



HOUSING AUTHORITY OF THE
CITY OF SANTA BARBARA
COMMISSION AGENDA REPORT

DATE 12-06-23

ITEM X.3

Date: November 20, 2023

To: Housing Authority Board of Commissioners

From: Rob Fredericks, Executive Director/CEO 

Subject: APPROVAL OF HUD REQUIRED AGENCY ANNUAL PLAN AND MOVING TO WORK
SUPPLEMENT FOR FISCAL YEAR ENDING MARCH 31, 2025

RECOMMENDATION

That the Commission:

- 1) Hold a public hearing and take public comment on the Housing Authority's adoption of a proposed Agency Annual Plan and Moving to Work Supplement for fiscal year ending March 31, 2025 as required by the U.S. Department of Housing and Urban Development (HUD); and
- 2) Adopt a resolution approving said Plan and Supplement and authorizing their submission to HUD along with all required certifications.

DISCUSSION

Section 511 of the Quality Housing and Work Responsibility Act (QHWRA), passed by the U.S. Congress in 1998, created the Public Housing Agency Plan requirement -- a Five Year Plan and an Annual Plan. Only the Annual Plan component is scheduled for approval and submission this year.

The Annual Plan component provides details about the Agency's immediate operations, participants, programs and services, as well as the Agency's strategy for addressing the low income/assisted housing needs of the community in the upcoming fiscal year. QHWRA mandates that all public housing authorities submit an Agency Annual Plan to HUD on a yearly basis using their template.

The HUD Annual Plan template allows public housing authorities (PHAs) to certify updates or changes to elements of its Plan without submitting complete Plan element information. For this Plan submission, several elements were revised from the previous Plan, and include the following:

1. Updated the Authority's achievements related to the goals and action steps outlined in the HUD Five Year Plan for fiscal years 2020-2025.
2. Revised the Housing Authority's Administrative Plan for its Section 8 Housing Choice Voucher Program. A summary of the revisions is included in Attachment A to the Plan.
3. Steps taken in the Authority's Diversity, Equity, and Inclusion (DEI) effort.

...continued on next page

Prepared by: Jennifer Schipa, Administrative and Public Information Coordinator

Reviewed by: Adm. _____ Attorney _____ Finance _____ Hsg. Mgmt. _____ P&D. _____ Res.Serv. _____

Board Action:

Vote:

Comments:

Additionally, in January 2022, HUD selected the Housing Authority to participate in the Landlord Incentives Cohort (Cohort 4) of the Moving to Work (MTW) Demonstration Program. As a MTW designated Housing Authority, a MTW Supplement to the Annual Plan must be submitted. The MTW Supplement is a method of communicating MTW plans with stakeholders as well as a tool used by HUD to evaluate the various activities implemented by MTW designated agencies. The supplement includes a list of all MTW incentives that the Housing Authority will be implementing within the coming year. The Housing Authority began implementation of all outlined MTW incentives effective April 1, 2023.

The proposed Annual Plan was drafted after gathering and reviewing the necessary data to identify the various housing needs of our applicants and low-income families in the community and then determining the best approaches for meeting those needs. The Plan was available to be reviewed by the public for a minimum of 45 days prior to the December 6, 2023 public hearing. The Resident Advisory Board (RAB) also reviewed the Plan in November during an in-person meeting. There were no comments received from the public or the RAB on the Plan.

ATTACHMENT:

Exhibit A: HUD Annual Plan and Moving to Work Supplement for Fiscal Year Ending March 31, 2025

Resolution No. _____

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA APPROVING THE AUTHORITY'S ANNUAL PLAN AND THE MOVING TO WORK SUPPLEMENT FOR THE ANNUAL PLAN FOR FISCAL YEAR ENDING MARCH 31, 2025 AS REQUIRED BY THE QUALITY HOUSING AND WORK RESPONSIBILITY ACT OF 1998

WHEREAS, the Quality Housing and Work Responsibility Act (QHWRA), passed by the U.S. Congress and signed into law by the President in October of 1998 requires local housing authorities to prepare and submit to the U.S. Department of Housing and Urban Development (HUD) an Annual Plan every year;

WHEREAS, public housing authorities admitted into the Moving To Work (MTW) Demonstration Program must prepare and submit to HUD a MTW Supplement to the Annual PHA Plan (Supplement), pursuant to Section 239 of the Fiscal Year 2016 Appropriations Act, P.L. 114-113 (2016 MTW Expansion Statute);

WHEREAS, prior to the submittal of said Plan and Supplement, the Housing Authority Commission is to hold a public hearing and take public comment on the Plan and Supplement prior to approving said Plan and Supplement; and

WHEREAS, the Housing Authority Commission has held the required public hearing and conducted the necessary review and, if appropriate, adjusted the Authority's Annual Plan and Supplement.

