

To: Contra Costa County Housing Authority Board of Commissioners  
 From: Joseph Villarreal, Housing Authority  
 Date: December 11, 2018



Contra  
Costa  
County

Subject: FY 2018-2019 2nd QUARTER BUDGET REPORT

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## **RECOMMENDATIONS**

ACCEPT the 2nd Quarter (Unaudited) Budget Report for the period ending 9/30/18.

## **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 2nd quarter period ending 9/30/18. 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 9/30/18 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 increase in revenue of \$3,230,462 is a result of Portability activities in the

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Action of Board On: **12/11/2018** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

### **VOTE OF COMMISSIONERS**

AYE: Candace Andersen,  
Commissioner  
 Diane Burgis,  
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: December 11, 2018

Joseph Villarreal, Executive Director

ABSENT: John Gioia, Commissioner  
 Jannel George-Oden,  
Commissioner

By: June McHuen, Deputy

Contact: 925-957-8028

cc:

Housing Voucher Program of roughly \$2.5 million, increase in Federal Funding in the Housing Certificate Program of roughly \$400,000 thousand dollars, and \$320,000 in Public Housing Capital Fund soft cost funding.

## BACKGROUND (CONT'D)

The variance increase in expenditures of \$3,066,594 was a direct result of Housing Assistance Payments (HAP) made in the Housing Voucher and Housing Certificate Programs.

HACC Agency Summary	Annual Budget	2nd Quarter Actual 9/30/18	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 136,171,937	\$ 71,316,430	\$ 68,085,969	\$ 139,402,399	\$ 3,230,462
Expenditures	\$ 137,140,246	\$ 71,636,717	\$ 68,570,123	\$ 140,206,840	\$ (3,066,594)
	\$ (968,309)	\$ (320,287)	\$ (484,155)	\$ (840,442)	

The net change to reserves was a decrease of \$320,287. Unrestricted reserve levels decreased by \$135,170. The majority of the decrease in unrestricted reserves was due to a drop of \$133,401 in Public Housing for this period.

Analysis of Agency Reserves	Beginning Balance 4/1/18 (Unaudited)	2nd Quarter ending 9/30/18 (Unaudited)	Reserve Balance period ending 9/30/18 (Unaudited)
Total Reserves	\$ 11,338,334	\$ (320,288)	\$ 11,018,046
<u>Restricted Reserves</u>			
Housing Choice Vouchers	\$ -0-	\$ -0-	\$ -0-
Public Housing & Cap. Funds	\$ -0-	\$ (23,851)	\$ (23,851)
State & Local Programs	\$ 1,939,821	\$ (161,267)	\$ 1,778,554
Housing Certificates Programs	\$ -0-	\$ -0-	\$ -0-
Total Restricted Reserves	\$ 1,939,821	\$ (185,118)	\$ 1,754,703
<u>Unrestricted Reserves</u>			
Housing Choice Vouchers	\$ 4,685,670	\$ 24,340	\$ 4,710,010
Public Housing & Cap. Funds	\$ 2,347,863	\$ (133,401)	\$ 2,214,462
State & Local Programs	\$ 2,364,980	\$ (22,486)	\$ 2,342,494*
Housing Certificates Programs	\$ -0-	\$ (3,623)	\$ (3,623)
Total Unrestricted Reserves	\$ 9,398,513	\$ (135,170)	\$ 9,263,343

\* 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 HACC'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 6,996 families. However, due to funding constraints, utilization has drop to approximately 6,027 families.

### **Summary of Difference Between Budgeted and Annual Estimate:**

**Revenue** – The revenue increase of \$2,838,544 is a result of a \$2.5 million dollars being funded by other Housing Authorities for families porting into Contra Costa County. The remaining \$300,000 is tied to an increase in HAP revenue as more families received assistance.

**Expenditures**- The projected increase in expenditures of \$2.5 million is the HAP paid for the portability families. The remaining \$160,000 was reduced operating costs.

Housing Choice Vouchers	Annual Budget	2nd Quarter Actual 9/30/18 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 114,086,817	\$ 59,881,952	\$ 57,043,409	\$ 116,925,361	\$ 2,838,544
Expenditures	\$ 114,394,568	\$ 59,857,612	\$ 57,197,284	\$ 117,054,896	\$ (2,660,328)
	\$ (307,751)	\$ 24,340	\$ (153,875)	\$ (129,535)	

### **Analysis of Program Reserves:**

Housing Choice Vouchers	Beginning Balance 4/1/18 (Unaudited)	2nd Quarter 9/30/18 (Unaudited)	Reserve Balance period ending 9/30/18 (Unaudited)
Restricted Reserves	\$ -0-	\$ -0-	\$ -0-
Unrestricted Reserves	\$ 4,685,670	\$ 24,340	\$ 4,710,010
Total Reserves	\$ 4,685,670	\$ 24,340	\$ 4,710,010

### **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 \$279,976 is a result of increased HUD funding over the annual budgeted amount for Capital Fund soft cost funding.

