

DATE: September 19, 2022

TO: Rental Housing Committee

FROM: Anky van Deursen, Program Manager
Jesse Takahashi, Finance and Administrative Services Director

SUBJECT: **CSFRA Fund Results for the Fiscal Year Ending June 30, 2022**

RECOMMENDATION

To review and acknowledge the year-end results for the Community Stabilization and Fair Rent Act Fund for the fiscal year ending June 30, 2022.

INTRODUCTION AND BACKGROUND

On June 14, 2021, the Rental Housing Committee (RHC) adopted the Fiscal Year 2021-22 Budget and Rental Housing Fee. Throughout the past fiscal year, the RHC received quarterly updates on actual financial expenses compared to the Adopted Budget. This memo provides an annual overview of the Fiscal Year 2021-22 comparing actual expenditures with the Adopted Budget.

ANALYSIS

During Fiscal Year 2021-22, staff and the RHC continued to monitor the level of revenue and expenditures to administer the Community Stabilization and Fair Rent Act (CSFRA). The key expenditures of the CSFRA include:

1. Staffing for the development, implementation, and administration of the CSFRA;
2. General operating costs, including RHC meeting preparation and materials as well as costs associated with administration of the petition process, education, outreach, and communications;
3. Third-party professional/technical services; and
4. City resources/administrative support.

Fiscal Year 2021-22

Table 1: Comparison of Fiscal Year Adopted, Estimated, and Unaudited Numbers

	2020-21 Actual	2021-22 Adopted	2021-22 Unaudited Actual	Variance Actual to Adopted
Revenues:				
Interest Earnings	\$ 23,476	\$ 18,100	\$ 20,357	\$ 2,257
Rental Housing Fees	1,255,376	1,524,900	1,486,513	(38,387)
Total Revenues	1,278,852	1,543,000	1,506,870	(36,130)
Operating Expenditures	1,029,552	1,803,708	1,195,677	(608,031)
General Fund Admin.	227,470	266,320	266,320	-0-
Self-Insurance	12,970	17,620	17,620	-0-
Transfer to Comp. Absences Reserve	4,000	8,000	8,000	-0-
Transfer to Equipment Replacement Reserve	3,835	3,330	3,330	-0-
Total Expenditures	1,277,827	2,098,978	1,490,947	(608,031)
Excess (Deficiency) of Revenues	1,025	(555,978)	15,923	571,901
Beginning Balance Reserve/Rebudgets	1,536,418 (546,931)	1,537,443 (438,731)	1,537,443 (396,000)	-0- (42,731)
Ending Balance	\$ 990,512	\$ 542,734	\$1,157,366	\$614,632

For Fiscal Year 2021-22, revenues were circa \$1.5 million. Interest earnings came in \$2,257 higher than budget, and Rental Housing Fee revenues were \$38,387 lower than budgeted. Total operating expenditures were circa \$1.2 million, \$608,031 lower than budgeted. For Fiscal Year 2021-22, expenditure variances were positive, and the ending balance was \$1.2 million.

Staffing

The Fiscal Year 2021-22 Adopted Budget included 5.0 FTEs: 1.0 FTE Program Manager, 1.0 FTE Senior Management Analyst, 2.0 FTE Analysts, and 1.0 FTE Senior Administrative Assistant. The variance is mostly due to the vacancy of one 1.0 FTE Analyst position for part of the fiscal year. Staff also assisted and charged the Community Development Department with tasks outside the

scope of CSFRA, including various COVID-related programs such as the Eviction Moratorium and Rent Relief Programs, work performed for the MHRSO as well as the Tenant Relocation Assistance program.

General Operating

General Operating expenses include costs for program expenditures related to office operations and administration, communications, outreach efforts, and cost of materials for the RHC. Examples of such cost items include development, printing, mailing, and postage of outreach materials, such as informational newsletters, postcards, flyers, and brochures; RHC agenda packets and materials; office equipment and supplies; noticing for meetings; and costs associated with education and outreach meetings. The variance is due to savings in most categories.

Third-Party Professional/Technical Services

The professional/technical services budget included outside legal services (\$255,000), Mountain View Rental Housing Helpline (\$125,000), Hearing Officer services (\$100,000), and prehearing facilitation services (\$5,000). The savings in overall professional/technical services are related to having to provide fewer than anticipated Hearing Officer services, as well as switching the Rental Housing Helpline service to in-house staff.

IT System (LP-Rebudget)

The Adopted Budget for Fiscal Year 2021-22 included a rebudget of \$120,200 for the IT database system. Rebudgets are items that were budgeted as one-time expenditures but have not been expended by the end of the fiscal year. The funds are still needed for the purpose originally identified, and \$94,000 was carried over into the Fiscal Year 2022-23 budget.

City Resources/Administrative Support

City resources/administrative support represent the indirect costs provided by the City in support of the Rent Stabilization Program. These are budgeted at 15% of the budget.

Encumbrances

These are funds that are encumbered as of the end of the fiscal year. Encumbrances represent a legal obligation for services or goods that have not yet been received and/or fully paid. There are encumbrances outstanding, as of June 30, 2022, of \$270,300 for miscellaneous professional services. A portion of these outstanding encumbrances is assumed to be spent the following fiscal year and included in the Reserve/Rebudget line.

Reserve

The reserve balance provides a funding source to be used for certain unanticipated expenditures that may come up during the year that were not appropriated during the annual budget process and/or to cover expenditures if revenues fall short of budget. The reserve would provide funding for these expenditures until the budget and fee can be adjusted in the following fiscal year.

The RHC previously approved a reserve balance of 20% of expenditures. In Fiscal Year 2021-22, the RHC decided to not further increase the reserve. The total Reserve/Rebudgets of \$396,000 includes the balance of the IT System rebudgeted in the next fiscal year and, as stated above, a portion of encumbrances outstanding that are assumed to be spent next fiscal year.

FISCAL IMPACT

The Fiscal Year 2021-22 unaudited actual results show total revenues of slightly over \$1.5 million and total expenditures of close to \$1.5 million, resulting in an operating excess of \$15,903. The ending balance of the fund is \$1,157,366, about the same as the estimated amount. The ending balance projected for Fiscal Year 2022-23 is \$604,265 (see Attachment 1).

PUBLIC NOTICING—Agenda posting.

AvD-JT/JS/8/CDD/RHC

814-09-19-22M

Attachment: 1. CSFRA Fund: Statement of Revenues, Expenditures, and Balances