\$70,006				\$3,704	\$8,765	
95000 Total Protective Services	\$845,628	\$0	\$0	\$0	\$70,280	\$8,765	\$0
96110 Property Insurance	\$369,483				\$76,865	\$53,417	
96120 Liability Insurance	\$2,194						
96130 Workmen's Compensation	\$116,485				\$21,527		\$1,453
96100 Total Insurance Premiums	\$488,162	\$0	\$0	\$0	\$98,392	\$53,417	\$1,453
96200 Other General Expenses	\$5,126				\$72,000		
96210 Compensated Absences	\$195,999						\$8,379
96300 Payments in Lieu of Taxes	\$99,687				\$7,552	\$2,387	
96400 Bad debt - Tenant Rents	\$140,135				\$34,992	\$1,265	
96000 Total Other General Expenses	\$440,947	\$0	\$0	\$0	\$114,544	\$3,652	\$8,379
96710 Interest of Mortgage (or Bonds) Payable					\$504,735	\$94,197	
96720 Interest on Notes Payable (Short and Long Term)					\$30,000		
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$534,735	\$94,197	\$0
96900 Total Operating Expenses	\$10,578,679	\$808,551	\$0	\$16,729	\$2,148,925	\$787,325	\$124,512
97000 Excess of Operating Revenue over Operating Expenses	\$2,503,723	\$0	\$0	\$0	\$234,524	\$675,053	\$0
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized	-\$10,081						
97300 Housing Assistance Payments	\$66,242						
97350 HAP Portability-In							
97400 Depreciation Expense	\$1,068,483				\$732,766	\$175,789	
90000 Total Expenses	\$11,703,323	\$808,551	\$0	\$16,729	\$2,881,691	\$963,114	\$124,512
10010 Operating Transfer In	\$1,153,730						
10020 Operating transfer Out	-\$1,153,730						-\$234,216
10091 Inter Project Excess Cash Transfer In	\$455,705						
10092 Inter Project Excess Cash Transfer Out	-\$455,705						
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	-\$234,216
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$1,379,079	\$0	\$0	\$0	-\$498,242	\$499,264	-\$234,216
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$301,025	\$39,365	\$0
11030 Beginning Equity	\$4,286,424	\$0	\$0	\$0	\$10,340,498	-\$1,629,352	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0						\$234,216
11170 Administrative Fee Equity							
11180 Housing Assistance Payments Equity							
11190 Unit Months Available	12244				2160	960	
11210 Number of Unit Months Leased	11006				2113	928	
11270 Excess Cash	-\$381,196						
11610 Land Purchases	\$0						
11620 Building Purchases	\$1,685,448						
11630 Furniture & Equipment - Dwelling Purchases	\$0						
11640 Furniture & Equipment - Administrative Purchases	\$89,554						
11650 Leasehold Improvements Purchases	\$0						
11660 Infrastructure Purchases	\$0						
13510 CFFP Debt Service Payments	\$0						
13901 Replacement Housing Factor Funds	\$0						

State/Local	Continuum of Care Program	Rental Rehabilitation Program	Mainstream Vouchers	Housing Choice Vouchers	HCV CARES Act Funding	Central Office Cost Center CARES Act Funding	Fiduciary	Central Office Cost Center	Subtotal	Eliminations	Total
	14.267		14.879	14.871	14.HCC	14.CCC					
									\$842,198		\$842,198
			\$130	\$19,671				\$7,642	\$109,918		\$109,918
\$0	\$0	\$0	\$130	\$19,671	\$0	\$0	\$0	\$7,642	\$952,116	\$0	\$952,116
			\$189	\$28,582				\$17,490	\$546,026		\$546,026
				\$58				\$141,112	\$143,364		\$143,364
	\$1,284	\$6	\$213	\$32,128				\$19,283	\$192,379		\$192,379
\$0	\$1,284	\$6	\$402	\$60,768	\$0	\$0	\$0	\$177,885	\$881,769	\$0	\$881,769
\$394			\$921	\$112,410					\$190,851		\$190,851
	\$5,349	\$75	\$1,295	\$195,470				\$236,752	\$643,319		\$643,319
									\$109,626		\$109,626
									\$176,392		\$176,392
\$394	\$5,349	\$75	\$2,216	\$307,880	\$0	\$0	\$0	\$236,752	\$1,120,188	\$0	\$1,120,188
			\$440	\$66,376					\$665,748		\$665,748
									\$30,000		\$30,000
\$0	\$0	\$0	\$440	\$66,376	\$0	\$0	\$0	\$0	\$695,748	\$0	\$695,748
-\$2,526	\$419,682	\$1,099	\$42,465	\$4,112,793	\$4,026,124	\$16,678	\$4,610	\$4,015,953	\$27,101,599	-\$4,540,321	\$22,561,278
\$128,844	\$6,288,704	\$0	\$1,210,853	\$173,429,848	\$3,664,138	\$0	\$266,257	\$440,729	\$188,842,673	-\$1,102,298	\$187,740,375
									-\$10,081		-\$10,081
	\$6,288,704		\$1,114,888	\$149,873,230	\$3,664,138				\$161,007,202	-\$1,102,298	\$159,904,904
				\$15,679,047					\$15,679,047		\$15,679,047
\$1,671				\$287,732				\$6,058	\$2,272,499		\$2,272,499
-\$855	\$6,708,386	\$1,099	\$1,157,353	\$169,952,802	\$7,690,262	\$16,678	\$4,610	\$4,022,011	\$206,050,266	-\$5,642,619	\$200,407,647
	\$27,361			\$261,577					\$1,442,668	-\$1,442,668	\$0
	-\$27,361							-\$27,361	-\$1,442,668	\$1,442,668	\$0
									\$455,705	-\$455,705	\$0
									-\$455,705	\$455,705	\$0
\$0	\$0	\$0	\$0	\$261,577	\$0	\$0	\$0	-\$27,361	\$0	\$0	\$0
\$127,173	\$0	\$0	\$95,965	\$7,851,416	\$0	\$0	\$266,257	\$407,310	\$9,894,006	\$0	\$9,894,006
\$0	\$0	\$0	\$0	\$240,762	\$0	\$0	\$0	\$0	\$581,152		\$581,152
\$2,606,811	\$0	\$0	\$219,145	-\$314,197	\$0	\$0	\$0	-\$2,363,610	\$13,145,719		\$13,145,719
\$1,570,107				-\$1,804,323			\$660,495		\$660,495		\$660,495
				\$4,255,307					\$4,255,307		\$4,255,307
				\$1,477,589					\$1,477,589		\$1,477,589
	3671		625	102666					122326		122326
	3671		625	102666					121009		121009
									-\$381,196		-\$381,196
								\$0	\$0		\$0
								\$0	\$1,685,448		\$1,685,448
								\$0	\$0		\$0
								\$0	\$89,554		\$89,554
								\$0	\$0		\$0
								\$0	\$0		\$0
								\$0	\$0		\$0
								\$0	\$0		\$0

The accompanying Independent Auditors' Report and Notes are an integral part of this schedule.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
STATEMENT OF COMPLETED CAPITAL FUND PROGRAM PROJECT  
ANNUAL CONTRIBUTIONS CONTRACT SF-182  
MARCH 31, 2021**

**CA39P01150119**

Funds approved	\$ 2,919,781
Funds expended	<u>2,919,781</u>
Excess of funds approved	<u><u>\$ -</u></u>
Funds advanced	\$ 2,919,781
Funds expended	<u>2,919,781</u>
Excess of funds advanced	<u><u>\$ -</u></u>

**The accompanying Independent Auditors' Report and notes are an integral part of this statement.**

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**SCHEDULE OF RELEVANT STATISTICS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