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA AS FOLLOWS:

1. That the Authority was selected to participate in the Landlord Incentives Cohort of the Moving to Work Demonstration Program and began implementation effective April 1, 2023.

2. That the Authority's Agency Plan consisting of an Annual Plan and Supplement for Fiscal Year Ending March 31, 2025, a copy of which is attached hereto as Exhibit A and incorporated herein by reference, is hereby approved and its submission to HUD is hereby authorized.

3. That the Officers of the Authority are hereby authorized to execute on behalf of the Housing Authority all HUD required certifications relative to its Annual Plan and Supplement, including Form HUD-50077 entitled PHA Certifications of Compliance with PHA Plans and Related Regulations.

4. That the foregoing Resolution No. _____ was adopted by the Housing Authority of the City of Santa Barbara at a regular meeting of said Authority held on December 6, 2023 at 4:00 p.m. by the following vote.

AYES:

NAYS:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Housing Authority of the City of Santa Barbara this 6th day of December 2023.

ROB FREDERICKS, SECRETARY
HOUSING AUTHORITY OF THE
CITY OF SANTA BARBARA

I hereby approve this Resolution No. _____ this 6th day of December 2023.

PATRICIA WHEATLEY, CHAIR
HOUSING AUTHORITY OF THE
CITY OF SANTA BARBARA



HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA

HUD-50075-HP
CA076

AGENCY ANNUAL PLAN FYE 2025

Streamlined Annual PHA Plan <i>(High Performer PHAs)</i>	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires 03/31/2024
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Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA’s operations, programs, and services, including changes to these policies, and informs HUD, families served by the PHA, and members of the public of the PHA’s mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families

Applicability. The Form HUD-50075-HP is to be completed annually by **High Performing PHAs**. PHAs that meet the definition of a Standard PHA, Troubled PHA, HCV-Only PHA, Small PHA, or Qualified PHA do not need to submit this form.

Definitions.

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers and was designated as a high performer on both the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, and that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceed 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceed 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined and is not PHAS or SEMAP troubled.

