

To: Contra Costa County Housing Authority Board of Commissioners
 From: Joseph Villarreal, Housing Authority
 Date: March 21, 2023
 Subject: ANNUAL AGENCY BUDGET



Contra
Costa
County

RECOMMENDATIONS

1. APPROVE the Housing Authority's Fiscal Year 2023-2024 Annual Agency Budget; and
2. ADOPT PHA Board Resolution No. 5248 Approving the Annual Agency Budget on HUD Form 52574.

BACKGROUND

In compliance with the U. S. Department of Housing and Urban Development's (HUD) regulations, the Housing Authority of the County of Contra Costa (HACCC) has prepared its proposed budget for fiscal year (FY) 2024. At present, the federal government's FY 2024 budget is not finalized. The federal fiscal year (FFY) runs from October 1st through September 30th, meaning that HACCC's budget year is bifurcated by two FFYs. Additionally, most of HACCC's programs are funded on a calendar year basis which adds another layer of complexity to budget projections. HACCC's proposed budget is based on historical and current HUD funding advances. Staff monitors HACCC's budget to actual on a monthly basis and reports any significant changes that occur.

Three primary factors impact the funding of a housing authority's public housing and

Action of Board On: **03/21/2023** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF COMMISSIONERS

AYE: John Gioia, Commissioner
 Candace Andersen,
 Commissioner
 Diane Burgis,
 Commissioner
 Ken Carlson,
 Commissioner
 Federal D. Glover,
 Commissioner
 Cynthia Jordan,
 Commissioner
 Joanne Segura,
 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: March 21, 2023

Joseph Villarreal, Executive Director

By: June McHuen, Deputy

Contact: 925-957-8028

cc:

housing choice voucher (HCV) programs. These factors are the amount of funding allocated to HUD by Congress, the national utilization rate (number of families housed) and the local utilization rate. Congressional funding of HUD sets baseline funding for the Department's programs. HUD has not been fully funded by Congress for well over a decade. As a result, housing authority programs are normally funded at less than 100% of need. Once Congressional funding is known, HUD adjusts the funding provided to housing authorities based on the national utilization rate of each program. Utilization is the number of families under contract at a given time or period. At the national level, if utilization has increased past HUD's budget projections because more families are being housed, then HUD will reduce the money available to each housing authority. If fewer families are being housed nationally, then the money available to each housing authority is increased. At the individual housing authority level proration works in reverse. Within the parameters set by Congressional funding and national utilization, funding for an individual housing authority will rise when local utilization increases and will fall when the number of families housed drops. HUD calculates program funding and utilization retroactively. Final public housing funding in a given calendar year is not usually calculated until November of the same calendar year. Funding for the voucher program is normally adjusted quarterly, with final funding usually calculated by March of the following calendar year.

BACKGROUND (CONT'D)

As stated above, housing authorities usually never receive full program funding. Further, there are often significant swings in program funding levels from year-to-year. Over the past ten years, public housing proration levels have been as follows:

2022 98.25%
2021 95.23%
2020 112.00% (because of COVID-19 supplemental funding)
2019 96.54%
2018 94.74%
2017 93.10%
2016 90.21%
2015 85.36%
2014 88.79%
2013 81.86%

During the same period, HCV administrative fee proration levels have been as follows:

2022 84.00%
2021 80.00%
2020 92.00% (because of COVID-19 supplemental funding)
2019 79.00%
2018 80.00%
2017 77.51%
2016 83.94%
2015 81.57%
2014 79.77%
2013 69.27%

In developing HACCC's proposed budget, staff used HUD's two-year forecasting tool to project Housing Assistance Payments (HAP) for the HCV program including updated projections, and the PHA Excel Tool for computing Operating Subsidy eligibility for the Public Housing Program. Other revenue items were estimated by utilizing the past three-year's median funding levels.

The two primary expenditures, labor, and benefits, were computed using projected costs based on the updated approved pay schedule. All other expenditures were computed by augmenting the three-year median funding levels with any new planned activities.

HACCC's proposed overall budget is shown below in comparison to last year's approved budget, along with the projected change in reserve levels. This overview is followed by a breakdown of HACCC's four major program areas, HCV, Public Housing, State and Local programs and Continuum of Care programs. Each section provides a brief program

overview, the projected budget, last year's approved budget, the projected change in reserve levels and an explanation of the change from prior year. A more detailed budget is available for viewing at HACCC's administrative office.