Fiscal year ended March 31	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Number of employees	<u>87</u>	<u>83</u>	<u>81</u>	<u>81</u>	<u>87</u>	<u>83</u>	<u>83</u>	<u>79</u>	<u>99</u>	<u>89</u>
Number of households served:										
Public Housing	919	1,006	1,144	1,144	1,168	1,168	1,168	1,168	1,168	1,168
Housing Choice Voucher	8,508	8,268	6,268	6,268	6,236	6,371	6,297	6,287	6,359	6,400
Mainstream Voucher	55	0	0	0	0	0	0	0	0	0
Continuum of Care	302	312	317	317	294	294	241	241	241	241
Section 8 Moderate Rehab	0	0	0	0	25	25	25	26	26	23
Section 8 Voucher	0	0	0	0	0	0	0	0	5	5
Component Units										
Casa Del Rio Senior Hsg	82	82	82	82	82	82	82	82	82	82
DeAnza Gardens	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>
Total	<u>10,046</u>	<u>9,848</u>	<u>7,991</u>	<u>7,991</u>	<u>7,985</u>	<u>8,120</u>	<u>7,993</u>	<u>7,984</u>	<u>8,061</u>	<u>8,099</u>
Capital Asset Information:										
Total managed units	1,225	1,268	1,406	1,430	1,430	1,430	1,430	1,430	1,430	1,430
Total buildings	295	397	636	636	636	636	636	636	636	636
By project:	<u>Units</u>	<u>Bldg</u>	<u>Last change</u>	<u>Units lost</u>	<u>Bldg lost</u>					
11001 Martinez	52	28								
11002 Bay Point	-	1	2002	83	43					
11003 Antioch	36	19								
11004 Brentwood	44	24								
11005 Pittsburgh	176	57								
11006 Richmond	0	0	2020	54	30					
11008 Oakley	30	16								
11009a Richmond	0	0	2020	84	44					
11009b Richmond	0	0	2021	54	28					
11010 Rodeo	244	63								
11011 Martinez	50	1								
11012 Oakley	40	13								
11013 Bay Point	50	14								
11015 Antioch	100	4								
45001 San Pablo	100	31								
45002 San Pablo	<u>41</u>	<u>1</u>								
Total PHA	<u>963</u>	<u>272</u>								
Component units:										
Casa Del Rio Senior Hsg	82	1								
DeAnza Gardens	180	22								

**The accompanying Independent Auditors' Report and notes are an integral part of this schedule.**

# Harn & Dolan

Certified Public Accountants

2423 Stirrup Court

Walnut Creek, California 94596-6526

(925) 280-1693 Fax (925) 938-4829

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners  
Housing Authority of the  
County of Contra Costa  
Martinez, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the County of Contra Costa, California, as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of the County of Contra Costa, California's basic financial statements, and have issued our report thereon dated December 15, 2021. Our report includes a reference to other auditors who audited the financial statements of the blended component units and discretely presented component units, as described in our report on the Housing Authority of the County of Contra Costa, California's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing Authority of the County of Contra Costa, California's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the County of Contra Costa, California's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the County of Contra Costa, California's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of the County of Contra Costa, California's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Harn & Dolan".

December 15, 2021

**Harn & Dolan**  
Certified Public Accountants  
2423 Stirrup Court  
Walnut Creek, California 94596-6526  
(925) 280-1693 Fax (925) 938-4829

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners  
Housing Authority of the  
County of Contra Costa  
Martinez, California

**Report on Compliance for Each Major Federal Program**

We have audited the Housing Authority of the County of Contra Costa, California's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the County of Contra Costa, California's major federal programs for the year ended March 31, 2021. The Housing Authority of the County of Contra Costa, California's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the County of Contra Costa, California's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the County of Contra Costa, California's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Housing Authority of the County of Contra Costa, California's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Housing Authority of the County of Contra Costa, California complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2021.

### **Report on Internal Control Over Compliance**

Management of the Housing Authority of the County of Contra Costa, California is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Housing Authority of the County of Contra Costa, California's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the County of Contra Costa, California's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal programs that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



December 15, 2021



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
STATUS OF PRIOR AUDIT FINDINGS  
MARCH 31, 2021**

The audit report for the fiscal year ended March 31, 2020, contained no audit findings.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**MARCH 31, 2021**

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	unmodified
Is a "going concern" emphasis-of-matter paragraph included in the audit report?	no
Is a significant deficiency in internal control disclosed?	no
Is a material weakness in internal control disclosed?	no
Is a material noncompliance disclosed?	no

**Federal Awards**

Does the auditor's report include a statements that the auditee's financial statements include departments, agencies, or other organizational units expending \$750,000 or more in Federal awards that have separate Uniform Guidance audits which are not included in this audit?	no
Dollar threshold used to distinguish between Type A and Type B programs	\$ 3,000,000
Did the auditee qualified as low-risk auditee?	yes
Identification of major programs:	
Continuum of Care Program	14.267
Public and Indian Housing	14.850
Housing Voucher Cluster:	
Housing Choice Voucher Program	14.871
Mainstream Voucher Program	14.879
Type of auditors' report issued on compliance for major programs:	unmodified
Did the audit disclose any audit findings which the auditor is required to report in accordance with Uniform Guidance part 200.516?	no
Internal control over major programs:	
Significant deficiencies identified?	no
Any significant deficiency reported as a material weaknesses?	none reported
Are any known questioned costs reported?	no
Were prior audit findings related to direct funding shown in the Summary of Prior Audit Findings?	no

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings**

None

**Harn & Dolan**  
Certified Public Accountants  
2423 Stirrup Court  
Walnut Creek, California 94596-6526  
(925) 280-1693 Fax (925) 938-4829

December 15, 2021

To the Board of Commissioners  
and Executive Director  
Housing Authority of the  
County of Contra Costa  
Martinez, California

We have audited the financial statements of the business-type activities of the Housing Authority of the County of Contra Costa, component unit of the County of Contra Costa, California (the Authority) for the year ended March 31, 2021. We did not audit the financial statements of the Authority's component units which were audited by other auditors and the reports were furnished to us. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards* and the Uniform Guidance,

As stated in our engagement letter dated November 18, 2020, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Housing Authority of the County of Contra Costa, California's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over the financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the Authority's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the Authority's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it does not provide a legal determination on the Authority's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the Management Discussion and Analysis (MD&A), which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient audit evidence to express an opinion or provide any assurance.

We have been engaged to report on the Schedule of Expenditures of Federal Awards, the Financial Data Schedule and the Statement of Completed Capital Fund Program Project, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and method of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the methods of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We have not been engaged to report on the Schedule of Relevant Statistics which accompanies the financial statements but is not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information has not been audited and we did not express an opinion or provide any assurance on it.

#### Planned Scope and Timing of the Audit

The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgement about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatement may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We noted no material misstatement that required communication to you during our audit.

Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Disclosures

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. As described in Note 1.U. to the basic financial statements, the Authority changed the accounting policies related to the reporting of the trust account with the Public Agency Retirement Services (PARS) to administer the funding of the projected benefits of the Other Postemployment Benefit (OPEB) plan by adopting the Statement of Governmental Accounting Standards No. 84, *Fiduciary Activities*, in the current fiscal year. GASB No. 84 requires that the activity of the trust account held with PARS, for the benefit of the Authority's employees, be reported in the Authority's financial statements. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the *Statement of Changes in Fiduciary Net Position*. This statement, as well as the *Statement of Fiduciary Net Position* are new for this fiscal year. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statement were:

- Allowance for uncollectible tenant accounts receivable: Management's estimate is based on past experience and subsequent collections. We inquired with management on the need for the amount of the allowances.
- Depreciation on capital assets: Management's estimate of the useful lives of its capital assets is based on historical information about similar assets, the length of time the assets are expected to meet service and technology demands, and the Authority's maintenance policy for the assets. These estimates have remained consistent for several years. We evaluated the key factors and assumption used to develop the depreciation estimates in determining that they are reasonable in relation to the financial statements taken as a whole.
- Net OPEB liability and the related Deferred Inflows/Outflows of Resources: Management's estimate is derived from actuarial valuations obtained from experts. We agreed the net OPEB liability, the related deferred inflows/outflows of resources, and the other information contained in the OPEB footnote to the amounts reported in the actuarial report dated May 28, 2021, for the actuarial valuation date of June 30, 2020 and measurement date of June 30, 2020, by Nicolay Consulting Group.
- Net Pension Liability and the related Deferred Inflows/Outflows of Resources: Management's estimate is derived from actuarial valuations obtained from experts. We agreed these balances and other

information contained in the pension plan (CCCERA) footnote to the various documentation supplied by CCCERA. This documentation included (1) CCCERA GASB 68 Actuarial Valuation Based on December 31, 2020 Measurement Date for Employer Reporting as of June 30, 2021, and (2) CCCERA's CAFR as of December 31, 2020.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most significant disclosure affecting the financial statements were:

- (1) The disclosure of the related parties - component units, both blended and discreetly presented, in Note 14 to the financial statements. This disclosure describes the Authority's relationship, including financial, with its component units
- (2) The disclosure of the pension plan and other postemployment benefits in Notes 11 and 12 to the basic financial statements. These disclosures discuss the Authority's obligations as they relate to these postemployment benefits. The recent requirements to recognize these liabilities fully (GASB 68 and GASB 75) has had a significant impact on the Authority's financial statements. These notes include descriptions of the plans and the Authority's funding policies; as well as a description of the actual contributions made and the components of expense for the year.
- (3) The disclosure of the subsequent events in Note 18 to the basic financial statements. This disclosure discusses the fact that the Authority has agreed to a change in the way employee health care subsidy will be calculated effective January 1, 2022. Management anticipates that this change will have an estimated \$2.9 million effect on the Net OPEB Liability. The increased liability is expected to be recognized March 31, 2023.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For the purpose of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreement arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 15, 2021.