A.	PHA Information.																														
A.1	<div> <div> <div>PHA Name:</div> <div>Housing Authority of the City of Santa Barbara</div> </div> <div> <div>PHA Code:</div> <div>CA076</div> </div> </div> <div> <div>PHA Type:</div> <div><input checked="" type="checkbox"/> High Performer</div> </div> <div> <div>PHA Plan for Fiscal Year Beginning:</div> <div>(MM/YYYY): 04/2024</div> </div> <div> <div>PHA Inventory</div> <div>(Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)</div> </div> <div> <div>Number of Public Housing (PH) Units:</div> <div>0</div> </div> <div> <div>Number of Housing Choice Vouchers (HCVs):</div> <div>3,035</div> </div> <div> <div>Total Combined:</div> <div>3,035</div> </div> <div> <div>PHA Plan Submission Type:</div> <div><input checked="" type="checkbox"/> Annual Submission</div> <div><input type="checkbox"/> Revised Annual Submission</div> </div> <p> Availability of Information. In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans. </p> <p> Copies of PHA Plan are available at the Housing Authority of the City of Santa Barbara via: <ul style="list-style-type: none"> - 808 Laguna Street, Santa Barbara, CA 93101 during regular business hours; and - HACSB website at www.hacsb.org </p> <div> <input type="checkbox"/> PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below) </div> <table border="1"> <tr> <th rowspan="2">Participating PHAs</th> <th rowspan="2">PHA Code</th> <th rowspan="2">Program(s) in the Consortia</th> <th rowspan="2">Program(s) not in the Consortia</th> <th colspan="2">No. of Units in Each Program</th> </tr> <tr> <th>PH</th> <th>HCV</th> </tr> <tr> <td>Lead PHA:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>					Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV	Lead PHA:																	
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B.1	<p>Revision of Existing PHA Plan Elements.</p> <p>(a) Have the following PHA Plan elements been revised by the PHA since its last Annual PHA Plan submission?</p> <p>Y N</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Statement of Housing Needs and Strategy for Addressing Housing Needs.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Financial Resources.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Rent Determination.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Homeownership Programs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Safety and Crime Prevention.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Pet Policy.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Significant Amendment/Modification</p> <p>(b) If the PHA answered yes for any element, describe the revisions for each element below:</p> <p>Statement of Housing Needs and Strategy for Addressing Housing Needs - Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA's strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA.</p> <p>As of October 4, 2023, HACSB has 7,801 applicants on the Section 8 waiting list. The snapshot below demonstrates the current make-up of the Authority's applicants, including breakdown of most needed unit size, income level, etc. Extremely low-income households (86% of waitlist) continue to be the income level with the highest need for affordable housing. The waiting list data also confirms the need to assist a variety of households with differing demographics, including those with special needs (33% disabled head of households) and low-income seniors (14% head of households) on fixed incomes. Annually, HACSB calls for 75% of new Section 8 admissions to qualify as "extremely low" income households. Additional action steps include affirmatively marketing and collaborating with local agencies that assist seniors and persons with disabilities; adoption of policies to support and foster working households; and continuing outreach to private property owners for promotion of the Section 8 program.</p> <div> <div> <p>cnt: 7801</p> <p>HOH: 7801</p> <p>Income: 150007645</p> <p>* Counts/Percentages based on criteria chosen *</p> <p>* HOH/members can have multiple race codes *</p> <p>* HOH only - near-elderly counts *</p> <table border="1"> <thead> <tr> <th></th> <th>Count</th> <th>PCT</th> <th>Avg Age</th> </tr> </thead> <tbody> <tr> <td>Male:</td> <td>1850</td> <td>23.7149%</td> <td>48.17</td> </tr> <tr> <td>Female:</td> <td>5951</td> <td>76.2851%</td> <td>41.67</td> </tr> <tr> <td>(no gender):</td> <td>0</td> <td>0.0000%</td> <td>0.00</td> </tr> <tr> <td>Elderly:</td> <td>1125</td> <td>14.4212%</td> <td>70.38</td> </tr> <tr> <td>Non-Elderly:</td> <td>6676</td> <td>85.5788%</td> <td>38.64</td> </tr> <tr> <td>Near-Elderly:</td> <td>296</td> <td>3.7944%</td> <td>57.89</td> </tr> <tr> <td>Disabled:</td> <td>2570</td> <td>32.9445%</td> <td>50.54</td> </tr> <tr> <td>Non-Disabled:</td> <td>5231</td> <td>67.0555%</td> <td>39.62</td> </tr> <tr> <td>Non-Disabled/Non-Elderly:</td> <td>4668</td> <td>59.8385%</td> <td>35.84</td> </tr> <tr> <td>Race-White:</td> <td>3700</td> <td>47.4298%</td> <td></td> </tr> <tr> <td>Race-Black/African American:</td> <td>3633</td> <td>46.5710%</td> <td></td> </tr> <tr> <td>Race-Amer Ind/Alaska Native:</td> <td>571</td> <td>7.3196%</td> <td></td> </tr> <tr> <td>Race-Asian:</td> <td>264</td> <td>3.3842%</td> <td></td> </tr> <tr> <td>Race-Nat. 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The Housing Authority continues to actively apply for new funding streams of Voucher assistance when notifications of available funding are issued. A total of 89 Emergency Housing Vouchers (EHVs), and subsequent 25, were distributed to this Housing Authority and working in partnership with the County of Santa Barbara Housing Authority, we initiated the following incentives: \$1,500 as a signing bonus, \$2,000 security deposit assistance and \$2,000 mitigation insurance fund.

Financial Resources - A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance.

Planned Sources	Planned \$
Federal Grants	
Section 8 Housing Choice Voucher	\$42,000,000
Continuum of Care	\$105,000
Section 8 FSS Coordinator	\$200,000
Total Federal Grants	\$42,305,000
Non-Federal Sources	
Dwelling Rent, Local Programs	\$12,500,000
Other Operating Income	\$3,500,000
Total Non-Federal Sources	\$16,000,000
Total Resources	\$58,305,000

Safety and Crime Prevention - A description of: 1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; 2) Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and 3) Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families.

The Housing Authority adopted its Violence Against Women Act (VAWA) policy to help ensure that all actual and potential beneficiaries of its HCV program are aware of their rights and protections under VAWA. Information regarding VAWA is posted in the Housing Authority's offices, on the agency website and copies are made available to all Housing Authority program applicants and participants. Additionally, clients are informed of the National Domestic Violence Hot Line and contact information for local victim advocacy groups or service providers.

The Housing Authority provides all participants with information outlining their rights under VAWA at the time of admission. HACSB will also include information about VAWA in all notices of termination of assistance. The PHA will further provide information about VAWA to any applicant or participant who has possible domestic violence activity, police activity involving a domestic disturbance, other domestic disturbances, restraining orders, or related activity, prior to interviewing or questioning an applicant or participant about the related activity. If in the normal course of interviewing or questioning of police activity, disturbances or criminal activity it is revealed that there is a possible incident or activity related to a domestic disturbance, interviewing or questioning will temporarily stop, and the applicant or participant will be informed of their rights under VAWA before the interviewing or questioning resumes.

Whenever Housing Authority staff has reason to suspect that providing information about VAWA to a participant might place a victim of domestic violence at risk, staff will attempt to deliver the information by hand directly to the victim or by having the victim come to an office or other space that may be safer for the individual, making reasonable accommodations as necessary. When discussing VAWA with the victim, the Housing Authority staff will take reasonable precautions to ensure that no one can overhear the conversation, such as having conversations in a private room. The victim may, but is not required to, designate an attorney, advocate, or other secure contact for communications regarding VAWA protections.

