

To: Contra Costa County Housing Authority Board of Commissioners
 From: Joseph Villarreal, Housing Authority
 Date: May 21, 2019



Contra
Costa
County

Subject: FY 2018-2019 3rd QUARTER BUDGET REPORT

RECOMMENDATIONS

ACCEPT the 3rd Quarter (Unaudited) Budget Report for the period ending 12/31/18.

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 3rd quarter period ending 12/31/18. 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 12/31/18 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 \$6,766,132 is a result of Portability activities in the

Action of Board On: **05/21/2019** ☒ 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

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: May 21, 2019

Joseph Villarreal, Executive Director

By: Jami Napier, Deputy

Contact: 925-957-8028

cc:

Housing Voucher Program of roughly \$4.3 million, increase in Federal Funding in the Housing Voucher Program of \$1.4 million dollars, increase in Federal Funding in Housing Certificate Program of \$800,000, an increase of \$300,000 in Public Housing Capital Fund.

BACKGROUND (CONT'D)

The variance increase in expenditures of \$6,466,001 was a direct result of Housing Assistance Payments (HAP) made in the Housing Voucher and Housing Certificate Programs.

HACC Agency Summary	Annual Budget	3rd Quarter Actual 12/31/18	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 136,171,936	\$ 108,895,085	\$ 34,042,983	\$ 142,938,068	\$ 6,766,132
Expenditures	\$ 137,140,248	\$ 109,321,187	\$ 34,285,062	\$ 143,606,249	\$ 6,466,001
	\$ (968,312)	\$ (426,102)	\$ (242,079)	\$ (668,181)	

The net change to reserves was a decrease of \$426,102. This change to reserves are highlighted by program as follows: Housing Choice Voucher an increase to reserves in the amount of \$137,475; Public Housing decrease in the amount of \$297,388; State and Local a decrease in the amount of \$258,988; and Housing Certificate Program a decrease in the amount of \$7,201. The chart below reflects the current reserve balances by program.

Analysis of Agency Reserves	Beginning Balance 4/1/18 (Audited)	3rd Quarter ending 12/31/18 (Unaudited)	Reserve Balance period ending 12/31/18 (Unaudited)
Total Reserves	\$ 9,360,421	\$ (426,102)	\$ 8,934,319
<u>Restricted Reserves</u>			
Housing Choice Vouchers	\$ -0-	\$ -0-	\$ -0-
Public Housing & Cap. Funds	\$ -0-	\$ -0-	\$ -0-
State & Local Programs	\$ -0-	\$ (206,383)	\$ (206,383)
Housing Certificates Programs	\$ -0-	\$ -0-	\$ -0-
Total Restricted Reserves	\$ -0-	\$ (206,383)	\$ (206,383)
<u>Unrestricted Reserves</u>			
Housing Choice Vouchers	\$ 4,601,633	\$ 137,475	\$ 4,739,108
Public Housing & Cap. Funds	\$ 2,273,093	\$ (297,388)	\$ 1,975,705
State & Local Programs	\$ 2,485,695	\$ (52,605)	\$ 2,433,090*
Housing Certificates Programs	<u>\$ -0-</u>	<u>\$ (7,201)</u>	<u>\$ (7,201)</u>
Total Unrestricted Reserves	\$ 9,360,421	\$ (219,719)	\$ 9,140,702

* 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, 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 \$6,033,755 is a result of \$4.29 million dollars being funded by other Housing Authority for families porting into Contra Costa County. \$1.37 million was an increase in HAP revenue to cover the rising subsidy cost, and the remaining amount of \$373,000 was increased administrative fees associated with the portability increase.

Expenditures- The projected increase in expenditures of \$5.66 million is the increase in payments for portability families and subsidy increases outlined above.

Housing Choice Vouchers	Annual Budget	3rd Quarter Actual 12/31/18 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 114,086,817	\$ 91,598,868	\$ 28,521,704	\$ 120,120,572	\$ 6,033,755
Expenditures	\$ 114,394,568	\$ 91,461,393	\$ 28,598,642	\$ 120,060,035	\$ 5,665,467
	\$ (307,751)	\$ 137,475	\$ (76,938)	\$ 60,537	

Analysis of Program Reserves:

Housing Choice Vouchers	Beginning Balance 4/1/18 Audited	3rd Quarter 12/31/18 (Unaudited)	Reserve Balance period ending 12/31/18 (Unaudited)
Restricted Reserves	\$ -0-	\$ -0-	\$ -0-
Unrestricted Reserves	\$ 4,601,633	\$ 137,475	\$ 4,739,108
Total Reserves	\$ 4,601,633	\$ 137,475	\$ 4,739,108

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 \$235,693 is a result of increased HUD funding over the annual budgeted amount for the Capital Grant Fund.