*Management Consultation with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Disclosures or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the government unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

As discussed in Note 15.C. to the financial statements, the U.S. Department of Housing and Urban Development (HUD) conducted monitoring of the Authority’s Continuum of Care Program prior to the beginning of the fiscal year under audit. The COVID-19 pandemic has delayed the final resolution of this monitoring. The purpose of this Program is to provide tenant-based rental assistance for homeless individuals and families. A component of this grant is match, which management believes has been met by Contra Costa Health Services (CCHS). The match documentation provided by CCHS far exceeds the 25% requirement. Dialogue between HUD, the Authority, and CCHS has been on-going regarding the type of supporting documentation and the level of detail necessary to properly support the match figures. Once the specific requirements have been settled, management should consider improving the monitoring of the match figures supplied by CCHS to insure compliance with the 25% match requirement of the Continuum of Care Program.

Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of the Housing Authority of the County of Contra Costa and is not intended to be, and should not be, used by anyone other than these specified parties.

Very Truly Yours,

A handwritten signature in cursive script, reading "Harn & Dolan".

Harn & Dolan, CPA’s

To: Contra Costa County Housing Authority Board of Commissioners  
 From: Joseph Villarreal, Housing Authority  
 Date: March 8, 2022



Contra  
Costa  
County

**Subject:** Adopt Resolution No. 5243 authorizing the Housing Authority to become a limited partner in the DeAnza Gardens, L.P. limited partnership

### **RECOMMENDATIONS**

ADOPT Resolution No. 5243 authorizing the Housing Authority to become a limited partner in the DeAnza Gardens, L.P. limited partnership and to pay a disposition fee of \$1,000.

### **BACKGROUND**

DeAnza Gardens is comprised of 180 units constructed in 2004 – 2005 ("Project") and funded by a number of resources including Low Income Housing Tax Credits ("LIHTC"). DeAnza Garden, L.P., a California limited partnership ("Partnership") was formed for the purpose of owning, constructing, and operating the Project. DeAnza Housing Corporation was formed as a California nonprofit public benefit corporation to serve as a general partner in the Partnership along with the Housing Authority of the County of Contra Costa ("HACCC"). BCP/DeAnza Gardens, LLC, a Delaware limited liability company ("BCP") and BCCC, Inc., a Massachusetts corporation ("BCC"), are the investor limited partner and the special limited partner of the Partnership, respectively (collectively, the "Limited Partners"), and contributed the LIHTC equity to, and received the tax credits from, the Project.

The Project was placed in service in 2005 and 2006. The compliance period for the LIHTC is fifty-five (55) years from the place-in-service date. The Federal tax credit recapture ("Compliance Period") period expired on December 31, 2019. During the 24 months after the expiration of the Compliance Period, HACCC has a Purchase Option (the "Purchase Option") and Right of First Refusal to buy the Project from the Partnership.

### **I. PURCHASE OPTION AND RIGHT OF FIRST REFUSAL**

The purchase price for the Property pursuant to the Purchase Option shall be the greater of the following amounts, subject to the provisions set forth below:

(a) Debt and Taxes. An amount sufficient (i) to pay all debts, liabilities and obligations of the Partnership upon its termination and liquidation as projected to occur immediately following the sale pursuant to the Option, including, but not limited to, fees and debts to Partners of the Partnership (or their Affiliates), and (ii) to distribute to the Partners cash proceeds equal to the taxes projected by the Auditors to be imposed on the Partners of the Partnership as a result of the sale pursuant to the Option; or

Action of Board On: **03/08/2022** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

### **VOTE OF COMMISSIONERS**

AYE: John Gioia, Commissioner  
 Candace Andersen,  
 Commissioner  
 Diane Burgis, Commissioner  
 Karen Mitchoff, Commissioner  
 Federal D. Glover, Commissioner  
 Cynthia Jordan, Commissioner

ABSENT: Joanne Segura,  
 Commissioner

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 8, 2022

Joseph Villarreal, Executive Director

By: June McHuen, Deputy

Contact: 925-957-8028

cc:



## BACKGROUND (CONT'D)

(b) Fair Market Value. The fair market value of the Property, appraised as low-income housing taking into account the effect on the projected income of the Property as a result of all Use Restrictions to the extent continuation of such use is required under the Use Restrictions, taking into consideration any repairs, improvements or deferred maintenance deemed necessary by a capital needs assessment conducted by a third party inspector selected by the Partnership's regular Auditors, who is experienced in determining capital needs for similar projects in Northern California.

HACCC has determined that the existing mortgage debt plus the long-term outstanding capital needs for the Project exceed the fair market value of the property and, as such, the Project has nominal value to the existing investor. HACCC has engaged the services of an industry professional to negotiate a purchase price of the Limited Partners' interests in the Partnership instead of purchasing the Project itself. The Partnership will continue to own the Project, but the Limited Partners will be replaced. HACCC will replace the Limited Partner's interests in the Partnership as the new limited partner and will withdraw as a general partner. DeAnza Housing Corporation will remain as the general partner. HACCC plans to refinance the mortgage loan on the Project in the near future. At that time, staff anticipates that a new limited liability corporation will be created as the owner of the property, with HACCC Casa Del Rio, Inc., as its sole member, and the Limited Partnership will be dissolved. This will ensure that there are minimal tax implications for HACCC under the new management structure. Although the purchase price increased from \$10 to \$1,000 since the approval in May 2021, there was flexibility with the amount of the accrued asset management fee already paid such that no additional funds were required to be paid by the Partnership or HACCC.

On May 6, 2021, the Board of Directors for DeAnza Housing Corporation approved a similar resolution authorizing the replacement of the Limited Partner interest in the Partnership and removing HACCC from its role as general partner so that it could be placed in the role of Limited Partner and DeAnza Housing Corporation would remain as the sole general partner in the Partnership.

## FISCAL IMPACT

HACCC's Board of Commissioners authorized staff to purchase the Limited Partners' interest in the Partnership for a \$10 disposition fee plus any additional distributions or costs required at its May 18, 2021 meeting pursuant to Resolution No. 5234. The Limited Partners adjusted the final disposition fee for the Limited Partners' interests from a total of \$2 to a total of \$1,000. HACCC has paid the Limited Partners \$2 plus \$13,460.07 in accrued asset management fees for 2021 the Partnership paid to BCP (the "Supplemental Payment") under the initial documentation. In response to the adjusted final disposition fee, the outstanding balance of \$998.00 will be deducted from the \$13,460.07 Supplemental Payment. The change in the disposition fee and asset management fees will be reflected in revised documentation and no additional funds are needed for the purchase of the Limited Partners' interest.

## CONSEQUENCE OF NEGATIVE ACTION

If the actions to revise the agreed upon disposition fee amount from \$10 to \$1000 and for it to be from the Housing Authority ("Revised Disposition Fee"), and the transfer of \$998 from the Supplemental Payment already paid to the Limited Partners as the source of the Revised Disposition Fee are not approved, then the Partnership, the Withdrawing Limited Partners and the Housing Authority may need to unwind the transaction and the HACCC will lose the rights to purchase the Limited Partnership interests for \$1000 and will be forced to purchase the property under the Purchase Option and Right of First Refusal for a much greater amount.