The Housing Authority also provides owners and managers with information about their rights and obligations under VAWA when they begin their participation in the HCV program.

All information provided to the Housing Authority regarding domestic violence, dating violence, sexual assault or stalking, including the fact that an individual is a victim of such violence or stalking, is retained in confidence by staff.

Substantial Deviation - PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan.

The Housing Authority defines significant changes to the Agency Plan to be:

- Changes to tenant/resident admissions policies;
- Changes to the termination policy;
- Changes to the tenant/resident screening policy;
- Changes to rent policies; and
- Changes to the organization of the waiting list.

(c) The PHA must submit its Deconcentration Policy for Field Office Review.

HACSB upgraded its software platform recently, allowing for a more user-friendly, accessible on-line application process. In addition, HACSB continues to offer application assistance and paper application accommodations. HACSB has established annual admissions goals for the Voucher program, which includes provisions for deconcentration of poverty and income mixing. These admission goals conform to HUD guidelines for new admissions and include targeting of extremely low-income families.

HACSB's entire public housing portfolio was repositioned through RAD, therefore, only centralized Housing Choice Voucher (HCV) waiting lists and certain project specific Project Based Voucher program waiting lists are maintained. For the HCV program, HACSB utilizes two separate waiting lists: Tenant-Based and Project-Based.

Waiting lists use pertinent applicant information, such as date and time of application, local ranking preferences (Veteran, living or working locally, involuntary displacement, special needs referrals) and income category to appropriately determine waiting list position. Waiting lists are updated and purged regularly in order to maintain an accurate record of the households requesting housing assistance. An applicant household determined ineligible is notified promptly in writing of the determination and informed of the right to an informal review.

The Housing Authority continues to implement landlord incentives that have been extremely effective in attracting property owners and managers to the Section 8 program. The incentives include: vacancy loss payments; signing bonus of \$500 for new landlords; landlord referral bonus of \$100; unit damage protection reimbursement of up to \$2,000 for unpaid damages; owner requested inspections initiated by health & safety concerns; online portal providing landlords and managers with access to Housing Assistance Payment records; Security Deposit Loans; and Supportive Services referrals. As noted above, with the provision of Emergency Housing Vouchers, HACSB added the following incentives: \$1,500 as a signing bonus, \$2,000 security deposit assistance and \$2,000 mitigation insurance fund in partnership with the County of Santa Barbara Housing Authority.

The Housing Authority continues to monitor the need to supplement its Security Deposit Loan Program (established in 2006) for Housing Authority Section 8 voucher holders who need assistance with the security deposit when renting a unit from a landlord within our jurisdiction (South Coast region of Santa Barbara County), which has eased a significant barrier to voucher holders.

The Housing Authority has engaged the University of California Santa Barbara (UCSB) to generate an updated countywide rental market survey. The resulting data will be submitted to HUD for re-evaluation of Santa Barbara County's Fair Market Rents. Additionally, we are setting our payment standards at 120% of the Fair Markets as allowed under our approved MTW plan. These actions will result in higher Payment Standards allowing Voucher holders to move into higher opportunity areas.

Effective April 1, 2023, HACSB officially began operating as a HUD Moving To Work (MTW) designated agency. The Section 8 Housing Choice Voucher Administrative Plan required updates to correspond to these HUD approved MTW flexibilities, as well as other revisions. A copy of the revised Administrative Plan is provided in conjunction with the Annual PHA Plan (**Attachment A**).

Revisions to the Housing Choice Voucher Administrative Plan include:

- Chapter 1: Overview of the Program and Plan – A description of MTW and the Housing Authority designation as a MTW agency.
- Chapter 6: Income – The MTW flexibility of increasing the HUD standard medical and childcare expenses. Likewise, the policies for eliminating itemized deductions for out of pocket medical and disability related expenses, as well as the elimination of utility allowance reimbursement payments have been added to this chapter.
- Policy wide Changes: References to regulatory citations have been updated as necessary and wording has been added or removed as necessary to clarify policy and procedure. Use of the pronouns his or hers and he and she have been changed throughout the policy to theirs, they, or them.
- Chapter 3: Eligibility – The required use of HUD Enterprise Income Verification (EIV) online systems in eligibility determinations has been added to this chapter. The Housing Authority's policies about determinations of program ineligibility based on information obtained from EIV have also been added. Updated regulatory guidance for the use of criminal activity in denying eligibility has been added. Public Housing Authorities are not able to use arrest records as the basis for denial of admission to the Section 8 program.
- Chapter 4: Applications – The Single, Non-Elderly, Non-Disabled preference was removed. Historically this preference applied negative points to an applicant on the waitlist if that applicant was a single member household, who was not a senior or disabled, to rank them at the bottom of the Section 8 waitlist. The new software accomplishes this ranking without a point value, and this has been indicated in this chapter.
- Chapter 5: Briefings – Housing Authority policy and regulation regarding conducting remote briefings.
- Chapter 10: Moving with Continued Assistance and Portability – Reference to policies regarding portability and special purpose vouchers have been removed from this chapter and placed in a dedicated chapter. Clarifications as to Portability functions and whether they are the role of the initial or receiving PHA (Public Housing Authority) have been added throughout this chapter.
- Chapter 11: Reexaminations – Updated regulation regarding approval of new household members and the corresponding Housing Authority Policy was added.
- Chapter 13: Owner – Statute limitations as to amounts paid out under the various landlord incentives has been added. Units exempt from landlord incentives have also been added.

