

HOUSING FUNDS

PROPOSED BUDGET

All Funds	Adopted 2018-19	Recommended 2019-20	Δ	Projected 2020-21	Δ
Revenues	3,044,205	2,821,215	-7.3%	1,396,315	-50.5%
<i>Fund Balance</i>	<i>15,766,303</i>	<i>1,683,764</i>	<i>-89.3%</i>	<i>1,434,836</i>	<i>-14.8%</i>
Total Financing	18,810,508	4,504,979	-76.1%	2,831,151	-37.2%
Expenditures	18,810,508	4,504,979	-76.1%	2,831,151	-37.2%

OVERVIEW

The Housing Section of the Planning Department oversees and implements the County's Housing Program. This includes management of the deed-restricted affordable home portfolio of over 1,000 units, acting as lender making and managing about 450 homebuyer loans funded through State and local funding sources, and supporting multifamily housing including structuring local financing in support of project development. Housing administers service contracts funded with Federal, State and local dollars and actively preserves over 2,000 affordable homes that have been created through the County and its former Redevelopment Agency (RDA). Unused appropriated funds from the previous fiscal year are re-budgeted in the new year and aligned in the adopted budget.

GRANT FUNDED PROGRAMS

Since 2009, over \$14 million in grants have been awarded through State CalHome, Building and Equity Growth in Neighborhoods (BEGIN), Community Development Block Grant (CDBG) and the Federal HOME program. These funds have allowed the County to provide affordable housing assistance to qualified homeowners in the form of mortgage assistance, housing rehabilitation, and manufactured home replacement loans. Funds also have been used for community development

projects in Davenport, Live Oak, Santa Cruz and Freedom, public services to farmworkers, and to people experiencing or at risk of homelessness.

LOW AND MODERATE INCOME HOUSING ASSET FUNDS

Funds generated through the former RDA are in two indices, one for commitments made prior to RDA dissolution (Housing—Other Funds) and one consisting of construction savings and loan repayments, which is the Low and Moderate Income Housing Asset Fund (LMIHAF). Use of LMIHAF is limited to construction of housing within the unincorporated area, limited homeless prevention activities and administration of RDA assets. In 2019-20 new assistance is anticipated for the affordable housing project proposed by Mid-Peninsula Housing for 56 units at 17th Avenue and Capitola Road. The estimated \$5 million County contribution for this project will be considered once environmental review under the California Environmental Quality Act (CEQA) is complete.

OTHER HOUSING FUNDS

The Housing Services contract with the Housing Authority provides funding for a variety of housing activities including the Affordable Housing Preservation Program, as well as funding for the County's participation in the Homeless Action

OVERVIEW (CONT.)

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Partnership, support of affordable housing search for seniors, homebuyer education, and predevelopment activities for new affordable housing projects.

The Paloma del Mar Rent Subsidy program currently provides rent subsidies for up to 10 low-income senior households residing in the Paloma del Mar project. Additional RDA Housing—Other Funds were previously committed in 2011 to various affordable housing projects which are being completed, including Pippin Orchard.

AFFORDABLE HOUSING IMPACT FEE FUND (AHIF) AND THE MEASURE J PROGRAM

The AHIF is a local source of funds created in 2015 when the County adapted its inclusionary program

YEAR 1 BUDGET OVERVIEW

2019-20 RECOMMENDED BUDGET

The 2019-20 recommended budget combined for all Housing Funds provides for decreases of \$229,990 in revenues and \$14,305,529 in expenditures for projected potential projects at 17th and Capitola Road and farmworker housing in the South county. This results in the availability of \$1,683,764 in fund balance. Fund balance availability is based on total expenditures and revenues in the previous fiscal year. Funding may be appropriated but not used in the same fiscal year, which impacts available fund balance. Because the timing of project funding can vary, unused but budgeted funds are rebudgeted in the new fiscal year and appropriations are aligned in the adopted budget.

The increase in Use of Money of \$9,015 reflects additional interest received on all funds. The decrease in Intergovernmental funds of \$1,178,905 are expended grant funds. The increase in Miscellaneous funds of \$946,900 reflects an increase in CalHome funding and increased loan repayments from the LMIHAF.

to include fees on most new development. Accessory Dwelling Unit (ADU) loan programs continue to be funded in 2019-20 through AHIF. Measure J units are below market rate home ownership units. New residential development projects of seven or more units are required to provide 15% on-site affordable units which remain affordable through permanent resale price controls.

NO PLACE LIKE HOME (NPLH) PROGRAM

NPLH is a source of affordable housing funding from the State intended to produce permanent supportive housing targeting for chronically homeless persons with a serious mental illness either through multi-family housing development or through shared housing programs.

Decreases in expenditures are aligned to match the changes in available revenues.