## AGENDA ATTACHMENTS

Purchase Option and Right of First Refusal

Current HACCC Res 5243

DeAnza Res\_Executed

Prior HACCC Res 5234\_Executed May 2021

## MINUTES ATTACHMENTS

Signed Resolution No. 5243

**PURCHASE OPTION AND  
RIGHT OF FIRST REFUSAL AGREEMENT**

This Agreement is made as of June 27, 2003, by and between DEANZA GARDENS, L.P., a California limited partnership (the "Partnership"), HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic ("Grantee"), and DEANZA HOUSING CORPORATION, a California nonprofit public benefit corporation ("DHC") (DHC and Grantee are hereinafter collectively referred to as the "General Partners"), and is consented to hereinbelow by BCP/DEANZA GARDENS, LLC, a Delaware limited liability company ("Investment Limited Partner"), and by BCCC, INC., a Massachusetts corporation ("BCCC"), the limited partners of the Partnership (collectively, the "Consenting Limited Partners").

WHEREAS, the General Partners and the Consenting Limited Partners, concurrently with the execution and delivery of this Agreement, are entering into that certain Second Amended and Restated Agreement of Limited Partnership dated as of the date hereof (the "Partnership Agreement") continuing the Partnership by amending and restating a prior partnership agreement; and

WHEREAS, Grantee has been instrumental in the development of the Property, as described in the Partnership Agreement, and will continue to provide services to the Partnership in connection with the continuation of the Partnership for the further development of the Apartment Complex; and

WHEREAS, the Apartment Complex is or will be subject to a governmental agency regulatory agreement (the "Regulatory Agreement") restricting its use to low-income housing (such use restrictions under the Regulatory Agreement being referred to collectively herein as the "Use Restrictions"); and

WHEREAS, the General Partners desire to provide for the continuation of the Apartment Complex as low-income housing upon termination of the Partnership by Grantee purchasing the Apartment Complex at the applicable price determined under this Agreement and operating the Apartment Complex in accordance with the Use Restrictions; and

WHEREAS, as a condition precedent to the formation or continuation of the Partnership pursuant to the Partnership Agreement, the General Partners have negotiated and required that the Partnership shall execute and deliver this Agreement in order to provide for such low-income housing, and the Consenting Limited Partners have consented to this Agreement in order to induce the General Partners to execute and deliver the Partnership Agreement;

NOW, THEREFORE, in consideration of the execution and delivery of the Partnership Agreement and the payment by the Grantee to the Partnership of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Grant of Option. The Partnership hereby grants to Grantee an option (the "Option") to purchase the real estate, fixtures, and personal property comprising the Apartment

Complex or associated with the physical operation thereof, located at the Apartment Complex and owned by the Partnership at the time of purchase (the "Property"), for a period of twenty-four (24) months (the "Option Period") following the close of the fifteen (15) year compliance period for the low-income housing tax credit for the Apartment Complex (the "Compliance Period") as determined under Section 42(i)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), on the terms and conditions set forth in this Agreement and subject to the conditions precedent to the exercise of the Option specified herein. The Apartment Complex real estate is legally described in Exhibit A attached hereto and made a part hereof.

2. Grant of Refusal Right. In the event that the Partnership receives a bona fide offer to purchase the Property (other than under the circumstances described in paragraph 1), which offer the Partnership intends to accept, Grantee shall have a right of first refusal to purchase the Property (the "Refusal Right") for a period of twenty-four (24) months (the "Refusal Right Period") following the close of the Compliance Period, on the terms and conditions set forth in this Agreement and subject to the conditions precedent to exercise of the Refusal Right specified herein. In addition to all other applicable conditions set forth in this Agreement, (a) the foregoing grant of the Refusal Right shall be effective only if Grantee is currently and remains at all times hereafter, until (i) the Refusal Right has been exercised and the resulting purchase and sale has been closed, or (ii) the Refusal Right has been assigned to a Permitted Assignee described in Paragraph 11 hereof, whichever first occurs, a qualified recipient of the Refusal Right under Section 42(i)(7)(A) of the Code, and (b) any assignment of the Refusal Right permitted under this Agreement and the Refusal Right so assigned shall be effective only if the assignee is at the time of the assignment and remains at all times thereafter, until the Refusal Right has been exercised and the resulting purchase and sale has been closed, a Permitted Assignee described in Paragraph 11 hereof meeting the requirements of Section 42(i)(7)(a) of the code. Prior to accepting any such bona fide offer to purchase the Property, the Partnership shall notify Grantee, the General Partners, and the Consenting Limited Partners of such offer and deliver to each of them a copy thereof. The Partnership shall not accept any such offer unless and until the Refusal Right has expired without exercise by Grantee under Paragraph 6 hereof.

3. Purchase Price Under Option. The purchase price for the Property pursuant to the Option (the "Option Price") shall be the greater of the following amounts, subject to the provision set forth hereinbelow:

(a) Debt and Taxes. An amount sufficient (i) to pay all debts, liabilities and obligations of the Partnership upon its termination and liquidation as projected to occur immediately following the sale pursuant to the Option, including, but not limited to, fees and debts to Partners of the Partnership (or their Affiliates), and (ii) to distribute to the Partners cash proceeds equal to the taxes projected by the Auditors to be imposed on the Partners of the Partnership as a result of the sale pursuant to the Option; or

(b) Fair Market Value. The fair market value of the Property, appraised as low-income housing taking into account the effect on the projected income of the Property as a result of all Use Restrictions to the extent continuation of such use is required under the Use Restrictions, taking into consideration any repairs, improvements or deferred maintenance deemed necessary by a capital needs assessment conducted by a third party

inspector selected by the Partnership's regular Auditors, who is experienced in determining capital needs for similar projects in Northern California; provided, however, unless such procedure is determined at the time the Option is exercised to be unreasonable, the fair market value so determined shall not be greater than the capitalized value of the future income stream, taking into account the effect on the projected income of the Property of all Use Restrictions to the extent continuation of such use is required under the Use Restrictions using a capitalization rate of two percent (2%) over the Fannie Mae thirty (30) day-forward commitment rate for thirty (30) year, fully amortized multifamily loans. Any such appraisal is to be made by a licensed appraiser selected by the Partnership's regular Auditors, who is a Member of the Appraiser Institute and who has experience in low-income housing in the geographic area in which such Property is located and is to be paid for by the Partnership; provided, however, that if prior to exercise of the Option the Internal Revenue Service (the "Service") has issued a revenue ruling or provided a private letter ruling to the Partnership, the applicability of which ruling shall be determined in the judgment of tax counsel to the Consenting Limited Partners, or tax counsel approved by the Consenting Limited Partners has issued an opinion letter, concluding that property of the nature and use of the Property may be sold under circumstances described in this Agreement at the price determined under Section 42(i)(7)(B) of the Code without limiting tax credits or deductions that would otherwise be available to the Consenting Limited Partners, then the Option Price shall be such price.

4. Purchase Price Under Refusal. The purchase price for the Property pursuant to the Refusal Right shall be lesser of (a) the purchase price set forth in the bona fide offer to purchase the Property or (b) the minimum purchase price set forth in Section 42(i)(7)(B) of the Code, which generally is equal to the sum of (x) an amount sufficient to pay all debts and liabilities of the Partnership upon its termination and liquidation as projected to occur immediately following the sale pursuant to the Refusal Right, and (y) an amount sufficient to distribute to the Partners cash proceeds equal to the taxes projected to be imposed on the Partners of the Partnership as a result of the sale pursuant to the Refusal Right.

5. Conditions Precedent. Notwithstanding anything in this Agreement to the contrary, the Option and the Refusal Right granted hereunder shall be contingent on the following:

(a) General Partners. Grantee shall have remained in good standing as a General Partner of the Partnership without the occurrence of any event described in Section 4.5(a)(iii) of the Partnership Agreement after giving effect to the curative provisions applicable thereto; and

(b) Regulatory Agreement. Either (i) the Regulatory Agreement shall have been entered into and remained in full force and effect, or (ii) if the Regulatory Agreement is no longer in effect due to reasons other than a default thereunder by the Partnership, such Use Restrictions shall have remained in effect by other means and shall continue in effect by inclusion in the deed as required under Paragraph 10 hereof.

If any or all of such conditions precedent have not been met, the Option and the Refusal Right shall not be exercisable. Upon any of the events terminating the Option or the Refusal Right

under this Paragraph 5, the Option and the Refusal Right shall be void and of no further force and effect.

