

DISCUSSION

Ongoing administrative fees have been underfunded for years. In 2013, due to the federal budget sequestration, the Garden Grove Housing Authority only received 69.256% of their eligibility for ongoing administrative fees. In 2014, the Authority received 79.769% of their eligibility and is expected to receive only 74% in 2015. The prorated rate, determined by HUD, is based on the availability of funds and is thus unpredictable.

Due to the severe cuts by HUD in funding administrative fees, total administrative revenues received by the Housing Authority, in fiscal year 2014-2105, were not sufficient to cover the total administrative costs expenditure. The projected administrative revenue is approximately \$2.53 million and the projected expenditure is approximately \$2.76 million. Therefore, a transfer of funds from the City general fund to the Housing Authority is necessary to cover an amount of up to \$250,000 for the administrative revenue shortfall in fiscal year 2014-15.

FISCAL IMPACT

The Housing Authority receives all funding for the Section 8 Rental Assistance Program from HUD. The level of funding is based on annual appropriations approved by Congress. If this transfer is approved, the City general fund will subsidize an amount of up to \$250,000 of Housing Authority administrative expenditures. If sufficient administrative fee revenue subsequently becomes available, the funding provided pursuant to this resolution shall be repaid by the Housing Authority to the extent legally permissible.

RECOMMENDATION

It is recommended that the City Council:

- Adopt the Resolution authorizing a supplemental budget transfer from the City's General Fund, and authorize the Finance Director to transfer up to \$250,000 from the City's General Fund to the Housing Authority for fiscal year 2014-15 for administrative costs for the Section 8 Housing Program.

It is recommended that Garden Grove Housing Authority:

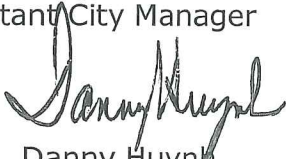
- Adopt the Resolution accepting the supplemental budget transfer from the City's General Fund, and authorize the Finance Officer to accept the transfer up to \$250,000 from the City's General Fund to the Housing Authority to cover the

GARDEN GROVE HOUSING AUTHORITY
RESOLUTION APPROVING THE TRANSFER OF FUNDS
June 23, 2015
Page 3

Housing Authority's administrative revenue shortfall in fiscal year 2014-15 for the Section 8 Housing Program.



SUSAN EMERY
Assistant City Manager



By: Danny Huynh
Housing Authority Manager

Attachment No. 1: Garden Grove City Council Resolution
Attachment No. 2: Garden Grove Housing Authority Resolution

Recommended for Approval



Allan L. Roeder
Interim Director

GARDEN GROVE CITY COUNCIL

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE
ADOPTING A SUPPLEMENTAL BUDGET TRANSFER FROM CITY'S GENERAL FUND IN
ORDER TO TRANSFER FUNDS TO THE HOUSING AUTHORITY FOR FISCAL YEAR
2014-2015

WHEREAS, the administrative fee revenue for the Section 8 Housing Program of the Garden Grove Housing Authority has been underfunded due to federal budget sequestration since 2013.

WHEREAS, the City Council of the City of Garden Grove has given careful consideration to the adoption of a supplemental budget transfer in the amount up to \$250,000 from the General Fund for Fiscal Year 2014-2015 to fund administration costs of the Section 8 Housing Program.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Garden Grove approves the above mentioned FY 14-15 General Fund supplemental budget transfer in an amount up to \$250,000, as needed, to the Garden Grove Housing Authority to fund administration costs of the Section 8 Housing Program. If sufficient administrative fee revenue subsequently becomes available, the funding provided pursuant to this Resolution shall be repaid by the Housing Authority to the extent legally permissible.

GARDEN GROVE HOUSING AUTHORITY

RESOLUTION NO.

A RESOLUTION OF THE HOUSING AUTHORITY
ACCEPTING A TRANSFER FROM CITY GENERAL FUND FROM FISCAL YEAR 2014-
2015

WHEREAS, the Housing Authority's administrative fee revenue for the Section 8 Housing Program has been underfunded due to federal budget sequestration since 2013.

WHEREAS, the Garden Grove City Council has authorized the supplemental budget transfer in the amount up to \$250,000 from the General Fund to the Housing Authority for Fiscal Year 2014-2015 to address this funding shortfall.

WHEREAS, the Housing Authority Board has given careful consideration to the acceptance of this transfer from City General Fund for Fiscal Year 2014-2015.

NOW, THEREFORE, BE IT RESOLVED by the Garden Grove Housing Authority that the Interim Director is hereby authorized to accept the supplemental budget transfer from the City's General Fund, and authorizes the Finance Officer to accept the transfer in accordance with Section 34176, et seq. of the Health and Safety Code of the State of California, on behalf of the Garden Grove Housing Authority, an amount up to \$250,000 and expend such funds for administration of Section 8 Housing Program as shown below:

Expenditures

Administration-Housing Authority		
Section 8	\$	250,000
TOTAL EXPENDITURES	\$	250,000

If sufficient administrative fee revenue subsequently becomes available, the funding provided pursuant to this Resolution shall be repaid by the Housing Authority to the extent legally permissible.