

To: Contra Costa County Housing Authority Board of Commissioners  
 From: Joseph Villarreal, Housing Authority  
 Date: September 13, 2016



Contra  
Costa  
County

Subject: FY 2016-2017 1st QUARTER BUDGET REPORT

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## **RECOMMENDATIONS**

ACCEPT the 1st Quarter (Unaudited) Budget Report for the period ending 6/30/2016.

## **BACKGROUND**

This report is intended to provide the Board of Commissioners with an overview of the financial position of the Housing Authority of the County of Contra Costa (HACCC) for the 1st quarter period ending 6/30/2016. The report begins with a summary of HACCC's overall fiscal standing at the end of the quarter. The overall numbers are then broken down by individual funds. Each fund overview includes a brief program summary and an explanation of the variance between budgeted and actual performance.

## **AGENCY OVERVIEW: Budget Report**

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

Projected revenue increased by \$716,478 is a result of utilization growth in the Section 8

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Action of Board On: **09/13/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

### **VOTE OF COMMISSIONERS**

AYE: John Gioia, Commissioner  
 Candace Andersen,  
 Commissioner  
 Mary N. Piepho,  
 Commissioner  
 Karen Mitchoff,  
 Commissioner  
 Federal D. Glover,  
 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: September 13, 2016  
 Joseph Villarreal, Executive Director

ABSENT: Fay Nathaniel,  
 Commissioner  
 Jannel George-Oden,  
 Commissioner

By: June McHuen, Deputy

Contact: 925-957-8028

cc:

Voucher Program and the Housing Certificate Shelter Plus Care program. The growth in the Section 8 Voucher Program is a result of new project-based units being brought online and new clients being called from the wait list. The growth in the Shelter Plus Care Program is a result increased utilization. Expenditures are projected to decrease by \$49,559. The primary result for this decrease is a result of reduced operating cost in the Public Housing Program.

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## BACKGROUND

### (CONT'D)

HACC Agency Summary	Annual Budget	1st Quarter Actual 6/30/16	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 109,724,315	\$ 28,147,557	\$ 82,293,236	\$ 110,440,793	\$ 716,478
Expenditures	\$ 108,700,113	\$ 27,125,470	\$ 81,525,085	\$ 108,650,554	\$ 49,559
	\$ 1,024,202	\$ 1,022,087	\$ 768,151	\$ 1,790,239	

The net change to reserve totals for the end of the first quarter was a gain of \$1,022,087. The net gain was a result of a increase to restricted reserves in the amount of \$528,592 and unrestricted reserve of \$493,496 as shown in the summary below.

Analysis of Agency Reserves	Beginning Balance 4/1/16 (Unaudited)	1st Quarter ending 6/30/16 (Unaudited)	Reserve Balance period ending 6/30/16 (Unaudited)
Total Reserves	\$ 15,365,819	<b>\$ 1,022,088</b>	\$ 16,387,907
<b><u>Restricted Reserves</u></b>			
Housing Choice Vouchers	\$ 5,223,994	\$ 479,809	\$ 5,703,803
Public Housing & Cap. Funds	\$ -0-	\$ -0-	\$ -0-
State & Local Programs	\$ 1,884,156	\$ 48,783	\$ 1,932,939
Housing Certificates Programs	\$ -0-	\$ -0-	\$ -0-
Total Restricted Reserves	\$ 7,108,150	<b>\$ 528,592</b>	\$ 7,636,742
<b><u>Unrestricted Reserves</u></b>			
Housing Choice Vouchers	\$ 4,063,501	\$ 118,768	\$ 4,182,269
Public Housing & Cap. Funds	\$ 1,099,548	\$ 291,099	\$ 1,390,647
State & Local Programs	\$ 3,089,730	\$ 78,810	\$ 3,165,540*
Housing Certificates Programs	<u>\$ 4,890</u>	<u>\$ 6,819</u>	<u>\$ 11,709</u>
Total Unrestricted Reserves	\$ 8,257,669	<b>\$ 493,496</b>	\$ 8,751,165

\* Does not include unfunded pension liability of \$6.8 million.

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

## FUNDS OVERVIEW:

### Housing Choice Vouchers

Program Summary - The HCV program provides assistance to families in the private rental market. HACC qualifies families for the program based on income. These families find a home in the private rental market and HACC provides them with a subsidy via a HAP contract with the property owner. HAP is paid by HACC directly to the owner. Through its HCV program, HACC is authorized to provide affordable housing assistance to a

maximum of 6,891 families. However, prior to this fiscal year funding constraints prevented program utilization to 6,300 families.

### Summary of Difference Between Budgeted and Quarterly-End Estimate:

Revenue –Projected revenue increase of \$450,668 is a direct result of increase in utilization and funding. HUD increased the funding levels this calendar year (2016) by 6.1% or from 6,393 fundable units to 6,783. This will likely led to some issue's of under utilization due to the tight rental market, given the Authority will now only have less than six months to lease up.

Expenditures-Projected increase of expenditures of \$211,001 is a result of increased utilization. HAP expenditures were increased during the period by \$297,105, but offset by savings in operating cost in the amount of \$86,104.