6. Exercise of Option or Refusal Right. The Option and the Refusal Right each may be exercised by Grantee by (a) giving prior written notice of its intent to exercise the Option or the Refusal Right to the Partnership and each of its Partners in the manner provided in the Partnership Agreement and in compliance with the requirements of this Paragraph 6, and (b) complying with the contract and closing requirements of Paragraph 9 hereof. Any such notice of intent to exercise the Option shall be given during the period commencing one (1) year prior to the expiration of the Compliance Period and terminating at the end of the Option Period. Any such notice of intent to exercise the Refusal Right shall be given within ninety (90) days after Grantee has received the Partnership's notice of a bona fide offer pursuant to Paragraph 2 hereof. In either case, the notice of intent shall specify a closing date within one hundred twenty (120) days immediately following the date of exercise. If the foregoing requirements (including those of Paragraph 9 hereof) are not met as and when provided herein, the Option or the Refusal Right, or both, as applicable, shall expire and be of no further force or effect. Upon notice by Grantee of its intent to exercise the Option or the Refusal Right, all rights under the other shall be subordinate to the rights then being so exercised unless and until such exercise is withdrawn or discontinued, and upon the closing of any sale of the Property pursuant to such notice shall expire and be of no further force or effect, provided that in the event that the Option and the Refusal Right are hereafter held by different parties by reason of any permitted assignment or otherwise, Grantee in its assignment or such parties by written agreement may specify any other order of priority consistent with the other terms and conditions of this Agreement.

7. Determination of Price. Upon notice by Grantee of its intent to exercise the Option or the Refusal Right, the Partnership and Grantee shall follow the procedure set forth in this Agreement for determining the Option Price or the Refusal Right Price, as applicable, for the Property (the "Purchase Price"). Any such agreement shall be subject to the prior written consent of the Consenting Limited Partners, which shall not be withheld as to any Purchase Price determined properly in accordance with this Agreement. In the event Grantee for any reason withdraws or discontinues its exercise of the Option or the Refusal Right, it shall pay any and all expenses of accounting, appraisal, and arbitration incurred in the determination of the Purchase Price and any expenses incurred in the preparation of a purchase contract as provided hereinbelow, including without limitation reasonable legal fees of the Partnership and the Consenting Limited Partners in connection with any such arbitration and contract.

8. Arbitration. In the event of any dispute hereunder, each of Grantee, the General Partners, the Consenting Limited Partners, and any other Partners of the Partnership who are in disagreement shall exercise best efforts in good faith to agree on a single arbitrator to act hereunder. Such arbitrator shall conduct proceedings in the geographic area in which the Property is located, according to such procedures as the arbitrator shall designate, provided that they are fair and do not violate the Uniform Arbitration Act if and as adopted by the state in which the Property is located or any similar act that may apply. In the absence of an agreement by such parties on a single arbitrator or on any other method of arbitration, such dispute shall be submitted for arbitration in accordance with the applicable rules of the American Arbitration Association.

In any event, the arbitrator(s) appointed hereunder shall have all of the jurisdiction and powers of courts of law and equity in civil matters. The parties to such arbitration hereby agree to accept any decision or award made by the arbitrators in accordance with arbitration proceedings conducted pursuant hereto, and the same shall be final and binding on such parties. Any such decision or award may be enforced, and judgment thereon may be entered, by any court of competent jurisdiction. All fees and expenses of such arbitration proceedings, including both those of the arbitrator(s) and reasonable attorneys' fees of counsel for the respective parties to arbitration, shall be paid by the party or parties against whom the decision or award is rendered or as may otherwise be determined to be equitable by the arbitrators. In the event any disagreeing party fails to appoint an arbitrator who is able and willing to serve hereunder within twenty (20) days after any demand for arbitration by any other party or fails to proceed in good faith with arbitration proceedings hereunder, the other parties may each at its option take any action available to them in law or equity in any court of competent jurisdiction.

9. Contract and Closing. Upon determination of the Purchase Price for the Property, the Partnership and Grantee shall execute escrow instructions legally consistent with this Agreement, and attach any notices or statements required under federal or state law applicable to the transaction for the purchase and sale of such Property in accordance with this Agreement and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area which such Property is located, providing for a closing not later than the date specified in the Grantee's notice of intent to exercise the Option or the Refusal Right, as applicable, or ninety (90) days after the Purchase Price has been determined whichever is later. In the absence of any such contract, this Agreement shall be specifically enforceable upon the exercise of the Option or the Refusal Right, as applicable. The purchase and sale hereunder shall be closed through a deed-and-money escrow with the title insurer for the Property or another mutually acceptable title company.

10. Use Restrictions. In consideration of the Option and the Refusal Right granted hereunder at the price specified herein, Grantee hereby agrees that the deed granting the Property to Grantee shall contain a covenant running with the land, restricting use of the Property to low-income housing to the extent required by those Use Restrictions contained in the Regulatory Agreement. All provisions relating to the Use Restrictions contained in such deed and in this Agreement shall be subject and subordinate to any third-party liens encumbering the Property.

The deed to Grantee shall be subject to the prior written approval of the Consenting Limited Partners, which shall not be unreasonably withheld. In the absence of a deed conforming to the requirements of this Agreement, the provisions of this Agreement shall run with the land. In the event that neither the Option nor the Refusal Right is exercised, or the sale pursuant thereto is not consummated, then, subject to the approval of the Special Limited Partner, upon conveyance of the Property to anyone other than Grantee or its Permitted Assignee hereunder, the foregoing provisions shall terminate and have no further force or effect.

11. Assignment. Grantee may assign all or any of its rights under this Agreement to (a) a qualified nonprofit organization, as defined in Section 42(h)(5)(C) of the code, (b) a government agency, or (c) a tenant organization (in cooperative form or otherwise) or resident management corporation of the Property (each a "Permitted Assignee") that demonstrates its ability and willingness to maintain the Property as low-income housing in accordance with the

Use Restrictions, in any case subject to the prior written consent of the Special Limited Partner, and subject in any event to the conditions precedent to the Refusal Right and the Option set forth in Paragraphs 2 and 3 hereof. Prior to any assignment or proposed assignment of its rights hereunder, Grantee shall give written notice thereof to the Partnership, DHC as a General Partner, and the Consenting Limited Partners. Upon any permitted assignment hereunder, references in this Agreement to Grantee shall mean the Permitted Assignee where the context so requires, subject to all applicable conditions to the effectiveness of the rights granted under this Agreement and so assigned. No assignment of Grantee's rights hereunder shall be effective unless and until the Permitted Assignee enters into a written agreement accepting the assignment and assuming all of Grantee's obligations under this Agreement and copies of such written agreement are delivered to the Partnership, DHC as a General Partner, and the Consenting Limited Partners. Except as specifically permitted herein, Grantee's rights hereunder shall not be assignable.

12. Legal Fees. The non-prevailing party shall pay on demand all reasonable fees and expenses incurred by the prevailing party in any dispute not resolved by arbitration.

13. Reformation as a Redemption. Notwithstanding the foregoing, Grantee, as a General Partner of the Partnership, shall have the option to reform this Agreement to provide for a redemption by the Partnership of the Consenting Limited Partners' Interest in the Partnership in lieu of a purchase by Grantee of the Property; provided, however, that the economic, tax and material consequences of the transaction for the Consenting Limited Partners shall not be altered thereby, and that any such reformation shall require execution by the Partnership and any other General Partner of all documentation and the prior written consent of the Consenting Limited Partners to all documentation. In connection with any such redemption, Grantee shall be entitled to appoint a substitute general partner to the Partnership if necessary for the purpose of causing the Partnership to have a minimum of two partners at all times.

14. Miscellaneous. This Agreement shall be liberally construed in accordance with the laws of the State of California in order to effectuate the purposes of this Agreement. This Agreement may be executed in counterparts or counterpart signature pages, which together shall constitute a single agreement. This Agreement and the Option and Refusal Right provided for herein are subordinate to all rights of California Community Reinvestment Corporation under the deed(s) of trust securing its loan(s) to the Partnership.

IN WITNESS WHEREOF, the parties have executed this document as of the date first set forth hereinabove.

PARTNERSHIP:

DEANZA GARDENS, L.P., a California limited partnership, by its general partners

DEANZA HOUSING CORPORATION, a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Rudy Tamayo, Executive Director

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic

By: \_\_\_\_\_  
Rudy Tamayo, Deputy Executive Director

GRANTEE:

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic


By: \_\_\_\_\_  
Rudy Tamayo, Deputy Executive Director

The undersigned hereby consents to the foregoing Agreement as of the date first set forth hereinabove.

