

DATE: August 21, 2023

TO: Rental Housing Committee

FROM: Anky van Deursen, Program Manager

SUBJECT: Quarterly Financial Expenditures Fiscal Year 2022-23 through June 30, 2023

RECOMMENDATION

Review the Quarterly Financial Expenditures Report for Fiscal Year 2022-23 through June 30, 2023 for both the Community Stabilization and Fair Rent Act (Attachment 1) and the Mobile Home Rent Stabilization Ordinance (Attachment 2).

BACKGROUND

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

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 \$2,141,541. 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

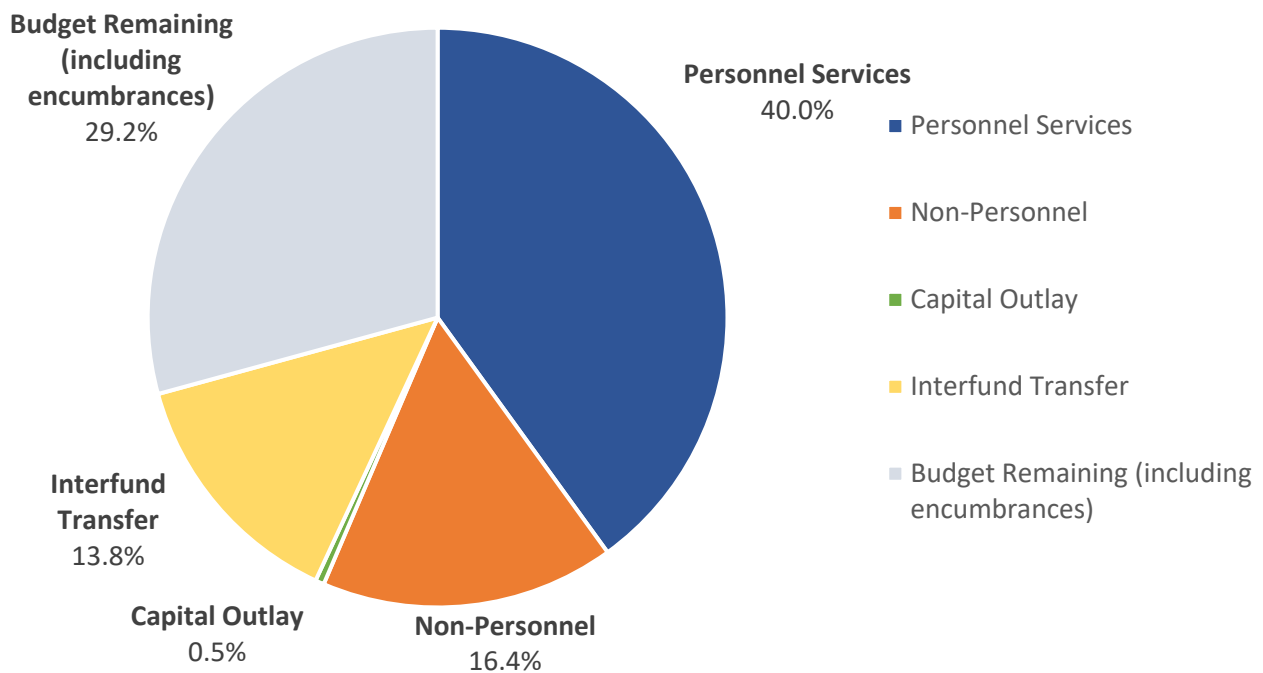
Both the CSFRA and the MHRSO Quarterly Financial Reports are divided into Personnel Services, Non-Personnel Services, Capital Outlay (CSFRA only), and Interfund Expenditures/Interfund Expenditures Transfer. This report is for the 12-month period between July 1, 2022 and June 30, 2023, which would represent 100% of the budget.

The CSFRA summary of expenditures for Fiscal Year 2022-23 is as follows:

- a. As of June 30, 2023, 80.8% of the Personnel budget was spent. This means that \$857,109 of the total budget for Personnel of \$1,060,241 was spent. This is below the 100% 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 Below-Market-Rate (BMR) and Affordable Housing inquiries; and
 - Salary savings due to the vacant Outreach Specialist and Senior Administrative Assistant positions (some of the tasks were fulfilled by two part-time hourly employees).
- b. As of June 30, 2023, 51.8% of the Non-Personnel budget was spent, and a further 37.2% encumbered. This means that \$351,331 of the total budget for Non-Personnel of \$677,840 was spent, and a further \$251,832 encumbered. This is below the 100% expenditure amount due mainly to:
 - Certain service providers bill on a quarterly basis, and certain Q4 invoices will be received and charged in the first quarter of Fiscal Year 2023-24.
- c. In 2023, 9.8% of the remaining Capital Outlay budget was spent, and a further 11.1% was 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, \$10,450 was spent and a further \$11,850 encumbered. As expected, more deliverables are to be made in the following quarters of Fiscal Year 2023-24 upon completion of the next phases for the Database Management System.
- d. As of June 30, 2023, 100% of the Interfund Expenditures and Transfers budget for \$296,360 was charged. It is the City's practice to post these expenditures in December as this reflects halfway through the fiscal year.