	<ul style="list-style-type: none"> Chapter 15: Special Housing Types – The differing requirements between unit types designated as “Special Housing Types” has been added. Chapter 16: Program Administration – Policies regarding scheduling and conducting remote informal reviews and hearings have been added. Chapter 17: Project – Based Vouchers – To reduce the burden of waitlist administration for the Project Based Voucher (PBV) program, additional property specific waitlists have been added for properties where the waitlist is referral based. MTW flexibilities in relation to awarding PBV has been added. Chapter 18: Project Based Voucher RAD (Rental Assistance Demonstration program) – Clarification was added that PBV RAD tenants have the option of moving with continued voucher assistance after a year of tenancy in a RAD unit. Reference to the waitlist organization and preferences has been removed as it is a repeat of what was listed in chapter 17. Chapter 19: Special Purpose Vouchers – This is a new chapter. This chapter outlines those HUD vouchers which target specific populations. The chapter includes an overview of each program and any program specific requirements and statutory exceptions. 																								
B.2	<p>New Activities.</p> <p>(a) Does the PHA intend to undertake any new activities related to the following in the PHA’s current Fiscal Year?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Hope VI or Choice Neighborhoods.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Mixed Finance Modernization or Development.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Demolition and/or Disposition.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Tenant Based Assistance.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Project-Based Rental Assistance or Project-Based Vouchers under RAD.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Project Based Vouchers.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Units with Approved Vacancies for Modernization.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).</p> <p>(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project-based units and general locations, and describe how project basing would be consistent with the PHA Plan.</p> <p>Mixed Finance Modernization or Development: 1) A description of any housing (including name, project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals.</p> <p>The Housing Authority of the City of Santa Barbara made a request to HUD for modification of the RAD Use Agreement for one of its former Public Housing family developments, Monteria Village. The appeal to allow re-development of this 28-unit development into a new 52-unit apartment complex, despite the RAD Use Agreement limits encumbering or conveying the property until the 10-year anniversary of the HAP Contract, was made due to its need for upgraded infrastructure and the pressing demand for affordable housing. HUD’s allowing HACSB to pursue its development plans at this site, and others, will provide desperately needed affordable housing for low-income households. On July 18th, 2022, HACSB received conditional approval from HUD of plans to redevelop the property, subject to HUD’s review of a number of items as we complete our design and financing plans. Once all plans are vetted and approved, HACSB intends to apply for Low Income Housing Tax Credits as the primary means of financing the redevelopment.</p> <p>Additionally, the HACSB will continue to seek other redevelopment opportunities on former public housing properties in order to create additional affordable housing to meet the local housing crisis. HACSB has 180 Faircloth units available as a result of a Section 18 Disposition several years ago. These “Faircloth” units will enable the agency to take advantage of available federal HUD funds for development of 180 additional units with said funds and then utilizing the Rental Assistance Demonstration (RAD) program to convert the units to a Section 8 funding platform. HACSB will further evaluate and possibly make use of this HUD approved program known as “Faircloth-to-RAD”.</p> <p>Project Based Vouchers - Describe any plans to use HCVs for new project-based vouchers.</p> <p>HACSB plans to fully maximize the allowed threshold of Project Based Vouchers under HR3700 (HOTMA). Currently, the Housing Authority has 442 PBVs allocated and/or utilized (as noted in table below), which is 15% of the total 3,035 Housing Choice Voucher Allocation. Additionally, HACSB, under its MTW Supplemental plan intends to apply for a waiver allowing for additional PBV allocations above the total 30% CAP – with a requested waiver allowing for a 50% total PBV Cap.</p> <table border="1"> <thead> <tr> <th colspan="3">Non-RAD Project Based Voucher Allocation for FY 2024</th> </tr> <tr> <th>Agency/Property</th> <th>Units Authorized/Allocated</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>Mental Wellness Center Santa Barbara</td> <td>27</td> <td>HAP</td> </tr> <tr> <td>CHC/Faulding</td> <td>20</td> <td>HAP</td> </tr> <tr> <td>CHC/Sola</td> <td>7</td> <td>HAP</td> </tr> <tr> <td>CHC/1409 Castillo</td> <td>3</td> <td>HAP</td> </tr> <tr> <td>St. Vincent’s</td> <td>25</td> <td>HAP</td> </tr> <tr> <td>Artisan Court</td> <td>15</td> <td>HAP</td> </tr> </tbody> </table>	Non-RAD Project Based Voucher Allocation for FY 2024			Agency/Property	Units Authorized/Allocated	Status	Mental Wellness Center Santa Barbara	27	HAP	CHC/Faulding	20	HAP	CHC/Sola	7	HAP	CHC/1409 Castillo	3	HAP	St. Vincent’s	25	HAP	Artisan Court	15	HAP
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St. Vincent’s	25	HAP																							
Artisan Court	15	HAP																							