The Housing Fund reserve is a loan portfolio that includes assets valued at \$65,385,763. The loan portfolio includes loans funded by a variety of sources and when they are repaid their use is subject to the original restrictions. Funds from the former redevelopment agency were loaned to developers to construct affordable housing and to first-time homebuyers as mortgage assistance, as these loans are paid back over time their reuse is limited to affordable housing development, limited homeless prevention activities and portfolio management. Affordable housing developments in the restricted loan portfolio include St. Stephens, Pippin Orchard, Vista Verde, Canterbury Park and Aptos Blue. Loans made with State grant funds such as CalHome, HOME and CDBG may be re-used consistent with each Program, including First-Time Homebuyer loans, manufactured home replacement and Tenant Based Rental Assistance.

YEAR 1 BUDGET DETAIL

Budget Unit: 55

All Funds	Actual 2017-18	Adopted 2018-19	Estimated 2018-19	Recommended 2019-20	Change from 2018-19	
Revenues						
Use of Money	482,421	259,400	415,161	268,415	9,015	3.5%
Intergovernmental	322,426	1,178,905	1,178,422	0	(1,178,905)	-100.0%
Charges for Services	990,234	500,000	926,708	500,000	0	0.0%
Miscellaneous	1,082,449	705,900	323,075	1,652,800	946,900	134.1%
Other Financing	3,194	400,000	400,000	400,000	0	0.0%
Total Revenues	2,880,724	3,044,205	3,243,366	2,821,215	(222,990)	-7.3%
<i>Fund Balance</i>	<i>(765,716)</i>	<i>15,766,303</i>	<i>10,930,679</i>	<i>1,683,764</i>	<i>(14,082,539)</i>	<i>-89.3%</i>
Total Financing	2,115,008	18,810,508	14,174,045	4,504,979	(14,305,529)	-76.1%
Expenditures						
Services & Supplies	864,828	1,862,650	1,037,929	1,037,200	(825,450)	-44.3%
Other Charges	1,246,985	15,482,718	12,203,691	2,729,262	(12,753,456)	-82.4%
Other Financing	3,195	1,465,140	932,425	738,517	(726,623)	-49.6%
Total Expenditures	2,115,008	18,810,508	14,174,045	4,504,979	(14,305,529)	-76.1%

YEAR 1 FINANCING CHANGES

Financing Sources	Description/ Impact	Increase/ (Decrease)
Use of Money	Increase of interest on all funds.	9,015
Intergovernmental	Decrease for expended 2015 and 2016 HOME grant funds.	(1,178,905)
	Increase in CAL HOME reuse funding.	111,900
Miscellaneous	Increase in LMIHAF loan repayments.	870,000
	Decrease for use of expended CDBG funds.	(35,000)
Other Funds	Decrease in availability of fund balance due to funds allocated in the previous fiscal year.	(14,082,539)
Total		(14,305,529)

YEAR 1 EXPENDITURE CHANGES

Financing Uses	Description/ Impact	Cost/ (Savings)
	Increase to County overhead charges.	(571,072)
	Decrease in grants administration costs.	(161,047)
Services & Supplies	Decrease in legal services.	(27,991)
	Decrease in professional services.	(57,140)
	Other miscellaneous decreases.	(8,200)
	Decrease for loans and rental assistance.	(948,989)
Other Charges	Decrease due to fewer anticipated new Affordable Housing projects because of previously allocated funding.	(11,417,880)
	Decrease in contributions from other agencies and grants fulfilled.	(386,587)
Other Financing	Decrease due to grants fulfilled.	(726,623)
Total		(14,305,529)

YEAR 1 PROGRAM DETAIL

Program Financing	Adopted 2018-19	FY 2019-20 Financing			Δ
		Revenues	Other Funds	Total Financing	
County Housing Program - CDBG	251,022	3,500	200,000	203,500	-18.9%
Housing - CalHome HRP 2010	18	0	0	0	-100.0%
Housing - CalHome 11-8197	20	0	0	0	-100.0%
Housing - CalHome 14-9867	168	0	0	0	-100.0%
Housing - CalHome 14-9832	31	0	0	0	-100.0%
Housing - Begin Grant 11 & Reuse	142,991	130,800	12,393	143,193	0.1%
CalHome Reuse Fund	396,517	124,415	93,035	217,450	-45.2%
Housing - LMIH Asset Fund 34176D	10,431,971	1,833,000	(1,065,000)	768,000	-92.6%
Housing - Other	4,441,731	30,000	1,652,862	1,682,862	-62.1%
Housing - CDBG 21-026	47,050	0	0	0	-100.0%
Housing - Affordable Impact Fees	1,682,052	530,000	778,250	1,308,250	-22.2%
Housing - Paloma Del Mar	20,277	5,000	11,400	16,400	-19.1%
Housing - State Home Grant - Reuse	164,500	164,500	824	165,324	0.5%
Housing - State Home Grant 2015	232,162	0	0	0	-100.0%
Housing - State Home Grant 2016	999,998	0	0	0	-100.0%
Total Financing	18,810,508	2,821,215	1,683,764	4,504,979	-76.1%

