

DATE: May 22, 2023

TO: Rental Housing Committee

FROM: Anky van Deursen, Program Manager

SUBJECT: **Quarterly Financial Expenditures FY 2022-23 through March 31, 2023**

RECOMMENDATION

Review the Quarterly Financial Expenditures Report for Fiscal Year 2022-23 through March 31, 2023, for both the Community Stabilization and Fair Rent Act (Attachment 1) and the Mobile Home Rent Stabilization Ordinance (Attachment 2).

BACKGROUND

As part of the administration of the Rent Stabilization Program, including the Mobile Home Rent Stabilization Ordinance (MHRSO) and the Community Stabilization and Fair Rent Act (CSFRA), the Rental Housing Committee (RHC) review program expenditures on a quarterly basis.

On April 25, 2022, the RHC adopted the MHRSO Fiscal Year 2022-23 Budget of \$641,825 (the original adopted amount was slightly lower, and this figure is the final amount based on final salaries and benefit calculations).

On June 20, 2022, the RHC adopted the CSFRA Fiscal Year 2022-23 Budget of \$2,141,540 (the original adopted amount was lower, and this figure is the final amount based on a final salaries and benefit calculation as well as carry over of encumbrances from the previous fiscal year).

ANALYSIS

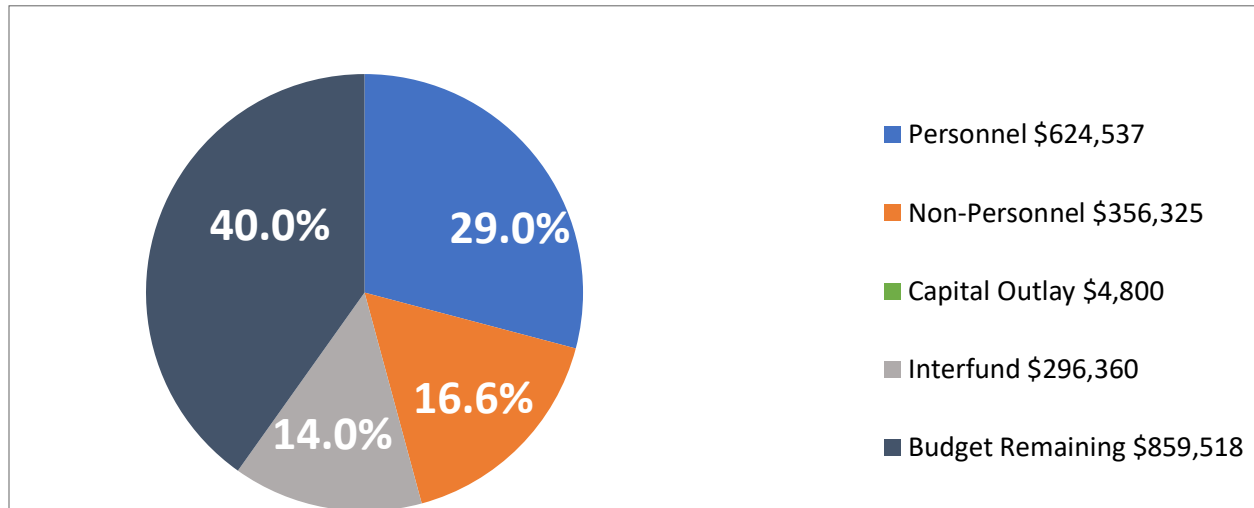
Both the CSFRA and the MHRSO Quarterly Financial Reports are divided into Personnel Services, Non-Personnel Services, Capital Outlay (CSFRA only), and Interfund Expenditures/Interfund Expenditures Transfer. This report is for the nine-month period between July 1, 2022, and March 31, 2023, which would represent 75% of the budget.

The CSFRA summary of expenditures for the first nine months is as follows:

- a. As of March 31, 2023, 58.90% of the Personnel budget has been spent. This means that \$624,537 of the total budget for Personnel of \$1,060,241 has been spent. This is below the 75% expected expenditure amount due to:
 - Some personnel costs were charged to the Community Development Department budget for services provided related to the Tenant Relocation Assistance Ordinance and various other requested services outside of the CSFRA program, such as assistance with the BMR and Affordable Housing inquiries; and
 - Salary savings due to the vacant Outreach Specialist and Senior Administrative Assistant positions (some of the tasks currently fulfilled by an hourly employee).
- b. As of March 31, 2023, 53% of the non-personnel budget is spent and a further 42% encumbered. This means that \$356,325 of the total budget for Non-Personnel of \$677,840 has been spent. This is below the 75% expenditure amount due mainly to:
 - Certain service providers bill on a quarterly basis, and certain Quarter 3 invoices will be received and charged in the next quarter of FY 2022/2023.
 - Fewer than anticipated number of petitions are being filed, and fewer hearings being scheduled than estimated, resulting in less-than-budgeted Hearing Officer and Facilitator fees.
- c. In the first nine months of 2023, 5% of the remaining Capital Outlay budget is spent, and a further 16% is encumbered. At the start of the CSFRA Program a Capital Outlay budget of \$250,000 was adopted to finance the development of a Rent Stabilization Database over the years. At the start of this fiscal year a remaining amount of \$107,100 was rebudgeted and to date \$4,800 has been spent and a further \$17,500 encumbered. As expected, further deliverables upon completion of the next phases for the Database Management System are to be made in the following quarters.
- d. As of March 31, 2023, 100% of the interfund expenditures and transfers budget for \$296,360 has been spent. It is the City's practice to post these expenditures in December as this reflects halfway through the fiscal year.