Chart 1 below presents the following expenditures this fiscal year to date as a percentage of the total CSFRA budget of \$2,141,541. As of June 30, 2023, 70.6% of the total budget was spent with a further 12.3% encumbered. This means that a total \$1,515,250 of the Fiscal Year 2022-23 budget was spent with a further \$263,682 encumbered and a remaining balance of \$362,609.

**Chart 1: Overview of Expenditures through June 30, 2023,
 as a Percentage of the Total CSFRA Budget for Fiscal Year 2022-23**



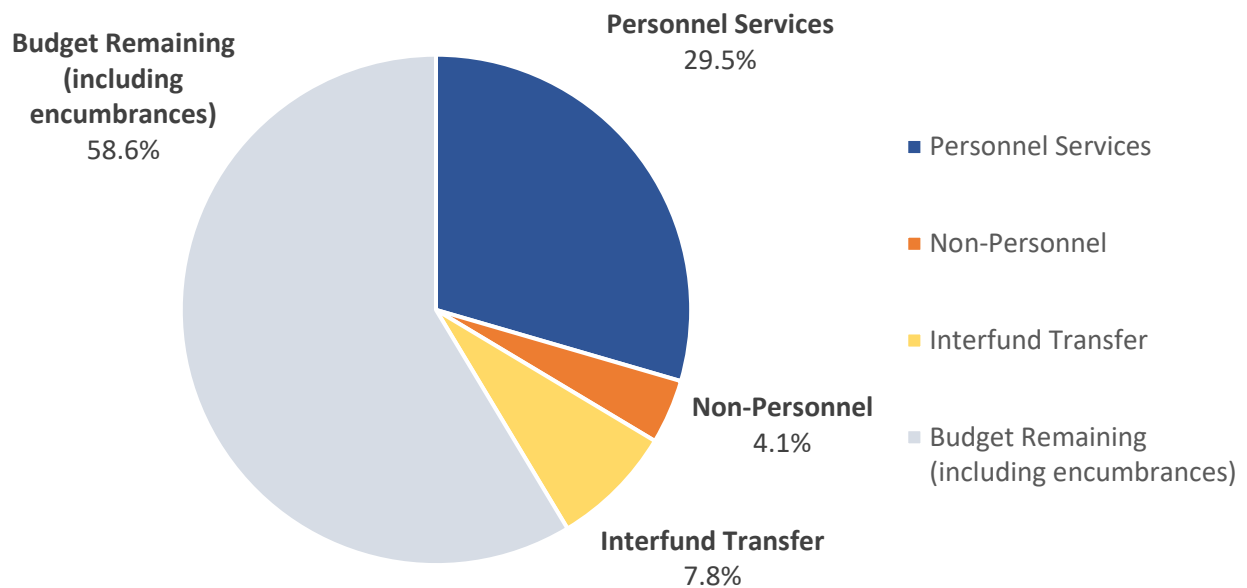
The MHRSO summary of expenditures for Fiscal Year 2022-23 is as follows:

- a. As of June 30, 2023, 91.8% of the Personnel budget was spent. This means that \$189,377 of the total MHRSO Personnel budget of \$206,249 was spent. This is slightly below budget due to:
 - The Analyst position had not been filled at the time of the budget; therefore, the personnel expenditures were estimates from the Finance and Administrative Services Department (the position has since been filled); and
 - 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 June 30, 2023, 28.3% of the Non-Personnel budget was spent and a further 37.2% encumbered. This means that \$26,208 of the total budget for Non-Personnel of \$92,567 was spent and a further \$34,516 encumbered. This is below the 100% expenditure amount due mainly to:
- Certain service providers bill on a quarterly basis, and certain Q4 invoices will be received and charged in the first quarter of Fiscal Year 2023-24; and
 - To date, fewer petitions than anticipated have been filed, resulting in less-than-budgeted Hearing Officer and Facilitator fees.
- c. As of June 30, 2023, 100% of the Interfund Expenditures and Transfers budget for \$50,010 was charged. It is the City’s practice to post these expenditures in December as this reflects halfway through the fiscal year.

Chart 2 below presents the following expenditures this fiscal year to date as a percentage of the total MHRSO budget of \$641,826. As of June 30, 2023, 41.5% of the total budget was spent with a further 5.4% encumbered. This means that a total \$266,596 of the Fiscal Year 2022-23 budget was spent with a further \$34,516 encumbered and a remaining balance of \$340,714.

**Chart 2: Overview of Expenditures through June 30, 2023,
as a Percentage of the Total MHRSO Budget for Fiscal Year 2022-23**



FISCAL IMPACT

The Fiscal Year 2022-23 Adjusted Budget for the CSFRA amounts to \$2,141,541, and for the MHRSO, the Adjustment Budget is \$641,826. Total revenues are sufficient to fund all expenditures for this past fiscal year. Staff will report the Fiscal Year 2022-23 actual revenue and expenditures versus the initial budget estimates for the CSFRA and MHRSO to the RHC at a future meeting. Staff will return to the RHC on a quarterly basis for an update on incurred expenses compared to the budget for Fiscal Year 2023-24.

PUBLIC NOTICING—Agenda posting.

AVD/KM/4/HSN/RHC
847-08-21-23M

- Attachments:
1. CSFRA Quarterly Financial Report (Fiscal Year 2022-23 through June 30, 2023)
 2. MHRSO Quarterly Financial Report (Fiscal Year 2022-23 through June 30, 2023)