Program Expenditures	Adopted 2018-19	FY 2019-20 Expenditures			Δ
		Services & Supplies	Other	Total Expenditures	
County Housing Program - CDBG	251,022	203,500	0	203,500	-18.9%
Housing - CalHome HRP 2010	18	0	0	0	-100.0%
Housing - CalHome 11-8197	20	0	0	0	-100.0%
Housing - CalHome 14-9867	168	0	0	0	-100.0%
Housing - CalHome 14-9832	31	0	0	0	-100.0%
Housing - Begin Grant 11 & Reuse	142,991	0	143,193	143,193	0.1%
CalHome Reuse Fund	396,517	37,450	180,000	217,450	-45.2%
Housing - LMIH Asset Fund 34176D	10,431,971	768,000	0	768,000	-92.6%
Housing - Other	4,441,731	0	1,682,862	1,682,862	-62.1%
Housing - CDBG 21-026	47,050	0	0	0	-100.0%
Housing - Affordable Impact Fees	1,682,052	8,250	1,300,000	1,308,250	-22.2%
Housing - Paloma Del Mar	20,277	0	16,400	16,400	-19.1%
Housing - State Home Grant - Reuse	164,500	20,000	145,324	165,324	0.5%
Housing - State Home Grant 2015	232,162	0	0	0	-100.0%
Housing - State Home Grant 2016	999,998	0	0	0	-100.0%
Total Expenditures	18,810,508	1,037,200	3,467,779	4,504,979	-76.1%

HOUSING FUNDS ACCOMPLISHMENTS & ACCOUNTABILITY

PRIOR YEAR GOALS

Support Creation of Housing Units

1. Work with developers and property owners to discuss inclusion of affordable housing units in new development, and to secure affordability protections on market rate and County sponsored affordable units.
2. Initiate Seascape “Lot A” Disposition Process, to enable use of proceeds on Affordable Housing Activities.
3. Engage in efforts to attract new affordable housing funding resources, and identify partners and strategies for development of new affordable housing projects.

2018-19 ACCOMPLISHMENTS

Support Creation of Housing Units

1. Disposition Agreement with Habitat for Humanity for 11 new affordable homeownership units on Harper Street. Assisted pre-development activities for mixed-use commercial and affordable housing project at Capitola Road/17th Avenue County site. Assisted sale/acquisition / pre-development activities for an affordable rental housing project for farmworker family housing.
2. Seascape “Lot A” declared Surplus by Board of Supervisors and disposition activities initiated.
3. Near Term Affordable Housing Code Amendments completed, including Enhanced Density Bonus Program, Permanent Room Housing (PRH) Combining Zone, Ag Employee, and Housing on Public Facilities & School lands. Initiated Safe Structures Program (LIAP). Collaborated with partners to identify suitable sites for investment of affordable housing funds. Submitted NPLH & CDBG applications.

YEAR 2 PROJECTED BUDGET OVERVIEW

2020-21 PROJECTED BUDGET

The estimates included in the 2020-21 projected budget assume a status quo operation and reflect any known changes, resulting in a decrease of \$248,928 in the use of fund balance.

EXPENDITURES

The decrease in expenditures of \$1,673,828 includes a decrease in Services and Supplies of \$240,450, a decrease in Other Charges of \$1,150,161 due to construction costs savings, and a decrease in Other Financing of \$283,217 due to grants and other commitments being fulfilled.

REVENUES

The decrease in revenues of \$1,424,900 includes a decrease in Use of Money of \$43,000 from interest earnings, a decrease in Miscellaneous of \$981,900 from loan repayments, a decrease in Other Financing of \$400,000 due to no planned unit sales, leaving a decrease in the use of fund balance of \$248,928.

YEAR 2 PROJECTED BUDGET DETAIL

Budget Unit: 55

All Funds	Adopted 2018-19	Recommended 2019-20	Projected 2020-21	Change from 2019-20	
Revenues					
Use of Money	259,400	268,415	225,415	(43,000)	-16.0%
Intergovernmental	1,178,905	0	0	0	0.0%
Charges for Services	500,000	500,000	500,000	0	0.0%
Miscellaneous	705,900	1,652,800	670,900	(981,900)	-59.4%
Other Financing	400,000	400,000	0	(400,000)	-100.0%
Total Revenues	3,044,205	2,821,215	1,396,315	(1,424,900)	-50.5%
<i>Fund Balance</i>	<i>15,766,303</i>	<i>1,683,764</i>	<i>1,434,836</i>	<i>(248,928)</i>	<i>-14.8%</i>
Total Financing	18,810,508	4,504,979	2,831,151	(1,673,828)	-37.2%
Expenditures					
Services & Supplies	1,862,650	1,037,200	796,750	(240,450)	-23.2%
Other Charges	15,482,718	2,729,262	1,579,101	(1,150,161)	-42.1%
Other Financing	1,465,140	738,517	455,300	(283,217)	-38.3%
Total Expenditures	18,810,508	4,504,979	2,831,151	(1,673,828)	-37.2%