	PSHH/Victoria Hotel	28	HAP
	PHSS/Victoria Street	4	HAP
	PSHH/Ladera Apts.	9	HAP
	Sanctuary/Hollister	8	HAP
	Bradley Studios	13	HAP
	Mom's/Transition House	8	HAP
	People's Self-Help Housing/Jardin de Las Rosas	8	HAP
	Grace Village	35	HAP
	Garden Court on De La Vina	98	HAP
	Johnson Court	16	HAP
	The Gardens on Hope	89	HAP
	Vera Cruz Village	29	HAP
	Total	442	
B.3	<p>Progress Report.</p> <p>Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year Plan.</p> <p>GOAL I: CREATE AND PRESERVE QUALITY AFFORDABLE HOUSING OPPORTUNITIES FOR THE COMMUNITY.</p> <p>The Housing Authority has made progress in meeting this goal within the last fiscal year. The following are excellent examples of how HACSB is preserving and creating quality affordable housing for the community.</p> <ul style="list-style-type: none"> 116 E. Cota St. (28 units) – In 2020 the Housing Authority purchased a .25 acre vacant parcel of land with pre-approved plans, which was then redesigned into housing for persons coming out of homelessness. The Housing Authority was awarded financing for the construction of the building through the 9% Low Income Housing Tax Credit program and has been granted use of Project-Based Section 8 Vouchers for all resident units. Construction began in late 2021 and was completed August of 2023. 821 State St. (14 units) – This downtown corridor property was transferred to the Housing Authority's affiliate non-profit, 2nd Story Associates, in order to develop mixed use, affordable housing for downtown workforce. HACSB took over as developer and the property is due to open in December, 2023. In 2019, the Housing Authority purchased a 1.6 acre property currently used as professional office space, and continues to move forward with plans for a 48 unit affordable housing development for families. The Housing Authority will apply for funding through the Low Income Housing Tax Credit program, and the project will utilize 100% project-based voucher assistance. 400 W. Carrillo St. (63 units) - For the last few years, Housing Authority staff has been working with the City of Santa Barbara to identify underutilized, City-owned surface parking lots with the intent to develop affordable housing. A 1.1 acre lot was identified and HACSB has continued to work with City staff the past few years to obtain funding and approved plans for an affordable housing development at this site. Santa Barbara City Council approved an agreement for the Housing Authority to use the site to develop affordable housing, which was subsequently approved by HACSB's Board of Commissioners. This will be the first missing middle development, in partnership with the City and a private investor. 915 E. Montecito St. (40-45 units) – The Housing Authority has been working with the Santa Barbara Unified School District to build affordable housing for District employees on underutilized school property, and has identified a vacant school site where it is estimated development of 40-45 family units is possible. 3883 La Cumbre Plaza Ln (12-30 units) – The Housing Authority hopes to build affordable rental housing for seniors on this site which is currently privately owned, but expected to transfer to HACSB in the near future. <p>The Housing Authority has also continued to look for ways to meet community housing needs through various innovate or non-traditional housing programs or initiatives. This includes redevelopment of existing Housing Authority owned properties:</p> <ul style="list-style-type: none"> 512-524 W. Montecito St., et al. (~49 units) - The Housing Authority is proposing to perform a much-needed redevelopment of this former Public Housing property, now privately owned by Santa Barbara Affordable Housing Group, an instrumentality of the Housing Authority, after the RAD conversion. This large family complex was built in 1973, and despite the capital needs being addressed as required by the Property Needs Assessment, it is tired and several of its building systems are approaching the end of their useful life. We believe that the best course of action is to commence a complete redevelopment plan for the property by utilizing Low Income Housing Tax Credit program financing, and we have formally requested HUD's approval to do so. 		

- 721 Laguna St., et al. (~200+ units) - Developed in 1977 as one of the first federal public housing projects in Santa Barbara, it currently has 122 units on 4.7 acres. The Housing Authority envisions a long term plan to redevelop this property into a higher density use, accomplished in phases over several years.