BCP/DEANZA GARDENS, LLC, a Delaware limited liability company, by its manager, BCCC, Inc., a Massachusetts corporation

By:   
Marc N. Teal, Senior Vice President

BCCC, Inc., a Massachusetts corporation

By:   
Marc N. Teal, Senior Vice President




IN WITNESS WHEREOF, the parties have executed this document as of the date first set forth hereinabove.

PARTNERSHIP:

DEANZA GARDENS, L.P., a California limited partnership, by its general partners

DEANZA HOUSING CORPORATION, a California nonprofit public benefit corporation

By:   
Rudy Tamayo, Executive Director

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic

By:   
Rudy Tamayo, Deputy Executive Director

GRANTEE:

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic

By:   
Rudy Tamayo, Deputy Executive Director

The undersigned hereby consents to the foregoing Agreement as of the date first set forth hereinabove.

BCP/DEANZA GARDENS, LLC, a Delaware limited liability company, by its manager, BCCC, Inc., a Massachusetts corporation

By: \_\_\_\_\_  
Marc N. Teal, Senior Vice President

BCCC, Inc., a Massachusetts corporation

By: \_\_\_\_\_  
Marc N. Teal, Senior Vice President

Acknowledgments

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_, before me, the undersigned, personally appeared Rudy Tamayo, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

(notarial seal)

COMMONWEALTH OF MASSACHUSETTS )  
 ) SS.  
COUNTY OF SUFFOLK )

On June 25, 2008, before me, the undersigned, personally appeared Marc N. Teal, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacities, and that by his signatures on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

  
Signature

(notarial seal)

EXHIBIT A

LEGAL DESCRIPTION OF  
PROJECT REAL ESTATE

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

John T. Haygood, Esq.  
Goldfarb & Lipman  
1300 Clay Street, Ninth Floor  
City Center Plaza  
Oakland, CA 94612

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(Space Above This Line For Recorder's Use)

**MEMORANDUM OF PURCHASE OPTION  
AND RIGHT OF FIRST REFUSAL AGREEMENT**

This Memorandum of Purchase Option and Right of First Refusal Agreement ("Memorandum") is entered into as of June \_\_\_\_, 2003 by and among DEANZA GARDENS, L.P., a California limited partnership (the "Partnership"), HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic (the "Grantee"), and DEANZA HOUSING CORPORATION, a California nonprofit public benefit corporation, and is consented to herein below by BCP/DEANZA GARDENS, LLC, a Delaware limited liability company, (the "Investor Limited Partner") and by BCCC, INC., a Massachusetts corporation (the "Special Limited Partner"), the limited partners of the Partnership (collectively, the "Consenting Limited Partners") with respect to that certain Purchase Option and Right of First Refusal Agreement ("Agreement") dated as of June \_\_\_\_, 2003, between the Partnership and the Grantee and consented to by the Consenting Limited Partners.

Pursuant to the Agreement, Partnership has granted to Grantee a purchase option and right of first refusal, on the terms and conditions stated in the Agreement, to purchase the real estate, fixtures, and personal property comprising the Apartment Complex or associated with the physical operation thereof, located at the Apartment Complex and owned by the Partnership at the time of purchase (the "Property"), located in Bay Point, Contra Costa County, California, and known as DeAnza Gardens, more particularly described in Exhibit A attached hereto, for a period of twenty-four (24) months (the "Option Period") following the close of the compliance period for the low-income housing tax credit for the Apartment Complex (the "Compliance Period") as determined under Section 42(i)(1) of the Internal Revenue Code of 1986.

This Memorandum shall incorporate all of the terms and provisions of the Agreement as though fully set forth herein.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Agreement, of which this is a memorandum.

This Memorandum may be executed in any number of counterparts, all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the date first written above.

PARTNERSHIP:


DEANZA GARDENS, L. P., a California Limited Partnership, by its general partners

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic

By: 

Its: Deputy Executive Director

DEANZA HOUSING CORPORATION a California nonprofit public benefit corporation

By: 

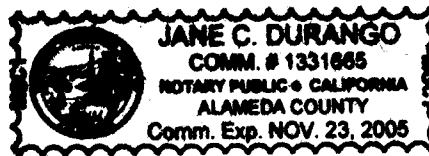
Its: Executive Director

Acknowledgments

STATE OF CALIFORNIA           )  
  )ss  
COUNTY OF ALAMEDA        )

On June, 2003, before me, Jane C. Durango, a notary public, personally appeared Rudy Tamayo personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
DEANZA GARDENS, L.P.  
CORPORATE/PARTNERSHIP AUTHORIZING RESOLUTION 5243  
RE: AUTHORIZING ADMITTANCE AND WITHDRAWAL OF LIMITED PARTNERS AND  
WITHDRAWAL OF GENERAL PARTNER  
(DeAnza)**

At a duly constituted meeting of the Board of Commissioners (the "**Board**") of the Housing Authority of the County of Contra Costa, a public body corporate and politic the "**Housing Authority**"), held on March 8, 2022, the following resolutions were adopted:

WHEREAS, in this resolution, the Board shall be acting on behalf of the Housing Authority: (i) on its own behalf and (ii) as a general partner of DeAnza Gardens, L.P., a California limited partnership (the "**Partnership**");

WHEREAS, the Housing Authority is a general partner of the Partnership along with DeAnza Housing Corporation, a California nonprofit public benefit corporation;

WHEREAS, BCP/DeAnza Gardens, LLC, a Delaware limited liability company, is the investor limited partner of the Partnership (the "**Investor Limited Partner**"), and BCCC, Inc., a Massachusetts corporation, is the special limited partner of the Partnership (the "**Special Limited Partner**", and collectively with the Investor Limited Partner, the "**Withdrawing Limited Partners**");

WHEREAS, the Partnership was formed for the purpose of owning, constructing and operating an affordable rental housing project known as DeAnza Gardens Apartments (the "**Project**");

WHEREAS, the Housing Authority desires to withdraw from the Partnership as a general partner and enter the Partnership as the limited partner;

WHEREAS, on May 18, 2021, the Board approved the Partnership to disburse to the Withdrawing Limited Partners a disposition fee in the amount of Ten Dollars (\$10) plus any additional distributions or costs required to induce the Withdrawing Limited Partners to exit the Partnership, if any (the "**LP Exit Costs**");

WHEREAS, the Withdrawing Limited Partners have adjusted the final purchase to \$1,000;

WHEREAS, the Withdrawing Limited Partners desire to assign their respective interests and withdraw from the Partnership; and

WHEREAS, the Board desires for the Housing Authority and the Partnership to enter into any and all documents necessary to admit the Housing Authority as the limited partner, to allow the Housing Authority to withdraw as a general partner, to allow the Withdrawing Limited Partners to assign their interests and withdraw as the limited partners of the Partnership, and to distribute the LP Exit Costs, including but not limited to, a transfer agreement, an assignment

and assumption of partnership interests and second amendment to the second amended and restated agreement of limited partnership, and any other types of agreements or documents necessary to admit the Housing Authority as the limited partner and allow the Housing Authority to withdraw as a general partner, allow the Withdrawing Limited Partners to assign their interests and withdraw, and to pay the LP Exit Costs (collectively, the "**Documents**").

NOW, THEREFORE, BE IT RESOLVED: That the Housing Authority accepts the \$1,000 sale price.

FURTHER RESOLVED: That the Partnership shall admit the Housing Authority as the limited partner, allow the Housing Authority to withdraw as a general partner, distribute the LP Exit Costs, and allow the Withdrawing Limited Partners to assign their interests and withdraw as the limited partners.

FURTHER RESOLVED: That the Housing Authority in its own capacity and/or in its capacity as the general partner of the Partnership, shall enter into the Documents.

FURTHER RESOLVED: That Joseph Villarreal, Executive Director of the Housing Authority, or any other officer of the Housing Authority, acting alone on behalf of the Housing Authority, in its own capacity, and in its capacity as the general partner of the Partnership, is authorized, empowered and directed to: (i) take any and all necessary actions, and execute any and all necessary documents in its own capacity and in its capacity as the general partner of the Partnership, including, but not limited to, the Documents; (ii) take any further actions necessary to admit the Housing Authority as the limited partner, allow the Housing Authority to withdraw as a general partner, and allow the Withdrawing Limited Partners to assign their interests and withdraw; (iii) take any further actions necessary to pay the LP Exit Costs, and (iv) do all other activities contemplated by this Resolution or otherwise necessary to cause the admittance of the Housing Authority as the limited partner, withdrawal of the Housing Authority as a general partner, withdrawal of the Withdrawing Limited Partners from the Partnership, and payment of the LP Exit Costs.