This presents the following expenditures this fiscal year to date as a percentage of the total CSFRA budget of \$2,141,540

Chart 1: Overview Expenditures through March 31, 2023, as a percentage of the total CSFRA Budget FY2022-23



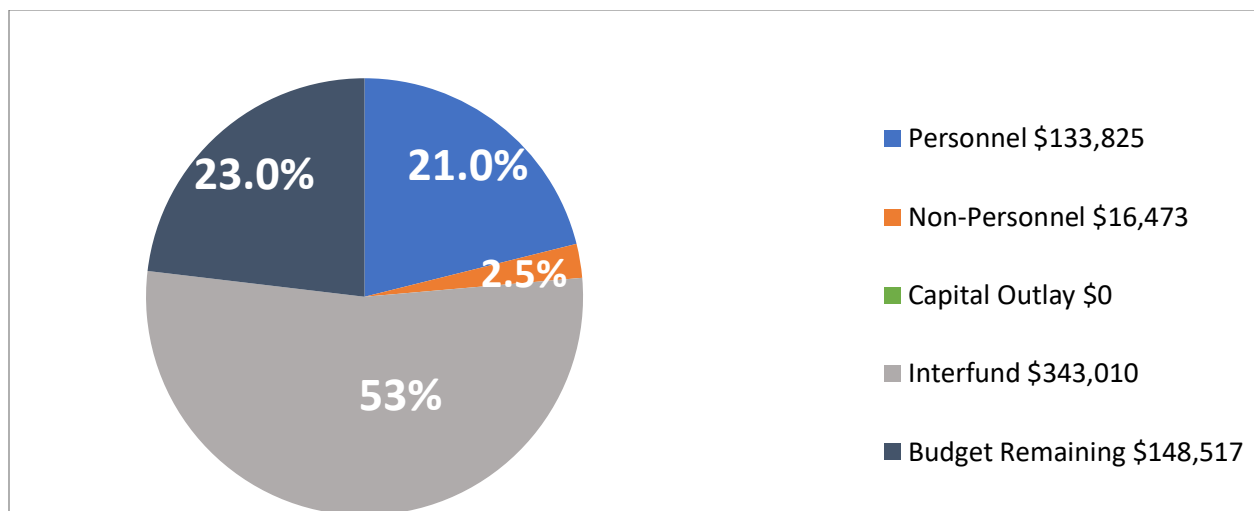
The MHRSO summary of expenditures for the first nine months is as follows:

- a. As of March 31, 2023, 65% of the Personnel budget is spent. This means that \$133,825 of the total MHRSO Personnel budget of \$206,249 is spent. This is slightly below budget due to:
 - The work performed for and charged to the Community Development Department for aid with various other requested services outside of the MHRSO program, such as aid with the CSFRA, as well as BMR and Affordable Housing inquiries.
- b. As of March 31, 2023, 18% of the non-personnel budget is spent and a further 45% encumbered. This means that \$16,473 of the total non-personnel budget of \$92,567 is spent. This low level is mainly caused by:
 - Certain service providers bill on a quarterly basis, and certain invoices for this past quarter will be received in the next quarter of FY 2022/2023.
 - To date fewer than anticipated petitions have been filed, resulting in less-than-budgeted Hearing Officer and Facilitator fees.

- c. As of March 31, 2023, 100% of the interfund expenditures and transfers budget for \$50,010 has been charged. It is the City's practice to post these expenditures in December as this reflects halfway through the fiscal year.

This presents the following expenditures as part of the overall MHRSO budget of \$641,825:

Chart 2: Overview Expenditures through March 31, 2023, as a percentage of the total MHRSO Budget FY2022-23



FISCAL IMPACT

The Fiscal Year 2022-23 Adjusted Budget for the CSFRA amounts to \$2,141,540.58 and for the MHRSO this amounts to \$641,826. Total revenues are estimated to be sufficient to fund all expenditures for this fiscal year. Staff will be returning to the RHC on a quarterly basis for an update on incurred expenses compared to the adopted budgets.

PUBLIC NOTICING—Agenda posting.

ATTACHMENTS:

1. CSFRA Quarterly Financial Report (Fiscal Year 2022-23 through March 31, 2023)
2. MHRSO Quarterly Financial Report (Fiscal Year 2022-23 through March 31, 2023)