Agency Summary

	2023-2024 Budget	2022-2023 Budget	Change
Revenue	\$241,147,285	\$215,571,829	\$25,575,456
Operating Expenditures	\$ 33,550,606	\$ 28,916,788	\$ 4,633,818
Program Costs, Debt Service & Other Capital Improvement	\$206,366,484	\$185,899,792	\$20,466,692
To Reserves	\$ 1,230,195	\$ 755,249	

	Restricted Reserves	Unrestricted Reserves	Consolidated Reserves
Projected 3/31/2023	\$ 2,828,977	\$ 7,030,364	\$ 9,859,341
FY 2024 Budget Impact	-\$ 732,409	\$ 1,862,603	\$ 1,130,194
Projected 3/31/2024	\$ 2,096,568	\$ 8,892,967	\$10,989,535

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 exception to this rule is generally the unrestricted balance within the State and Local Fund. This balance can be used in any of HACCC's programs.

Housing Choice Voucher Overview:

The HCV program provides rental assistance to families in the private market. HACCC qualifies families for the program based on income. Eligible 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 programs, HACCC is authorized to provide affordable housing assistance to as many as 9,714 families. Due to funding and regulatory restrictions, HACCC is projected to house an average of 9,320 families per month under the proposed budget.

HCV Summary

	2023-2024 Budget	2022-2023 Budget	Change
Revenue	\$210,909,542	\$185,918,944	\$24,990,598
Expenditures	\$ 11,811,233	\$ 9,525,737	\$ 2,285,496
Program Costs, Debt Service & Other Capital Improvements	\$196,953,444	\$176,463,789	\$20,489,655
To Reserves	\$ 2,144,865	-\$ 70,582	
	Restricted Reserves	Unrestricted Reserves	Consolidated Reserves
Projected 3/31/2023	\$ -0-	\$ 4,436,770	\$ 4,436,770
FY 2024 Budget Impact	\$ -0-	\$ 2,144,865	\$ 2,144,865
Projected to 3/31/2024	\$ -0-	\$ 6,581,635	\$ 6,581,635

Explanation of Change:

The increase in revenue is based on HUD's preliminary funding projections. Specifically, HUD appears to have included portability billing in their projections for HACCC's budget and an increase in Mainstream and Emergency Voucher. The increase in expenditures is a result of increase in program size as a direct result of absorbing incoming portable voucher, new Mainstream Vouchers, and the continued lease-up under the Emergency Housing Voucher program.

Public Housing & Capital Fund Overview:

HACCC owns and manages 963 public housing units at 13 different sites throughout the County. Revenue to manage these properties is derived from tenant rents and an operating subsidy received from HUD. Because tenant rents are limited by income, and are significantly less than the operating costs of the properties, HUD provides a subsidy to supplement the shortfall in actual operating costs versus tenant rents. HUD also provides annual Capital Fund grants via formula to approximately 3,300 housing authorities. Capital Fund grants may be used for the development, financing, and modernization of public housing developments as well as for management improvements.

Public Housing Summary - All Units

	2023-2024 Budget	2022-2023 Budget	Change
Revenue	\$15,313,595	\$14,271,196	\$ 1,042,399
Expenditures	\$13,999,029	\$12,508,069	\$ 1,490,960
Program Costs, Debt Service & Other Capital Improvements	\$ 1,498,954	\$ 1,497,250	\$ 1,704
To Reserves	-\$ 184,388	\$ 265,877	

Public Housing by Asset Management Property (Amp)	Area	2023-2024 Revenue	2023-2024 Expenditure	2023-2024 Residual/ - Loss
AMP-1,Ca001,Ca011,	Martinez	\$ 998,652	\$ 945,571	\$ 53,081
AMP-2,Ca045a,Ca045b	San Pablo	\$ 1,635,319	\$ 1,592,961	\$ 42,358
AMP-3,Ca004,Ca008,Ca012	Brentwood, Oakley	\$ 1,264,814	\$ 1,462,325	-\$ (197,511)
AMP-4,Ca010	Rodeo	\$ 3,311,108	\$ 3,980,036	-\$ (668,927)
AMP-5,Ca005	Pittsburg	\$ 1,998,640	\$ 2,192,990	-\$ (194,350)
AMP-6,Ca009a,Ca009b	North Richmond	\$ 390,309	\$ 57,088	\$ 333,222
AMP-7,Ca006	North Richmond	\$ 80,638	\$ 4,446	\$ 76,192
AMP-8,Ca002,Ca013	Bay Point	\$ 492,785	\$ 690,710	-\$ (197,925)
AMP-9,Ca003,Ca015	Antioch	\$ 1,191,763	\$ 1,256,155	-\$ 64,393)
Capital Funding	All AMPS	\$ 3,949,566	\$ 3,315,701	\$ 633,865
Program Totals		\$15,313,595	\$15,497,983	-\$ (184,389)

