

To: Contra Costa County Housing Authority Board of Commissioners
 From: Joseph Villarreal, Housing Authority
 Date: September 18, 2018



Contra
Costa
County

Subject: FY 2018-2019 1st QUARTER BUDGET REPORT

RECOMMENDATIONS

ACCEPT the 1st Quarter (Unaudited) Budget Report for the period ending June 30, 2018.

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 6/30/18. 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

HACCC's overall budget position for the quarter ending 6/30/18 is shown in the chart below. Activity in Section 8 Voucher and Housing Certificate programs had the most significant impact on HACCC's budget.

The variance increases in revenue of \$1,204,826 is a result of Portability activities in the

Action of Board On: **09/18/2018** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF COMMISSIONERS

AYE: John Gioia, Commissioner
 Candace Andersen,
 Commissioner
 Diane Burgis,
 Commissioner
 Karen Mitchoff,
 Commissioner
 Jannel George-Oden,
 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 18, 2018
 Joseph Villarreal, Executive Director

ABSENT: Federal D. Glover,
 Commissioner

By: June McHuen, Deputy

Contact: 925-957-8028

cc:

Housing Voucher Program (\$1,059,651) and a minor increase in Federal Funding in the Housing Certificate Program.

BACKGROUND (CONT'D)

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The variance increase in expenditures of \$827,172 was a direct result of Housing Assistance Payments (HAP) made in the Housing Voucher Program for portability activities.

HACC Agency Summary	Annual Budget	1st Quarter Actual 6/30/18	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 136,171,937	\$ 35,247,810	\$ 102,128,953	\$ 137,376,763	\$ 1,204,826
Expenditures	\$ 137,140,246	\$ 35,112,233	\$ 102,855,185	\$ 137,967,418	\$ (827,172)
	\$ (968,309)	\$ 135,577	\$ (726,232)	\$ (590,655)	

The net change to reserves were an increase of \$135,577. Unrestricted reserves increased by a total of \$242,250 in the two primary HUD programs, Housing Vouchers \$147,628 and Public Housing \$106,432.

Analysis of Agency Reserves	Beginning Balance 4/1/18 (Unaudited)	1st Quarter ending 6/30/18 (Unaudited)	Reserve Balance period ending 6/30/18 (Unaudited)
Total Reserves	\$ 11,338,334	\$ 135,577	\$ 11,473,911
<u>Restricted Reserves</u>			
Housing Choice Vouchers	\$ -0-	\$ -0-	\$ -0-
Public Housing & Cap. Funds	\$ -0-	\$ -0-	\$ -0-
State & Local Programs	\$ 1,939,821	\$ (106,673)	\$ 1,833,148
Housing Certificates Programs	\$ -0-	\$ -0-	\$ -0-
Total Restricted Reserves	\$ 1,939,821	\$ (106,673)	\$ 1,833,148
<u>Unrestricted Reserves</u>			
Housing Choice Vouchers	\$ 4,685,670	\$ 147,628	\$ 4,833,298
Public Housing & Cap. Funds	\$ 2,347,863	\$ 106,432	\$ 2,454,295
State & Local Programs	\$ 2,364,980	\$ (11,347)	\$ 2,353,633*
Housing Certificates Programs	\$ -0-	\$ (463)	\$ (463)
Total Unrestricted Reserves	\$ 9,398,513	\$ 242,250	\$ 9,640,763

* Does not include unfunded pension & opeb liability of roughly \$15.9 million.

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

FUNDS OVERVIEW:

Housing Choice Vouchers

Program Summary - The HCV program provides assistance to families in the private rental market. HACCC qualifies families for the program based on income. These families find a home in the private rental market and HACCC provides them with a subsidy via a HAP contract with the property owner. HAP is paid by HACCC directly to the owner. Through its HCV program, HACCC is authorized to provide affordable housing assistance to a maximum of 6,936 families. However, funding constraints limited program

utilization to approximately 6,154 families.

Summary of Difference Between Budgeted and Annual Estimate:

Revenue – The revenue increase of \$1,059,651 is a result of an families porting into Contra Costa County but being funded by another Housing Authority.

Expenditures- The projected increase in expenditures of \$ 835,085 is also a direct result of portability.