Expenditures - The increase in expenditures of \$85,475 is a result of numerous increases and decreases in expense. The primary adjustment in the expenditures was a utilities charge related to sewer fees that was deferred in the amount of \$155,739 from the prior fiscal year.

Public Housing Operating and Capital Fund	Annual Budget	3rd Quarter Actual 12/31/18 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 10,857,881	\$ 8,379,104	\$ 2,714,470	\$ 11,093,574	\$ 235,693
Expenditures	\$ 11,454,689	\$ 8,676,492	\$ 2,863,672	\$ 11,540,164	\$ (85,475)
	\$ (596,808)	\$ (297,388)	\$ (149,202)	\$ (446,590)	

Analysis of Program Reserves:

Public Housing & Capital Fund	Beginning Balance 4/1/18 (Unaudited)	3rd Quarter 12/31/18 (Unaudited)	Reserve Balance period ending 12/31/18 (Unaudited)
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Restricted Reserves	\$ -0-	\$ -0-	\$ -0-
Unrestricted Reserves	<u>\$ 2,273,093</u>	<u>\$ (297,388)</u>	<u>\$ 1,975,705</u>
Total Reserves	\$ 2,273,093	\$ (297,388)	\$ 1,975,705

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). 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 \$302,223 is related to rental loss in the tax credit programs in the amount of \$251,594. An additional \$50,629 was lost in reduced management fees from the federal programs due reduced units in Public Housing and Housing Vouchers.

Expenditures - The projected \$88,094 reduction in expenditures is a result of savings in operating costs.

State & Local Programs	Annual Budget	3rd Quarter Actual 12/31/18 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 6,062,925	\$ 4,244,971	\$ 1,515,731	\$ 5,760,702	\$ (302,223)
Expenditures	<u>\$ 6,122,738</u>	<u>\$ 4,503,959</u>	<u>\$ 1,530,685</u>	<u>\$ 6,034,644</u>	\$ 88,094
	\$ (59,813)	\$ (258,988)	\$ (14,954)	\$ (273,942)	

Analysis of Reserves:

State & Local Programs	Beginning Balance 4/1/18 Audited	3rd Quarter 12/31/18 (Unaudited)	Reserve Balance Period ending 12/31/18 (Unaudited)
Restricted Reserves	\$ -0-	\$ (206,383)	\$ (206,383)
Unrestricted Reserves	<u>\$ 2,485,695</u>	<u>\$ (52,605)</u>	<u>\$ 2,433,090*</u>
Total Reserves	\$ 2,485,695	\$ (258,988)	\$ 2,226,707

*** 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 \$798,907 in revenue is tied to the increase of \$803,153 in HAP expenses. HUD increases revenue (to a budget cap) to reimburse HACCC for added rental costs.

Housing Certificate Programs	Annual Budget	3rd Quarter Actual 12/31/18 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 5,164,313	\$ 4,672,142	\$ 1,291,078	\$ 5,963,220	\$ 798,907
Expenditures	<u>\$ 5,168,253</u>	<u>\$ 4,679,343</u>	\$ 1,292,063	<u>\$ 5,971,406</u>	\$ (803,153)
	\$ (3,940)	\$ (7,201)	\$ (985)	\$ (8,186)	

Analysis of Reserves:

Housing Certificate Programs	Beginning Balance 4/1/18 Audited	3rd Quarter 12/31/18 (Unaudited)	Reserve Balance period ending 12/31/18 (Unaudited)
Restricted Reserves	\$ -0-	\$ -0-	\$ -0-
Unrestricted Reserves	<u>\$ -0-</u>	<u>\$ (7,201)</u>	<u>\$ (7,201)</u>
Total Reserves	\$ -0-	\$ (7,201)	\$ (7,201)

FISCAL IMPACT

None. Information item only.

CONSEQUENCE OF NEGATIVE ACTION

None. Information item only.