The Housing Authority continues to actively apply for new funding streams of Voucher assistance when notices of funding availability are issued. A total of 215 Emergency Housing Vouchers were distributed to this Housing Authority and the Housing Authority of the County of Santa Barbara. The two housing authorities entered into an MOU to collaborate with the Continuum of Care Program (CoC) and the County of Santa Barbara to lease up the EHV's. HACSB was allocated 89 of these EHV's, then an additional 25. The County and City housing authorities utilized the following as incentives: \$10,000 on a media campaign to provide incentives to attract landlords to the program; \$1,500 as a signing bonus; \$2,000 security deposit assistance; and \$2,000 mitigation insurance fund.

The Housing Authority applied for, and was awarded, Moving to Work program status for Cohort 4 – Landlord Incentives through HUD's Moving to Work Expansion program and effective April 1, 2023, HACSB has been successfully integrating landlord incentives into our Section 8 program such as vacancy payments, landlord protection funds to cover move out costs, and alternative inspection schedules, and the selection as an MTW agency will allow us to expand on these successes and exercise administrative flexibilities to respond to the unique needs of our community.

GOAL II: MAINTAIN AGENCY'S STRONG FINANCIAL POSITION AND ABILITY TO RESPOND TO ECONOMIC CONDITIONS

Through prudent efforts in obtaining development fees, HACSB has set our agency's financial position on sound footing. HACSB is continually in the process of seeking out other revenue sources to sustain and develop new housing programs.

The Housing Authority additionally continues to maintain a healthy economic mix of low-income residents in various housing programs, including work force individuals and families. HACSB adopted a policy for our Non-HUD program allowing our agency to serve working families and individuals earning up to 160% AMI.

GOAL III: ENCOURAGE CLIENT STABILITY AND UPWARD MOBILITY THROUGH COMMUNITY BUILDING, ENGAGEMENT AND PARTNERSHIPS

The Housing Authority continues to actively promote and augment its Resident Services programs each year. Programs and events promoting self-sufficiency, higher education, community resources and family support have been added regularly to HACSB's offerings to participant families.

Additionally, HACSB continues its vital partnerships with community agencies to offer counseling, case management, referrals for health care needs, etc. to participant seniors, families and disabled individuals.

The Housing Authority, through its affiliate non-profit, was awarded \$100,000 to administer a senior supportive services program in partnership with a local neighborhood health clinic. The program was completed and funded a dedicated team to work onsite at over six of the HACSB's senior housing developments, coordinating and providing medical and mental health assessments, health screenings and medical case management.

The Housing Authority's GRAD program supports low-income youth interested in gaining skills necessary to enter the job market through partnerships with local employers for internships. As a result of the COVID-19 pandemic, the Housing Authority suspended most in-person programming, and GRAD Academy services were impacted considerably. Given the importance of these after-school center operations, particularly at a time when students are facing substantial learning loss, last fiscal year the Housing Authority partnered with United Way of Santa Barbara County for the administration of this program. This partnership has been extremely successful in the implementation of the after-school programs. The Housing Management Department and Resident Services will continue to develop concrete metrics to measure the effects of our programs and services.

The Housing Authority continues to partner with Foodbank to distribute fresh produce and essential foods, as well as impart nutrition knowledge, and education for children, families and seniors.

GOAL IV: FOSTER A CULTURE OF EXCELLENCE AND INNOVATION IN OUR WORK ENVIRONMENT

One of the action steps of this goal is maximizing the use of technology for innovation, efficiencies and increased security. This includes researching software systems that better integrate various programs and meet the needs of all departments' requirements. Last fiscal year, after thorough research, the Housing Authority contracted with a software company for a new business management system due to its currently system becoming deficient and antiquated, and our need for efficient interface enabling landlord, applicant, vendor and resident online portals for information exchange that allows staff to quickly and accurately process information. The roll out of the new system began this fiscal year and will take several more months to complete.

HACSB has maximized its use of technology for innovation and efficiencies through creation of a user-friendly website. Access to information and the application process continues to be evaluated and enhanced as needed. Staff ensures information on our website is up-to-date, accessible and relevant.