Housing Choice Vouchers	Annual Budget	1st Quarter Actual 6/30/18 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 114,086,817	\$ 29,581,355	\$ 85,565,113	\$ 115,146,468	\$ 1,059,651
Expenditures	\$ 114,394,568	\$ 29,433,727	\$ 85,795,926	\$ 115,229,653	\$ (835,085)
	\$ (307,751)	\$ 147,628	\$ (230,813)	\$ (83,185)	

Analysis of Program Reserves:

Housing Choice Vouchers	Beginning Balance 4/1/18 (Unaudited)	1st Quarter 6/30/18 (Unaudited)	Reserve Balance period ending 6/30/18 (Unaudited)
Restricted Reserves	\$ -0-	\$ -0-	\$ -0-
Unrestricted Reserves	\$ 4,685,670	\$ 147,628	\$ 4,833,298
Total Reserves	\$ 4,685,670	\$ 147,628	\$ 4,833,298

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 Annual Estimate:

Revenue – The increase in revenue of \$131,280 is a result of increased HUD funding over the annual budgeted amount for Capital Fund.

Expenditures - The decrease in expenditures of \$124,354 is a result of savings in operating costs.

Public Housing Operating and Capital Fund	Annual Budget	1st Quarter Actual 6/30/18 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 10,857,881	\$ 2,845,750	\$ 8,143,411	\$ 10,989,161	\$ 131,280
Expenditures	\$ 11,454,689	\$ 2,739,318	\$ 8,591,017	\$ 11,330,335	\$ 124,354
	\$ (596,808)	\$ 106,432	\$ (447,606)	\$ (341,174)	

Analysis of Program Reserves:

Public Housing & Capital Fund	Beginning Balance 4/1/18 (Unaudited)	1st Quarter 6/30/18 (Unaudited)	Reserve Balance period ending 6/30/18 (Unaudited)
Restricted Reserves	\$ -0-	\$ -0-	\$ -0-
Unrestricted Reserves	\$ 2,347,863	\$ 106,432	\$ 2,454,295
Total Reserves	\$ 2,347,863	\$ 106,432	\$ 2,454,295

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 and OPEB benefit program.

Summary of Difference between Budgeted and Annual Year-End Estimate:

Revenue –The projected decrease in revenue of \$17,793 is related to rental loss in the tax credit programs in the amount of \$105,159. An additional \$15,700 was lost in reduced management fees from the federal programs due reduced units in Public Housing and Housing Vouchers.

Expenditures - The projected \$17,793 reduction in expenditures is a result of savings in operating costs.

State & Local Programs	Annual Budget	1st Quarter Actual 6/30/18 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 6,062,925	\$ 1,394,872	\$ 4,547,194	\$ 5,942,066	\$ (120,859)
Expenditures	\$ 6,122,738	\$ 1,512,892	\$ 4,592,054	\$ 6,104,946	\$ 17,793
	\$ (59,813)	\$ (118,020)	\$ (44,860)	\$ (162,880)	

Analysis of Reserves:

State & Local Programs	Beginning Balance 4/1/18 (Unaudited)	1st Quarter 6/30/18 (Unaudited)	Reserve Balance Period ending 6/30/18 (Unaudited)
Restricted Reserves	\$ 1,939,821	\$ (106,673)	\$ 1,833,148
Unrestricted Reserves	\$ 2,364,980	\$ (11,347)	\$ 2,353,633*
Total Reserves	\$ 4,304,801	\$ (118,020)	\$ 4,186,781

* does not include the unfunded pension & opeb liability of roughly 15.9 million.

Housing Certificate Programs

Program Summary - HACCC administers a Housing Certificate Program in administering the Continuum of Care Program previously referred to as Shelter Plus Care. The Continuum of 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 319 clients under this program.

Summary of Difference Between Budgeted and Annual Year-End Estimate:

Revenue & Expenditure -The projected increase of \$134,754 in revenue is tied to the increase of \$134,232 in HAP expenses. HUD increases revenue (to a budget cap) to reimburse HACCC for added rental costs.

Housing Certificate Programs	Annual Budget	1st Quarter Actual 6/30/18 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 5,164,313	\$ 1,425,832	\$ 3,873,235	\$ 5,299,067	\$ 134,754
Expenditures	<u>\$ 5,168,253</u>	<u>\$ 1,426,295</u>	\$ 3,876,190	<u>\$ 5,302,485</u>	\$ (134,232)
	\$ (3,940)	\$ (463)	\$ (2,955)	\$ (3,418)	

Analysis of Reserves:

Housing Certificate Programs	Beginning Balance 4/1/18 (Unaudited)	1st Quarter 6/30/18 (Unaudited)	Reserve Balance period ending 6/30/18 (Unaudited)
Restricted Reserves	\$ -0-	\$ 463	\$ -0-
Unrestricted Reserves	<u>\$ -0-</u>	<u>\$ 463</u>	<u>\$ 463</u>
Total Reserves	\$ -0-	\$ 463	\$ 463
<u>FISCAL IMPACT</u>			
None. Information item only.			
<u>CONSEQUENCE OF NEGATIVE ACTION</u>			
None. Information item only.			
<u>CLERK'S ADDENDUM</u>			