

To: Contra Costa County Housing Authority Board of Commissioners
 From: Joseph Villarreal, Housing Authority
 Date: March 10, 2015



Contra
 Costa
 County

Subject: 2015-2016 Annual Agency Budget

RECOMMENDATIONS

1. APPROVE the 2015-2016 Annual Agency Budget; and
2. ADOPT PHA (Public Housing Agency) Board Resolution No. 5187 approving the Budget on HUD (U.S. Department of Housing and Urban Development) Form 52574.

BACKGROUND

In compliance with the United States Department of Housing and Urban Development's (HUD) regulations, staff has prepared the Housing Authority of the County of Contra Costa (HACCC) proposed FY 2015/2016 budget for the Board's approval. The proposed budget presented here includes the most recent federal funding projections available from HUD and industry groups at the time of publication. HACCC's actual funding levels for the calendar year won't be determined until sometime after October, once the federal budget is approved and national program utilization levels are calculated. However, because funding for the Housing Choice Voucher (HCV) program is adjusted quarterly and annual funding is fairly predictable for the Certificate and the State and Local programs, the public housing

Action of Board On: **03/10/2015** 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 10, 2015

Contact:
 925-957-8028

Joseph Villarreal, Executive Director

By: , Deputy

cc:

budget is the only area with significant uncertainty at this time.

BACKGROUND (CONT'D)

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The following are select comments on this year's budget:

- Budgeted revenue (mostly federal funding) is up by over \$8.2 million as more families are now housed under HACCC's various programs.
 - The majority of this gain (\$6.1 million) is due to increased housing assistance payments (HAP) in the HCV program.
 - HAP has also increased in the Certificate programs by \$700,000. This is up 19% from last year's budget.
- Program costs are up by \$6,405,333 from last year. This increase is mostly due to the increase in the number of families served by HACCC under the HCV and Certificate programs and rising housing costs.
- HACCC will provide housing assistance to over 8,100 families in its various programs.
- 6,416 vouchers are funded (6,781 is HACCC's official allocation).
- A full-time DA Fraud Investigator continues to be funded for the HCV program.
- The proposed budget anticipates a loss of \$199,644 in the public housing program.
- This loss is primarily attributable to a change in HUD regulations last year that now requires housing authorities to pay for security/police (\$698,102) and resident services (\$201,740) out of operations instead of the capital fund.
- One police officer (Pittsburg), two Sheriff's Deputies (North Richmond and Rodeo) and three resident services staff (North Richmond) are funded in the proposed budget.
- Public housing capital funds increased by \$200,000, a gain of 13% from last year.

HACCC's proposed overall budget is shown below in comparison to last year's approved budget along with the projected change in reserve levels. Following the overview, the budget is broken out for each of HACCC's four major program areas: Housing Choice Vouchers, Public Housing, State and Local programs and Certificate Programs.

Attached to this Board Order are HACCC's *Program Budget Levels* and *Consolidated Analysis of Agency Reserves*. A more detailed budget is available for viewing at HACCC's administrative office.

Agency Overview:

HACCC Agency Summary	2015-2016 Budget	2014-2015 Budget	Change
Revenue	\$104,854,022	\$96,591,595	\$ 8,262,427
Expenditures	\$ 21,710,029	\$20,778,242	(\$ 931,787)

Program Costs, Debt Services & Other Capital Improvements	\$ 84,293,816	\$77,888,483	(\$ 6,405,333)
To Reserves	(\$ 1,149,823)	(\$ 2,075,130)	\$ 925,307

HACCC Consolidated Reserves	Restricted Reserve Bal.	Unrestricted Reserve Bal.	Reserve Balances
Projected 3/31/15	\$2,132,626	\$6,544,322	\$8,676,948
This Budget	(\$ 983,553)	(\$166,270)	(\$1,149,823)
Projected to 3/31/16	\$1,149,073	\$6,378,052	\$7,527,125

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

Housing Choice Voucher Overview:

The HCV program provides rental assistance to families in the private market. HACCC qualifies families for the program based on income. Eligible families find a home in the private rental market and HACCC provides them with a subsidy via a Housing Assistance Payments (HAP) contract with the property owner. HAP is paid by HACCC directly to the owner. Through its HCV program, HACCC is authorized to provide affordable housing assistance to as many as 6,781 families. Due to funding and regulatory restrictions, HACCC is projected to house an average of only 6,416 families per month under the proposed budget.

HCV Summary	2015-2016 Budget	2014-2015 Budget	Change
Revenue	\$84,931,760	\$77,818,409	\$7,113,351
Expenditures	\$ 6,343,537	\$6,102,682	(\$ 240,855)
Program Costs, Debt Services & Other Capital Improvements	\$79,246,338	\$73,409,526	(\$5,836,812)
To Reserves	(\$ 658,115)	(\$1,693,799)	\$1,035,684

HCV Reserves	Restricted Reserve Bal.	Unrestricted Reserve Bal.	Reserve Balances
Projected 3/31/15	\$ 1,684,052	\$ 2,979,432	\$ 4,663,484
This Budget	(\$ 854,383)	\$ 196,268	(\$ 658,115)
Projected to 3/31/16	\$ 829,669	\$ 3,175,700	\$ 4,005,369

Explanation of Change:

As stated above, the \$7,113,351 increase in revenue and the \$5,836,812 in costs are almost entirely related to increases in housing assistance payment subsidies due to an increase in the number of families served by HACCC along with rising rental costs.