Expenditures - The increase in expenditures of \$138,824 is a result of operating costs (maintenance) \$114,973 and Rental Assistance Demonstration Program (RAD) costs of \$23,851.

Public Housing Operating and Capital Fund	Annual Budget	2nd Quarter Actual 9/30/18 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 10,857,881	\$ 5,708,916	\$ 5,428,941	\$ 11,137,857	\$ 279,976
Expenditures	\$ 11,454,689	\$ 5,866,168	\$ 5,727,345	\$ 11,593,513	\$ (138,824)
	\$ (596,808)	\$ (157,252)	\$ (298,404)	\$ (455,656)	

**Analysis of Program Reserves:**

Public Housing & Capital Fund	Beginning Balance 4/1/18 (Unaudited)	2nd Quarter 9/30/18 (Unaudited)	Reserve Balance period ending 9/30/18 (Unaudited)
Restricted Reserves	\$ -0-	\$ (23,851)	\$ (23,851)
Unrestricted Reserves	<u>\$ 2,347,863</u>	<u>\$ (133,401)</u>	<u>\$ 2,214,462</u>
Total Reserves	\$ 2,347,863	\$ (157,252)	\$ 2,190,611

**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 \$214,883 is related to rental loss in the tax credit programs in the amount of \$186,503. An additional \$28,300 was lost in reduced management fees from the federal programs due reduced units in Public Housing and Housing Vouchers.

Expenditures - The projected \$61,036 reduction in expenditures is a result of savings in operating costs.

State & Local Programs	Annual Budget	2nd Quarter Actual 9/30/18 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 6,062,925	\$ 2,816,580	\$ 3,031,463	\$ 5,848,043	\$ (214,883)
Expenditures	<u>\$ 6,122,738</u>	<u>\$ 3,000,333</u>	<u>\$ 3,061,369</u>	<u>\$ 6,061,702</u>	\$ 61,036
	\$ (59,813)	\$ (183,753)	\$ (29,907)	\$ (213,660)	

#### Analysis of Reserves:

State & Local Programs	Beginning Balance 4/1/18 (Unaudited)	2nd Quarter 9/30/18 (Unaudited)	Reserve Balance Period ending 9/30/18 (Unaudited)
Restricted Reserves	\$ 1,939,821	\$ (161,267)	\$ 1,778,554
Unrestricted Reserves	<u>\$ 2,364,980</u>	<u>\$ (22,486)</u>	<u>\$ 2,342,494*</u>
Total Reserves	\$ 4,304,801	\$ (183,753)	\$ 4,121,048

\* 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 327 clients under this program.

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

Revenue & Expenditure -The projected increase of \$441,546 in revenue is tied to the increase of \$443,199 in HAP expenses. HUD increases revenue (to a budget cap) to reimburse HACCC for added rental costs.

Housing Certificate Programs	Annual Budget	2nd Quarter Actual 9/30/18 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 5,164,313	\$ 3,023,702	\$ 2,582,157	\$ 5,605,859	\$ 441,546
Expenditures	<u>\$ 5,168,253</u>	<u>\$ 3,027,325</u>	<u>\$ 2,584,127</u>	<u>\$ 5,611,452</u>	\$ (443,199)
	\$ (3,940)	\$ (3,623)	\$ (1,970)	\$ (5,593)	

#### Analysis of Reserves:

Housing Certificate Programs	Beginning Balance 4/1/18	2nd Quarter 9/30/18	Reserve Balance period ending
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Housing Certificate Programs	Balance 7/1/18 (Unaudited)	7/30/18 (Unaudited)	9/30/18 (Unaudited)
Restricted Reserves	\$ -0-	\$ -0-	\$ -0-
Unrestricted Reserves	<u>\$ -0-</u>	<u>\$ (3,623)</u>	<u>\$ (3,623)</u>
Total Reserves	\$ -0-	\$ (3,623)	\$ (3,623)

### FISCAL IMPACT

None. Information item only.

### CONSEQUENCE OF NEGATIVE ACTION

Information item only.