

To: Contra Costa County Housing Authority Board of Commissioners  
 From: Joseph Villarreal, Housing Authority  
 Date: December 10, 2019



Contra  
Costa  
County

Subject: FY 2019-2020 2nd QUARTER BUDGET REPORT

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## **RECOMMENDATIONS**

ACCEPT the 2nd Quarter (Unaudited) Budget Report for the period ending 9/30/19.

## **BACKGROUND**

This report is intended to provide the Board of Commissioners with an overview of the financial operating position of the Housing Authority of the County of Contra Costa (HACCC) for the 2nd quarter period ending 9/30/19. The report begins with a summary of HACCC's overall fiscal standing at the end of the quarter. This summary is 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 9/30/19 is shown in the chart below. Activity in the Section 8 Voucher and Housing Certificate programs had the most significant impact on HACCC's budget.

Timing issues related to the absorption of the Richmond Housing Authority's (RHA)

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Action of Board On: **12/10/2019** ☒ 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: December 10, 2019

Joseph Villarreal, Executive Director

By: June McHuen, Deputy

Contact: 9259578028

cc:

voucher program are what drive almost all of the variance seen in both revenue (\$6,343,385) and expenditures (\$5,830,702). Apart from the timing issues of the absorption, RHA's voucher program was in shortfall. This fact contributes to the variance shown in both revenue and expenditures. The U.S. Department of Housing and

## BACKGROUND (CONT'D)

Urban Development (HUD) has committed to providing HACCC with an additional \$6,090,252 of HAP funding in December. An additional round of shortfall funding will be considered in mid-December if it is needed and HUD is allowing the Agency to draw advanced funding in the meantime to prevent any shortfalls prior to receiving the additional December funding.

HACC Agency Summary	Annual Budget	2nd Quarter Actual 9/30/19	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 182,245,424	\$ 84,779,327	\$ 91,122,712	\$ 175,902,039	\$ (6,343,385)
Expenditures	\$ 181,632,849	\$ 84,985,723	\$ 90,816,424	\$ 175,802,148	\$ 5,830,702
	\$ 612,575	<b>\$ (206,396)</b>	\$ 306,288	<b>\$ 99,892</b>	

The net change to overall reserves was a decrease of \$206,396. By program, State and Local decreased by \$171,245, Housing Choice Voucher decreased by \$26,383, Public Housing decreased by \$6,117, and the Housing Certificate Program decreased by \$2,651. The chart below reflects the current reserve balances by program.

Analysis of Agency Reserves	Beginning Balance 4/1/19 (Audited)	2nd Quarter ending 9/30/19 (Unaudited)	Reserve Balance period ending 9/30/19 (Unaudited)
Total Reserves	\$ 11,853,772	<b>\$ (206,396)</b>	\$ 11,647,376
<u>Restricted Reserves</u>			
Housing Choice Vouchers	\$ -0-	<b>\$ -0-</b>	\$ -0-
Public Housing & Cap. Funds	\$ -0-	<b>\$ -0-</b>	\$ -0-
State & Local Programs	\$ 1,939,821	<b>\$ 61,351</b>	\$ 2,001,172
Housing Certificates Programs	\$ -0-	<b>\$ -0-</b>	\$ -0-
Total Restricted Reserves	\$ 1,939,821	<b>\$ 61,351</b>	\$ 2,001,172
<u>Unrestricted Reserves</u>			
Housing Choice Vouchers	\$ 4,779,576	<b>\$ (26,383)</b>	\$ 4,753,193
Public Housing & Cap. Funds	\$ 1,889,124	<b>\$ (6,117)</b>	\$ 1,883,007
State & Local Programs	\$ 3,245,251	<b>\$ (232,596)</b>	\$ 3,012,655*
Housing Certificates Programs	<u>\$ -0-</u>	<b><u>\$ (2,651)</u></b>	<u>\$ (2,651)</u>
Total Unrestricted Reserves	\$ 9,913,951	<b>\$ (267,747)</b>	\$ 9,646,204

\*Reserve levels do not include unfunded pension & OPEB liability of roughly \$16.3 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 Housing Choice Voucher (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 Housing Assistance Payment (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 9,088 families. However, due to funding constraints, HACCC is currently only able to assist 7,935 families.

Summary of Difference Between Budgeted and Annual Estimate:

Revenue – The \$6,461,561 revenue difference is a direct result of the HUD shortfall. HACCC has been awarded an additional \$6,090,252 from the HUD that has not been recorded yet, but which will provide adequate funding to allow HACCC to continue housing everyone currently on the program. Another round of shortfall funding will be considered in mid-December to provide additional funding through the end of calendar year if it is needed.