Public Housing Reserves	Restricted Reserve Balance	Unrestricted Reserve Balance	Reserve Balance
Projected 3/31/23	\$0	\$2,650,051	\$2,650,051
FY 2024 Budget Impact	\$0	-\$ (184,389)	-\$ (184,389)
Projected to 3/31/24**	\$0	\$ 2,465,662	\$2,465,662

** Unrestricted Reserve balance should not be below \$2,333,171

Explanation of Change:

The increase in revenue and expenditures are based on HUD's preliminary funding projections. The Public Housing unrestricted reserve level is very close to troubled status. The Authority has been granted operating short fall funding that is not incorporated in the above estimates in the amount of \$672,057 and should be received prior to FYE, thus increasing the projected reserve levels.

Continuum of Care Program:

The Continuum of Care Program provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services. HACCC operates the housing and financial portions of the program and Hope Solutions operates the supportive services and casework portions. The County Health Department provides the matching services requirement. Approximately 280 clients are assisted under this program.

Continuum of Care Program	2023-2024 Budget	2022-2023 Budget	Change
Revenue	\$ 6,865,517	\$7,591,207	-\$ 725,690
Expenditures	\$ 703,612	\$ 531,460	\$ 172,152

Program Costs, Debt Service & Other Capital Improvements	\$ 6,161,905	\$7,149,022	-\$ 987,117
To Reserves	\$ -0-	-\$ 89,275	
Continuum of Care Program	Restricted Reserve Bal.	Unrestricted Reserve Bal.	Reserve Balances
Projected 3/31/23	\$ -0-	\$ -0-	\$ -0-
FY 2024 Budget Impact	\$ -0-	\$ -0-	\$ -0-
Projected to 3/31/24	\$ -0-	\$ -0-	\$ -0-

Explanation of Change:

The primary changes in the Continuum of Care Program related to revenues and program costs are a result of increases in HAP funding. The increase in expenditures is a direct result of an increase in compliance monitoring.

State and Local Overview:

HACCC administers several programs and activities that are either not funded by HUD, or that involve non-restricted HUD funds. HACCC is the managing general partner for two tax credit projects, DeAnza Gardens and Casa Del Rio. Additionally, under HUD's asset management regulations, the State and Local fund receives management fees for administering the public housing and HCV programs. Pension & Other Post-Employment Benefit costs are also reflected in the State and Local fund.

State & Local Summary	2023-2024 Budget	2022-2023 Budget	Change
Revenue	\$7,958,631	\$7,790,482	\$ 168,149
Expenditures	\$7,036,732	\$6,351,523	\$ 685,209
Program Costs, Debt Service & Other Capital Improvements	\$ 1,752,181	\$ 789,730	\$ 962,451
To Reserves	-\$ 830,282	\$ 649,229	
State & Local Reserves	Restricted Reserve Bal.	Unrestricted Reserve Bal.	Reserve Balances
Projected 3/31/23	\$ 2,828,977	-\$ 56,457	\$ 2,772,520
FY 2024 Budget Impact	-\$ 732,409	-\$ 97,873	-\$ 830,282
Projected to 3/31/24	\$ 2,096,568	-\$ 154,330	\$ 1,942,238< The projected changes in revenue and expenses are primarily a result of the tax credit properties. The Reserve Balance reported does not include the unfunded Pension and Other Post-Employment Benefits (OPEB).

CONSEQUENCE OF NEGATIVE ACTION

Should the Board of Commissioners choose not adopt Resolution No. 5248 Approving HACCC's budget for the fiscal year 2023-2024, HACCC will not be in compliance with HUD regulations. Further, HACCC will not be in compliance in fulfilling its financial and programmatic obligations to program participants and property owners, as well as to HACCC employees, contractors, and vendors.

CLERK'S ADDENDUM

Speaker: Caller 1.

ATTACHMENTS

RES 5248