FURTHER RESOLVED: That Joseph Villarreal, Executive Director of the Housing Authority, or any other officer of the Housing Authority, acting alone on behalf of the Housing Authority in its own capacity and in its capacity as the general partner of the Partnership, is authorized, empowered and directed to execute any other form of resolution required by a lender, investor, or other third party, if determined by an officer of the Housing Authority, with the advice of counsel, to be substantially equivalent to this form of resolution.

RESOLVED FURTHER: That to the extent that any actions authorized herein have already been performed, such actions are ratified and approved.

*[Remainder of Page Intentionally Blank]*



## SECRETARY'S CERTIFICATE

I, the undersigned, hereby certify that the foregoing is a true copy of the Resolution adopted by the Board of Commissioners at a meeting of the Housing Authority, and that said Resolution is in full force and effect.

Dated: May 18, 2021

By: \_\_\_\_\_  
Joseph Villarreal, Secretary

**DEANZA HOUSING CORPORATION**  
**DEANZA GARDENS, L.P.**  
**CORPORATE/PARTNERSHIP AUTHORIZING RESOLUTION NO. 1001**  
**RE: AUTHORIZING ADMITTANCE AND WITHDRAWAL OF LIMITED PARTNERS AND**  
**WITHDRAWAL OF GENERAL PARTNER**  
**(DeAnza)**

At a duly constituted meeting of the Board of Directors (the "**Board**") of DeAnza Housing Corporation, a California nonprofit public benefit corporation (the "**Corporation**"), held on May 6, 2021, the following resolutions were adopted:

WHEREAS, in this resolution, the Board shall be acting on behalf of the Corporation: (i) on its own behalf and (ii) as a general partner of DeAnza Gardens, L.P., a California limited partnership (the "**Partnership**");

WHEREAS, the Corporation is a general partner of the Partnership along with the Housing Authority of the County of Contra Costa, a public body, corporate and politic (the "**Housing Authority**");

WHEREAS, BCP/DeAnza Gardens, LLC, a Delaware limited liability company, is the investor limited partner of the Partnership (the "**Investor Limited Partner**"), and BCCC, Inc., a Massachusetts corporation, is the special limited partner of the Partnership (the "**Special Limited Partner**"), and collectively with the Investor Limited Partner, the "**Withdrawing Limited Partners**");

WHEREAS, the Partnership was formed for the purpose of owning, constructing and operating an affordable rental housing project known as DeAnza Gardens Apartments (the "**Project**");

WHEREAS, the Housing Authority desires to withdraw from the Partnership as a general partner and enter the Partnership as the limited partner;

WHEREAS, the Partnership will disburse to the Withdrawing Limited Partners a disposition fee in the amount of Ten Dollars (\$10) plus any additional distributions or costs required to induce the Withdrawing Limited Partners to exit the Partnership, if any (the "**LP Exit Costs**");

WHEREAS, the Withdrawing Limited Partners desire to assign their respective interests and withdraw from the Partnership; and

WHEREAS, the Board desires for the Corporation and the Partnership to enter into any and all documents necessary to admit the Housing Authority as the limited partner, to allow the Housing Authority to withdraw as a general partner, to allow the Withdrawing Limited Partners to assign their interests and withdraw as the limited partners of the Partnership, and to distribute the LP Exit Costs, including but not limited to, a transfer agreement, an assignment and assumption of partnership interests and second amendment to the second amended and restated agreement of limited partnership, and any other types of agreements or documents necessary to

admit the Housing Authority as the limited partner and allow the Housing Authority to withdraw as a general partner, allow the Withdrawing Limited Partners to assign their interests and withdraw, and to pay the LP Exit Costs (collectively, the "**Documents**").

NOW, THEREFORE, BE IT RESOLVED: That the Partnership shall admit the Housing Authority as the limited partner, allow the Housing Authority to withdraw as a general partner, distribute the LP Exit Costs, and allow the Withdrawing Limited Partners to assign their interests and withdraw as the limited partners.

FURTHER RESOLVED: That the Corporation in its own capacity and/or in its capacity as the general partner of the Partnership, shall enter into the Documents.

FURTHER RESOLVED: That Joseph Villarreal, President of the Corporation, or any other officer of the Corporation, acting alone on behalf of the Corporation, in its own capacity, and in its capacity as the general partner of the Partnership, is authorized, empowered and directed to: (i) take any and all necessary actions, and execute any and all necessary documents in its own capacity and in its capacity as the general partner of the Partnership, including, but not limited to, the Documents; (ii) take any further actions necessary to admit the Housing Authority as the limited partner, allow the Housing Authority to withdraw as a general partner, and allow the Withdrawing Limited Partners to assign their interests and withdraw; (iii) take any further actions necessary to pay the LP Exit Costs, and (iv) do all other activities contemplated by this Resolution or otherwise necessary to cause the admittance of the Housing Authority as the limited partner, withdrawal of the Housing Authority as a general partner, withdrawal of the Withdrawing Limited Partners from the Partnership, and payment of the LP Exit Costs.

FURTHER RESOLVED: That Joseph Villarreal, President of the Corporation, or any other officer of the Corporation, acting alone on behalf of the Corporation in its own capacity and in its capacity as the general partner of the Partnership, is authorized, empowered and directed to execute any other form of resolution required by a lender, investor, or other third party, if determined by an officer of the Corporation, with the advice of counsel, to be substantially equivalent to this form of resolution.

RESOLVED FURTHER: That to the extent that any actions authorized herein have already been performed, such actions are ratified and approved.

*[Remainder of Page Intentionally Blank]*



## SECRETARY'S CERTIFICATE

I, the undersigned, hereby certify that the foregoing is a true copy of the Resolution adopted by the Board of Directors at a meeting of the above-mentioned Corporation, and that said Resolution is in full force and effect.

Dated: May 6, 2021

By:

  
Kenneth Bartlett, Secretary

## Resolution No. 5234

### HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA DEANZA GARDENS, L.P.

#### CORPORATE/PARTNERSHIP AUTHORIZING RESOLUTION NO. 5234 RE: AUTHORIZING ADMITTANCE AND WITHDRAWAL OF LIMITED PARTNERS AND WITHDRAWAL OF GENERAL PARTNER (DeAnza)

At a duly constituted meeting of the Board of Commissioners (the "**Board**") of the Housing Authority of the County of Contra Costa, a public body corporate and politic the "**Housing Authority**"), held on May 18, 2021, the following resolutions were adopted:

WHEREAS, in this resolution, the Board shall be acting on behalf of the Housing Authority: (i) on its own behalf and (ii) as a general partner of DeAnza Gardens, L.P., a California limited partnership (the "**Partnership**");

WHEREAS, the Housing Authority is a general partner of the Partnership along with DeAnza Housing Corporation, a California nonprofit public benefit corporation;

WHEREAS, BCP/DeAnza Gardens, LLC, a Delaware limited liability company, is the investor limited partner of the Partnership (the "**Investor Limited Partner**"), and BCCC, Inc., a Massachusetts corporation, is the special limited partner of the Partnership (the "**Special Limited Partner**"), and collectively with the Investor Limited Partner, the "**Withdrawing Limited Partners**");

WHEREAS, the Partnership was formed for the purpose of owning, constructing and operating an affordable rental housing project known as DeAnza Gardens Apartments (the "**Project**");

WHEREAS, the Housing Authority desires to withdraw from the Partnership as a general partner and enter the Partnership as the limited partner;

WHEREAS, the Partnership will disburse to the Withdrawing Limited Partners a disposition fee in the amount of Ten Dollars (\$10) plus any additional distributions or costs required to induce the Withdrawing Limited Partners to exit the Partnership, if any (the "**LP Exit Costs**");

WHEREAS, the Withdrawing Limited Partners desire to assign their respective interests and withdraw from the Partnership; and

WHEREAS, the Board desires for the Housing Authority and the Partnership to enter into any and all documents necessary to admit the Housing Authority as the limited partner, to allow the Housing Authority to withdraw as a general partner, to allow the Withdrawing Limited Partners to assign their interests and withdraw as the limited partners of the Partnership, and to distribute the LP Exit Costs, including but not limited to, a transfer agreement, an assignment and assumption of partnership interests and second amendment to the second amended and restated agreement of limited partnership, and any other types of agreements or documents necessary to admit the Housing Authority as the limited partner and allow the Housing Authority

## Resolution No. 5234

to withdraw as a general partner, allow the Withdrawing Limited Partners to assign their interests and withdraw, and to pay the LP Exit Costs (collectively, the "**Documents**").

