

City of Sacramento

Legislation Text

File #: 2019-01287, **Version:** 1

Title:

(City Council/Housing Authority) Approval of 2020 Sacramento Housing and Redevelopment Agency Budget [Noticed 10/15/2019]

File ID: 2019-01287

Location: Citywide

Recommendation:

Conduct a public hearing and upon conclusion, adopt: 1) a City Council Resolution: a) approving the 2020 proposed budget for the Sacramento Housing and Redevelopment Agency (Agency); b) delegating authority to the Agency to administer certain federal funds as set forth in the budget; c) authorizing the Agency to submit grant applications for activities within the jurisdiction of the Agency; d) authorizing the Agency to enter into contracts, make fund transfers, transfer project appropriations, amend the Agency budget and to undertake other actions necessary to implement the programs and projects set forth in the budget; and e) consent to the Authority's submittal of the annual housing operating budgets and the application for Capital Fund Plan funding to the U.S. Department of Housing and Urban Development (HUD); 2) a Housing Authority Resolution: a) approving the 2020 proposed budget for the Housing Authority of the City of Sacramento (Authority); b) delegating authority to administer certain federal funds as set forth in the budget; c) authorizing the Authority to submit grant applications for activities within the jurisdiction of the Authority; d) authorizing the Executive Director to submit the annual housing operating budgets to HUD and the application to HUD for Capital Fund Plan funding; and e) authorizing the Executive Director to enter into contracts, make fund transfers, transfer project appropriations, amend the Agency budget and undertake other actions necessary to implement the programs and projects set forth in the budget; and 3) a City Council Resolution adopting a Multi-Family Loan and Mortgage Revenue Bond Application Schedule that corresponds with California Tax Credit Allocation Committee and California Debt Limit Allocation Committee application deadlines.

Contact: La Shelle Dozier, Executive Director, (916) 440-1319, Sacramento Housing and Redevelopment Agency

Presenter: La Shelle Dozier, Executive Director, (916) 440-1319; Susana Jackson, Finance Director, (916) 440-1319, Sacramento Housing and Redevelopment Agency

Attachments:

1-Description/Analysis

2-Background

3-City Council Resolution - and Exhibit A Summary of Changes to the Budget

4-Housing Authority of the City of Sacramento Resolution and Exhibit A Summary of Changes to the Budget

5-Exhibit B-1 2020 City Public Housing Asset Management Projects (AMP) and Central Office Cost Center (COCC)

6-Exhibit B-2 HUD Resolution Approving the 2020 City Public Housing Asset Management Projects (AMP) and Central Office Cost Center (COCC)

7-City Council Resolution Multi-Family Loan and Mortgage Revenue Bond Application Schedule

8-Exhibit A- Multi-Family Loan and Mortgage Revenue Bond Application Schedule

9-Proposed Agency 2020 Budget

Description/Analysis

Issue Detail: The annual budget of the Sacramento Housing and Redevelopment Agency (Agency) incorporates the budgets of the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, and the administration of specific funds on behalf of the City and County of Sacramento.

The proposed 2020 budget provides a plan by which the Agency operates in an efficient manner and in compliance with funding source regulatory requirements and the Government Accounting Standards Board. The Agency's budget and fiscal year is the calendar year from January 1st through December 31st. In general, the City does not provide General Fund support for the Agency's operating budget, but made an allocation for the Capital Park Hotel shelter program in 2019.

The Agency proposes a balanced budget in the amount of \$211.9 million representing the operational activities and projects for 2020. The 2020 proposed budget represents a \$19.2 million or 10 percent increase in net appropriations compared with the prior year. This change in annual budget appropriations is primarily the result of an increase in Capital Projects Budget related to the Mirasol Village Project (formerly known as Twin Rivers) as well as a planned increase in Housing Assistance Payments due to the implementation of the Rental Assistance Demonstration program RAD).