Public Housing & Capital Fund Overview:

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

Public Housing Summary - All Units	2015-2016 Budget	2014-2015 Budget	Change
Revenue	\$10,793,079	\$10,373,673	\$ 419,406
Expenditures	\$10,139,655	\$ 9,769,794	(\$ 369,861)
Program Costs, Debt Services & Other Capital Improvements	\$ 853,068	\$ 800,664	(\$ 52,404)
To Reserves	(\$ 199,644)	(\$ 196,785)	(\$ 2,859)

Public Housing by Asset Management Property (AMP)	Area	2015-2016 Revenue	2015-2016 Expenditure	2015-2016 Residual/(Loss)
AMP-1 & 8 Ca001,Ca011,Ca013	Martinez, Bay Point	\$1,173,095	\$1,047,075	\$126,020
AMP-2 Ca045a,Ca045b	San Pablo	\$1,128,620	\$1,058,112	\$ 70,508
AMP-3 Ca004,Ca008,Ca012	Brentwood, Oakley	\$ 955,197	\$ 809,510	\$ 145,687
AMP-4 Ca010	Rodeo	\$2,116,502	\$2,514,550	\$(398,048)
AMP-5 & 9 Ca003,Ca005,Ca015	Pittsburg & Antioch	\$2,450,820	\$2,622,072	\$(171,252)
AMP 6 & 7 Ca006,009a,Ca009b	North Richmond	\$1,275,511	\$1,335,767	\$(60,256)
Program Totals*		\$9,099,745*	\$9,387,086*	\$(287,341)*

* Operations only, does not include CFP

Public Housing Reserves	Restricted Reserve Balance	Unrestricted Reserve Balance	Reserve Balance
Projected 3/31/15	\$-0-	\$ 1,072,725	\$ 1,072,725
This Budget	\$-0-	(\$ 199,644)	(\$ 199,644)
Projected to 3/31/16	\$-0-	\$ 873,081	\$ 873,081

Explanation of Change:

The increase in revenue of \$419,406 from last year's budget is mostly due to an increase in available capital funds of \$369,861. The remaining increase of \$49,545 is projected tenant rental income.

As mentioned above, the projected loss of \$199,644 in the public housing program is primarily due to a change in HUD regulations last year that now requires housing authorities to pay for security/police (\$698,102) and resident services (\$201,740) out of operations instead of the capital fund. Every property that has these services shows a loss, every property that does not have these services shows a profit. Some combination of cuts in staffing levels and/or services will have to be made in order to balance the public housing budget. Staff will be discussing this topic with the Board in future meetings.

Housing Certificate Programs Overview:

HACCC administers two separate Housing Certificate Programs; Shelter-Plus Care and Moderate Rehabilitation (Mod Rehab). The Shelter-Plus Care Program provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services. HACCC operates the housing and financial portions of the program and the County's Homeless Program operates the supportive services and casework portions. Approximately 285 clients are assisted under this program. The Mod Rehab program was designed in 1978 as an expansion of the rental certificate program. Mod Rehab was designed to provide low-cost loans for the rehabilitation of rental units in an effort to upgrade and preserve the nation's housing stock. In return, the owner agrees to provide long-term affordable housing for low income families. The program was repealed in 1991 and no new projects are authorized for development. HACCC administers 28 Mod Rehab units.

Certificate Programs	2015-2016 Budget	2014-2015 Budget	Change

Summary	2015-2016 Budget	2014-2015 Budget	Change
Revenue	\$3,844,402	\$3,178,497	\$ 665,905
Expenditures	\$ 326,369	\$ 300,717	(\$ 25,652)
Program Costs, Debt Services & Other Capital Improvements	\$ 3,556,464	\$2,879,314	(\$ 677,150)
To Reserves	(\$ 38,431)	(\$ 1,534)	(\$ 36,897)

Certificate Programs Reserves	Restricted Reserve Bal.	Unrestricted Reserve Bal.	Reserve Balances
Projected 3/31/15	\$ 17,071	\$ 5,594	\$ 22,665
This Budget	(\$ 6,762)	(\$ 31,669)	(\$ 38,431)
Projected to 3/31/16	\$ 10,309	(\$ 26,075)	(\$ 15,766)

Explanation of Change:

The primary change in the Certificate Programs are related to increased HAP funding and HAP expense.

State and Local Overview:

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

State & Local Summary	2015-2016 Budget	2014-2015 Budget	Change
Revenue	\$5,284,782	\$5,221,016	\$ 63,766
Expenditures	\$4,900,468	\$4,605,049	(\$ 295,419)
Program Costs, Debt Services & Other Capital Improvements	\$ 637,947	\$798,979	\$ 161,032
To Reserves	(\$ 253,633)	(\$183,012)	(\$ 70,621)

State & Local Reserves	Restricted Reserve Bal.	Unrestricted Reserve Bal.	Reserve Balances
Projected 3/31/15	\$ 431,503	\$ 2,486,571	\$ 2,918,074
This Budget	(\$ 122,408)	(\$ 131,224)	(\$ 253,633)
Projected to 3/31/16	\$ 309,095	\$ 2,347,915	\$ 2,657,020

Explanation of Change:

The \$295,419 increase in expenditures from last year reflect administrative costs related to a new round of funding for the Rental Rehabilitation program. The reduction in program costs reflect reimbursements from the HCV program to the Shelter Plus Care program for overhead costs.

CONSEQUENCE OF NEGATIVE ACTION

Should the Board not adopt Resolution No. 5187 approving HACCC's budget for fiscal year 2015-2016, HACCC will not be in compliance with HUD regulations. Further, HACCC would not be in compliance in fulfilling its financial and programmatic obligations to program participants and property owners, as well as HACCC employees, contractors and vendors.

ATTACHMENTS

Resolution No. 5187