Vousing Choice Vouchers	Annual Budget	1st Quarter Actual 6/30/16 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 89,735,463	\$ 22,884,534	\$ 67,301,597	\$ 90,186,131	\$ 450,668
Expenditures	\$ 88,299,824	\$ 22,285,957	\$ 66,224,868	\$ 88,510,825	\$ (211,001)
	\$ 1,435,639	\$ 598,577	\$ 1,076,729	\$ 1,675,306	

### Analysis of Program Reserves:

Housing Choice Vouchers	Beginning Balance 4/1/16 (Unaudited)	1st Quarter 6/30/16 (Unaudited)	Reserve Balance period ending 6/30/16 (Unaudited)
Restricted Reserves	\$ 5,223,994	\$ 479,809	\$ 5,703,803
Unrestricted Reserves	\$ 4,063,501	\$ 118,768	\$ 4,182,269
Total Reserves	\$ 9,287,495	\$ 598,577	\$ 9,886,072

### Public Housing Operating and Capital Funds

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

### Summary of Difference Between Budgeted and Quarterly-End Estimate:

Revenue – The projected reduction in revenue of \$217,723 was primarily related to capital funds not obligated to date.

Expenditures - The projected reduction in expenditures of \$564,682 is a result of unobligated capital funds and insurance reimbursement of \$343,000 and operational savings of \$221,682.

Public Housing Operating and Capital Fund	Annual Budget	1st Quarter Actual 6/33/16 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 10,934,181	\$ 2,515,822	\$ 8,200,636	\$ 10,716,458	\$ (217,723)
Expenditures	\$ 11,157,618	\$ 2,224,723	\$ 8,368,214	\$ 10,592,937	\$ 564,682
	\$ (223,438)	\$ 291,099	\$ (167,578)	\$ 123,521	

### Analysis of Program Reserves:

Public Housing & Capital Fund	Beginning Balance 4/1/16 (Unaudited)	1st Quarter 6/30/16 (Unaudited)	Reserve Balance period ending 6/30/16 (Unaudited)
Restricted Reserves	\$ -0-	\$ -0-	\$ -0-
Unrestricted Reserves	<u>\$ 1,099,548</u>	<u>\$ 291,099</u>	<u>\$ 1,390,647</u>
Total Reserves	\$ 1,099,548	\$ 291,099	\$ 1,390,647

### State and Local Programs

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

### Summary of Difference between Budgeted and Quarterly-End Estimate:

Revenue –The projected increase in revenue of \$129,353 was primarily a result of increase in management fees earned (\$95,391) due to increased utilization in the voucher program. Additionally, the authority qualified for asset management fees (\$38,000) due to the authority generating excess cash in the public housing program.

Expenditures - The \$88,920 variance is a result of staff turnover.

State & Local Programs	Annual Budget	1st Quarter Actual 6/30/16 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 5,372,185	\$ 1,472,399	\$ 4,029,139	\$ 5,501,537	\$ 129,353
Expenditures	<u>\$ 5,556,335</u>	<u>\$ 1,346,807</u>	<u>\$ 4,167,251</u>	\$ 5,514,058	\$ 42,277
	\$ (184,150)	\$ 125,592	\$ (138,113)	\$ (12,520)	

### Analysis of Reserves:

State & Local Programs	Beginning Balance 4/1/16 (Unaudited)	1st Quarter 6/30/16 (Unaudited)	Reserve Balance Period ending 6/30/16 (Unaudited)
Restricted Reserves	\$ 1,884,156	\$ 48,783	\$ 1,932,939
Unrestricted Reserves	<u>\$ 3,089,730</u>	<u>\$ 76,810</u>	<u>\$ 3,166,540*</u>
Total Reserves	\$ 4,973,886	\$ 125,593	\$ 5,099,479

\* does not include the unfunded pension liability of 6.8 million.

### Housing Certificate Programs

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

### Summary of Difference Between Budgeted and Quarter-End Estimate:

Revenue & Expenditure -The projected increase of \$354,181 is an increase to revenue and an increase HAP expense. This amount is result of increased funding from HUD to the certificate programs. The \$7,782 increase (difference between revenue increase of \$354,181 and expenditures of \$-346,399) in expenditure is a result of higher operations costs.

Housing Certificate Programs	Annual Budget	1st Quarter Actual 6/30/16 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 3,682,487	\$ 1,274,802	\$ 2,761,865	\$ 4,036,667	\$ 354,181
Expenditures	<u>\$ 3,686,336</u>	<u>\$ 1,267,983</u>	<u>\$ 2,764,752</u>	<u>\$ 4,032,735</u>	\$ (346,399)
	\$ (3,849)	\$ 6,819	\$ (2,887)	\$ 3,932	

### Analysis of Reserves:

Housing Certificate Programs	Beginning Balance 4/1/16 (Unaudited)	1st Quarter 6/30/16 (Unaudited)	Reserve Balance period ending 6/30/16 (Unaudited)
Restricted Reserves	\$ -0-	\$ -0-	\$ -0-
Unrestricted Reserves	<u>\$ 4,890</u>	<u>\$ 6,819</u>	<u>\$ 11,709</u>
Total Reserves	\$ -0-	\$ 6,819	\$ 11,709

CONSEQUENCE OF NEGATIVE ACTION None. Information item only. CLERK'S ADDENDUM