Some of the guiding principles used to develop the Agency's budget include:

- Protecting "core services" to the greatest extent possible, with delivery of housing programs,

public services and capital projects being a major priority;

- Managing program activities by focusing on the efficiency of program delivery and the maximization of results;
- Considering the overall financial health of the organization, not just the cash flow from year to year;
- Using partnerships with public entities, community-based organizations and private entities whenever practicable; and
- Developing budget plans that deal with the immediate needs of the Agency and employing strategies that address the long-term needs of the communities we serve.

Calendar Year 2020 Proposed Budget						
	2016	2017	2018	2019	2020	Variance
	Budget	Budget	Budget	Budget	Budget	(2019 to 2020)
OPERATIONS						
Salaries and Benefits	22.3	24.7	24.4	27.3	28.7	1.4
Services and Supplies	17.0	18.3	17.9	17.8	17.4	(0.4)
Housing Assistance Payments	105.6	106.0	100.7	100.3	109.1	8.8
Debt Service	2.4	3.3	2.2	2.6	2.9	0.3
Financial Transactions	0.4	0.7	3.3	0.3	0.7	0.4
Public Services	5.7	6.0	6.7	5.1	5.1	0.0
Subtotal	\$153.4	\$159.0	\$155.2	\$153.0	\$163.9	\$10.56
CAPITAL PROJECTS						
Housing Development and Preservation	16.7	20.7	28.0	14.4	40.3	25.9
Housing Authority Capital Projects	2.2	3.2	2.9	18.5	2.7	(15.8)
Infrastructure and Public Improvements	5.6	6.4	6.4	6.4	5.0	(1.4)
Subtotal	\$26.2	\$31.5	\$35.5	\$39.3	\$48.0	\$8.72
TOTAL	\$179.6	\$190.5	\$190.7	\$192.3	\$211.9	\$19.10

The Agency receives over 80 percent of its funding from the federal government through the United States Department of Housing and Urban Development (HUD). Funding for the Housing Choice Voucher (HCV) program increased slightly and it is anticipated 2020 will also experience an increase

due to the participation in the Rental Assistance Demonstration (RAD) Program. Public Housing revenues remained constant in 2019 and based on federal budget projections should continue into 2020. However, the operating subsidy will decrease due to the transition of units from Public Housing to RAD.

Federal programs such as the Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) fund a number of housing projects, public services, and infrastructure improvements. In 2019, there was a decrease in federal funding in both programs; however, it is expected that funding levels for 2020 will remain stable and be consistent with what was received in 2019. If the funding is stable in these programs, prior year reserves consisting of both federal and non-federal funding sources such as loan repayments and interest revenue could then be utilized to fund projects and other operating expenses.

The following table provides a visual representation of the historical and estimated funding levels for the Agency's major federal programs from 2016-2020.

City & County Federal Revenues (In Millions)					
FUNDING SOURCES	2016	2017	2018	2019 F	2020 F
CDBG	\$ 9.52	\$ 9.57	\$ 10.57	\$ 9.41	\$ 9.41
HOME	\$ 3.97	\$ 3.90	\$ 5.81	\$ 3.28	\$ 3.28
Entitlement Programs	\$ 13.49	\$ 13.47	\$ 16.38	\$ 12.69	\$ 12.69
PHA OPERATING FUND	\$ 10.27	\$ 11.62	\$ 11.20	\$ 9.70	\$ 8.60
PHA CAPITAL FUND	\$ 3.97	\$ 4.06	\$ 6.08	\$ 6.20	\$ 4.00
Public Housing Sub-Total	\$ 14.24	\$ 15.68	\$ 17.28	\$ 15.90	\$ 12.60
HCV HAPS	\$ 101.90	\$ 94.90	\$ 100.70	\$ 105.00	\$ 109.00
HCV ADMINISTRATIVE FEES	\$ 8.00	\$ 8.90	\$ 9.30	\$ 8.00	\$ 8.00
HCV Sub-Total	\$ 109.90	\$ 103.80	\$ 110.00	\$ 113.00	\$ 117.00
EMERGENCY SOLUTIONS GRANTS	\$ 0.86	\$ 0.86	\$ 0.86	\$ 0.80	\$ 0.90
SHELTER PLUS CARE	\$ 4.53	\$ 4.34	\$ 4.40	\$ 4.53	\$ 4.53
HOPWA	\$ 0.90	\$ 1.04	\$ 1.10	\$ 0.90	\$ 0.90
Public Services Sub-Total	\$ 6.29	\$ 6.24	\$ 6.36	\$ 6.23	\$ 6.33