NOW, THEREFORE, BE IT RESOLVED: That the Partnership shall admit the Housing Authority as the limited partner, allow the Housing Authority to withdraw as a general partner, distribute the LP Exit Costs, and allow the Withdrawing Limited Partners to assign their interests and withdraw as the limited partners.

FURTHER RESOLVED: That the Housing Authority in its own capacity and/or in its capacity as the general partner of the Partnership, shall enter into the Documents.

FURTHER RESOLVED: That Joseph Villarreal, Executive Director of the Housing Authority, or any other officer of the Housing Authority, acting alone on behalf of the Housing Authority, in its own capacity, and in its capacity as the general partner of the Partnership, is authorized, empowered and directed to: (i) take any and all necessary actions, and execute any and all necessary documents in its own capacity and in its capacity as the general partner of the Partnership, including, but not limited to, the Documents; (ii) take any further actions necessary to admit the Housing Authority as the limited partner, allow the Housing Authority to withdraw as a general partner, and allow the Withdrawing Limited Partners to assign their interests and withdraw; (iii) take any further actions necessary to pay the LP Exit Costs, and (iv) do all other activities contemplated by this Resolution or otherwise necessary to cause the admittance of the Housing Authority as the limited partner, withdrawal of the Housing Authority as a general partner, withdrawal of the Withdrawing Limited Partners from the Partnership, and payment of the LP Exit Costs.

FURTHER RESOLVED: That Joseph Villarreal, Executive Director of the Housing Authority, or any other officer of the Housing Authority, acting alone on behalf of the Housing Authority in its own capacity and in its capacity as the general partner of the Partnership, is authorized, empowered and directed to execute any other form of resolution required by a lender, investor, or other third party, if determined by an officer of the Housing Authority, with the advice of counsel, to be substantially equivalent to this form of resolution.

RESOLVED FURTHER: That to the extent that any actions authorized herein have already been performed, such actions are ratified and approved.

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Resolution No. 5234

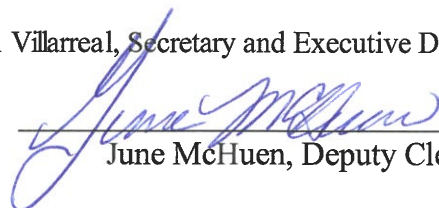
SECRETARY'S CERTIFICATE

I, the undersigned, hereby certify that the foregoing is a true copy of the Resolution adopted by the Board of Commissioners at a meeting of the Housing Authority, and that said Resolution is in full force and effect.

Dated: May 18, 2021

Joseph Villarreal, Secretary and Executive Director

By:

  
June McHuen, Deputy Clerk

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
DEANZA GARDENS, L.P.  
CORPORATE/PARTNERSHIP AUTHORIZING RESOLUTION 5243  
RE: AUTHORIZING ADMITTANCE AND WITHDRAWAL OF LIMITED PARTNERS AND  
WITHDRAWAL OF GENERAL PARTNER  
(DeAnza)**

At a duly constituted meeting of the Board of Commissioners (the "**Board**") of the Housing Authority of the County of Contra Costa, a public body corporate and politic the "**Housing Authority**"), held on March 8, 2022, the following resolutions were adopted:

WHEREAS, in this resolution, the Board shall be acting on behalf of the Housing Authority: (i) on its own behalf and (ii) as a general partner of DeAnza Gardens, L.P., a California limited partnership (the "**Partnership**");

WHEREAS, the Housing Authority is a general partner of the Partnership along with DeAnza Housing Corporation, a California nonprofit public benefit corporation;

WHEREAS, BCP/DeAnza Gardens, LLC, a Delaware limited liability company, is the investor limited partner of the Partnership (the "**Investor Limited Partner**"), and BCCC, Inc., a Massachusetts corporation, is the special limited partner of the Partnership (the "**Special Limited Partner**", and collectively with the Investor Limited Partner, the "**Withdrawing Limited Partners**");

WHEREAS, the Partnership was formed for the purpose of owning, constructing and operating an affordable rental housing project known as DeAnza Gardens Apartments (the "**Project**");

WHEREAS, the Housing Authority desires to withdraw from the Partnership as a general partner and enter the Partnership as the limited partner;

WHEREAS, on May 18, 2021, the Board approved the Partnership to disburse to the Withdrawing Limited Partners a disposition fee in the amount of Ten Dollars (\$10) plus any additional distributions or costs required to induce the Withdrawing Limited Partners to exit the Partnership, if any (the "**LP Exit Costs**");

WHEREAS, the Withdrawing Limited Partners have adjusted the final purchase to \$1,000;

WHEREAS, the Withdrawing Limited Partners desire to assign their respective interests and withdraw from the Partnership; and

WHEREAS, the Board desires for the Housing Authority and the Partnership to enter into any and all documents necessary to admit the Housing Authority as the limited partner, to allow the Housing Authority to withdraw as a general partner, to allow the Withdrawing Limited Partners to assign their interests and withdraw as the limited partners of the Partnership, and to distribute the LP Exit Costs, including but not limited to, a transfer agreement, an assignment



and assumption of partnership interests and second amendment to the second amended and restated agreement of limited partnership, and any other types of agreements or documents necessary to admit the Housing Authority as the limited partner and allow the Housing Authority to withdraw as a general partner, allow the Withdrawing Limited Partners to assign their interests and withdraw, and to pay the LP Exit Costs (collectively, the "**Documents**").

NOW, THEREFORE, BE IT RESOLVED: That the Housing Authority accepts the \$1,000 sale price.

FURTHER RESOLVED: That the Partnership shall admit the Housing Authority as the limited partner, allow the Housing Authority to withdraw as a general partner, distribute the LP Exit Costs, and allow the Withdrawing Limited Partners to assign their interests and withdraw as the limited partners.

FURTHER RESOLVED: That the Housing Authority in its own capacity and/or in its capacity as the general partner of the Partnership, shall enter into the Documents.

FURTHER RESOLVED: That Joseph Villarreal, Executive Director of the Housing Authority, or any other officer of the Housing Authority, acting alone on behalf of the Housing Authority, in its own capacity, and in its capacity as the general partner of the Partnership, is authorized, empowered and directed to: (i) take any and all necessary actions, and execute any and all necessary documents in its own capacity and in its capacity as the general partner of the Partnership, including, but not limited to, the Documents; (ii) take any further actions necessary to admit the Housing Authority as the limited partner, allow the Housing Authority to withdraw as a general partner, and allow the Withdrawing Limited Partners to assign their interests and withdraw; (iii) take any further actions necessary to pay the LP Exit Costs, and (iv) do all other activities contemplated by this Resolution or otherwise necessary to cause the admittance of the Housing Authority as the limited partner, withdrawal of the Housing Authority as a general partner, withdrawal of the Withdrawing Limited Partners from the Partnership, and payment of the LP Exit Costs.

FURTHER RESOLVED: That Joseph Villarreal, Executive Director of the Housing Authority, or any other officer of the Housing Authority, acting alone on behalf of the Housing Authority in its own capacity and in its capacity as the general partner of the Partnership, is authorized, empowered and directed to execute any other form of resolution required by a lender, investor, or other third party, if determined by an officer of the Housing Authority, with the advice of counsel, to be substantially equivalent to this form of resolution.

RESOLVED FURTHER: That to the extent that any actions authorized herein have already been performed, such actions are ratified and approved.

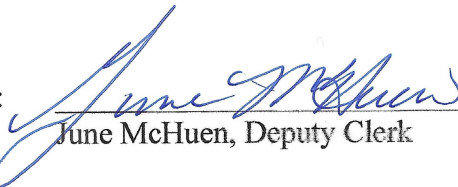
*[Remainder of Page Intentionally Blank]*

## SECRETARY'S CERTIFICATE

I, the undersigned, hereby certify that the foregoing is a true copy of the Resolution adopted by the Board of Commissioners at a meeting of the Housing Authority, and that said Resolution is in full force and effect.

Dated: March 22, 2022

By:

  
June McHuen, Deputy Clerk