Expenditures- The \$6,451,643 expenditure difference is related to the timing and shortfall issues outlined above.

Housing Choice Vouchers	Annual Budget	2nd Quarter Actual 9/30/19 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 158,543,589	\$ 72,810,234	\$ 79,271,794	\$ 152,082,029	\$ (6,461,561)
Expenditures	\$ 158,576,519	\$ 72,836,617	\$ 79,288,259	\$ 152,124,877	\$ 6,451,643
	\$ (32,930)	\$ (26,383)	\$ (16,465)	\$ (42,848)	

Analysis of Program Reserves:

	Beginning Balance 4/1/19 Audited	2nd Quarter 9/30/19 (Unaudited)	Reserve Balance period ending 9/30/19 (Unaudited)
Restricted Reserves	\$ -0-	\$ -0-	\$ -0-
Unrestricted Reserves	\$ 4,779,576	\$ (26,383)	\$ 4,753,193
Total Reserves	\$ 4,779,576	\$ (26,383)	\$ 4,753,193

**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 \$208,222 revenue difference was an increase in Operating Subsidy funding.

Expenditures - The \$265,303 expenditure difference is primarily related to increased costs in water, sewer, and gas/electricity.

Public Housing Operating and Capital Fund	Annual Budget	2nd Quarter Actual 9/30/19 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 10,800,979	\$ 5,608,711	\$ 5,400,490	\$ 11,009,201	\$ 208,222
Expenditures	\$ 10,699,051	\$ 5,614,828	\$ 5,349,526	\$ 10,964,354	\$ 265,303
	\$ 101,928	\$ (6,117)	\$ 50,964	\$ 44,847	

Analysis of Program Reserves:

Public Housing & Capital Fund	Beginning Balance 4/1/19 (Unaudited)	2nd Quarter 9/30/19 (Unaudited)	Reserve Balance period ending 9/30/19 (Unaudited)
Restricted Reserves	\$ -0-	\$ -0-	\$ -0-
Unrestricted Reserves	\$ 1,889,124	\$ (6,117)	\$ 1,883,007

Total Reserves	\$ 1,889,124	\$ (6,117)	\$ 1,883,007
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## **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 \$210,799 revenue difference is primarily a result of reduced fees earned in the HCV program related to the voucher funding shortfall.

**Expenditures** - The \$232,074 expenditure difference is primarily prepaid annual fees related to IT and service agreements.

State & Local Programs	Annual Budget	2nd Quarter Actual 9/30/19 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 6,641,169	\$ 3,109,786	\$ 3,320,584	\$ 6,430,371	\$ (210,799)
Expenditures	\$ 6,097,914	\$ 3,281,031	\$ 3,048,957	\$ 6,329,989	\$ (232,074)
	\$ 543,254	\$ (171,245)	\$ 271,627	\$ 100,382	

### **Analysis of Reserves:**

State & Local Programs	Beginning Balance 4/1/19 Audited	2nd Quarter 9/30/19 (Unaudited)	Reserve Balance Period ending 9/30/19 (Unaudited)
Restricted Reserves	\$ 1,939,821	\$ 61,351	\$ 2,001,172
Unrestricted Reserves	\$ 2,364,980*	\$ (232,596)	\$ 2,132,384*
Total Reserves	\$ 4,304,801*	\$ (171,245)	\$ 4,133,556*

\* does not include the unfunded pension & OPEB liability of roughly 16.3 million.

## **Housing Certificate Programs**

**Program Summary** - HACCC administers a Housing Certificate Program tied to the Continuum of Care Program (formerly known 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 \$120,753 revenue difference and the \$123,565 expenditure difference is result of increased HAP funding and HAP subsidy being provided.

Housing Certificate Programs	Annual Budget	2nd Quarter Actual 9/30/19 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 6,259,687	\$ 3,250,596	\$ 3,129,844	\$ 6,380,440	\$ 120,753
Expenditures	\$ 6,259,364	\$ 3,253,247	\$ 3,129,682	\$ 6,382,929	\$ (123,565)
	\$ 323	\$ (2,651)	\$ 162	\$ (2,490)	

### **Analysis of Reserves:**

Housing Certificate Programs	Beginning Balance 4/1/19 Audited	2nd Quarter 9/30/19 (Unaudited)	Reserve Balance period ending 9/30/19 (Unaudited)
Restricted Reserves	\$ -0-	\$ -0-	\$ -0-

Unrestricted Reserves	<u>\$ -0-</u>	<u>\$ (2,651)</u>	<u>\$ (2,651)</u>
Total Reserves	<u>\$ -0-</u>	<u>\$ (2,651)</u>	<u>\$ (2,651)</u>

FISCAL IMPACT

None. Information item only.

CLERK'S ADDENDUM