Policy Considerations: The actions recommended in this report are consistent with adopted Consolidated Plan goals, the annual Housing Operating budget, the Capital Fund Plan, and adopted Agency policies.

This report also recommends adoption of the Agency's Multi-Family Loan and Mortgage Revenue Bond 2020 Application Schedule and anticipated funding for Agency funded projects. The schedule will allow applicants to apply for funding on certain dates corresponding to the California Tax Credit Allocation Committee (TCAC) and California Debit Limit Allocation Committee (CDLAC) application deadlines.

Economic Impacts: Not applicable

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed actions are administrative and fiscal activities and do not make any commitments to, or give approvals for, specific projects or activities which have the potential to result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4). Environmental review for specific projects will be completed prior to any discretionary action(s) being carried out with regard to such projects.

National Environmental Policy Act (NEPA): The proposed actions are administrative and fiscal activities and do not make any commitments to, or give approvals for, specific projects or activities and are exempt under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.34(a)(2) and (3). Environmental review for specific projects will be completed prior to any choice limiting action(s) being carried out with regard to such projects.

Sustainability Considerations: N/A

Commission Action: At its meeting of October 16, 2019, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES: Alcalay, Griffin, Morgan, Nunley, Staajabu, Starks

NOES: None

ABSENT: Boyd, Macedo, Wedding

Rationale for Recommendation: The proposed budget provides a fiscal strategy for operations and capital projects during 2020. The budget is in balance and complies with applicable federal, state, and local regulations on the use of the funds.

Financial Considerations: The 2020 proposed budget recommends total expenses of \$211.9 million, with the Housing Assistance Payments budget at \$109.1 million; the Operating budget at \$46.1 million; the Capital Projects budget at \$48 million; the Public Services budget at \$5.1 million; and, the Debt Service and Financial Transactions budget at \$3.6 million. The 2020 proposed budget of \$211.9 million represents a \$19.2 million or 10 percent increase compared with the total 2019

Adopted budget.

A new initiative for the Public Housing Department includes participation in the Rental Assistance Demonstration Program (RAD), which will allow for the transition of units from Public Housing to SHARP, an Agency nonprofit component unit. These units will convert to the Housing Choice Voucher program. The RAD program allows for private investment to rehabilitate the properties. In 2020, the agency will convert 124 units to the RAD program.

In 2020, the Agency proposes to increase its authorized full-time equivalent (FTE) positions to 246 from 236.5 FTE in 2019. These additional positions will provide staffing to support the Housing Authority in aligning housing resources to serve the homeless, and to implement the Rental Assistance Demonstration Program (RAD). These positions include a Compliance Manager, Accounting Technician, RAD Asset Manager, Project Manager, Housing Finance Analyst, Program Technician, Construction Manager, Senior Program Analyst

Relocation Coordinator, Section 3 Coordinator.

The Housing Authority is continuing to implement a strategy utilizing vouchers to serve up to 1,755 homeless families and individuals and those on the verge of homelessness, in addition to families on housing assistance wait lists.

LBE - M/WBE and Section 3 requirements: The action proposed in this report has no M/WBE or Section 3 impact; therefore, M/WBE or Section 3 considerations do not apply. LBE considerations do not apply to this report.