HACSB has increased its use of social media to outreach and promote its program and successes to the community. Availability of training is ongoing and several times a year staff attend job-related training at the local community college, such as computer efficiency. Additionally, staff regularly participates in training on a variety of topics including Fair Housing, Harassment, Safe Driving, Domestic Violence, Housing Quality

	<p>Standards, Leadership Development, Rent Calculation and Low-Income Housing Tax Credit program compliance and financing. During the COVID restrictions, online training has been utilized.</p> <p>Twice a year HACSB gathers staff together to re-evaluate process, progress and our core values of compassion, commitment, cooperation, competence and communication. This fiscal year all staff gathered to discuss and plan out our next 5 year Action Plan, along with a separate retreat with our Board of Commissioners.</p> <p>The Housing Authority has made the commitment to being a workplace that embraces Diversity, Equity, and Inclusion (DEI) and has begun steps toward organization-wide efforts. The Housing Authority has been working with DEI consultants to assist staff and the Board with creating a DEI strategic plan, and more importantly, cultivate diversity, equity and inclusion into daily operations and core values of the organization. The Housing Authority is establishing short and long term goals, but actions have included conducting listening sessions with a cross-section of staff representing all departments, locations, and roles; and conducting an organization-wide survey based on DEI research and priorities around best practices. These have served as a means to identify areas for change, opportunity and, importantly, to acknowledge and recognize efforts already being well done, and will be repeated to track progress and accountability. Along with consultants, staff will also be reviewing and interpreting available demographic data for HACSB in relation to its workforce and the communities served.</p> <p>GOAL V: PROMOTE SUSTAINABLE PRACTICES</p> <p>Housing Authority staff continue to represent HACSB on several task forces, boards and commissions in the community in order to promote a positive image and increase involvement in community issues. Conservation, recycling and use of recycled materials in construction related activities continues to be encouraged with contractors, residents and vendors. Energy efficient hybrid vehicles continue to replace gas-powered vehicles upon turnover of HACSB automobiles.</p> <p>GOAL VI: CONTINUE TO STRENGTHEN RELATIONSHIP WITH CITY TO FURTHER HACSB'S ROLE AS THE CITY'S AFFORDABLE HOUSING ARM</p> <p>Housing Authority staff continues to work closely with City of Santa Barbara staff on the City's annual Consolidated Plan and Housing Element updates to ensure affordable housing elements are in line with policy. Since 2018, Housing Authority staff has been working with the City on exploring the possibility of developing rental housing on City-owned surface parking lots. In 2019, the Santa Barbara City Council provided approval for Housing Authority and City staff to determine the feasibility of developing rental housing on a specific, underutilized commuter lot, and in 2020, a Memorandum of Understanding was executed between the City and the Housing Authority to memorialize this intent. In September of 2021, the Housing Authority entered into a Project Agreement with the City allowing the Housing Authority to move forward with affordable housing development plans for the site. The Housing Authority will continue to work with City staff and hopefully in the near future, reach the goal of obtaining funding and approved plans for an affordable housing development at this site.</p>
B.4.	<p>Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan in EPIC and the date that it was approved.</p> <p>N/A</p>
B.5	<p>Most Recent Fiscal Year Audit.</p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y N <input type="checkbox"/> <input checked="" type="checkbox"/> See Attachment B</p> <p>(b) If yes, please describe:</p>
C.	Other Document and/or Certification Requirements.
C.1	<p>Resident Advisory Board (RAB) Comments.</p> <p>(a) Did the RAB(s) have comments to the PHA Plan?</p> <p>Y N <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p>
C.2	Certification by State or Local Officials.

	<p>Form HUD-50077-SL, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>						
C.3	<p>Civil Rights Certification/Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.</p> <p><i>Form 50077-ST-HCV-HP, PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed</i> must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>						
C.4	<p>Challenged Elements. If any element of the PHA Plan is challenged, a PHA must include such information as an attachment with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public.</p> <p>(a) Did the public challenge any elements of the Plan?</p> <p>Y N <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>If yes, include Challenged Elements.</p>						
D.	<p>Affirmatively Furthering Fair Housing (AFFH).</p>						
D.1	<p>Affirmatively Furthering Fair Housing.</p> <p>Provide a statement of the PHA's strategies and actions to achieve fair housing goals outlined in an accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5). Use the chart provided below. (PHAs should add as many goals as necessary to overcome fair housing issues and contributing factors.) Until such time as the PHA is required to submit an AFH, the PHA is not obligated to complete this chart. The PHA will fulfill, nevertheless, the requirements at 24 CFR § 903.7(o) enacted prior to August 17, 2015. See Instructions for further detail on completing this item.</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">Fair Housing Goal:</td><td></td></tr> <tr> <td></td><td> <p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> </td></tr> </table> <table border="1" style="width: 100%; margin-top: 10px;"> <tr> <td style="width: 20%;">Fair Housing Goal:</td><td></td></tr> </table>	Fair Housing Goal:			<p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p>	Fair Housing Goal:	
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	<p>Fair Housing Goal:</p> <p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p>

Instructions for Preparation of Form HUD-50075-HP Annual Plan for High Performing PHAs

A. PHA Information. All PHAs must complete this section. (24 CFR §903.4)

- A.1** Include the full **PHA Name**, **PHA Code**, **PHA Type**, **PHA Fiscal Year Beginning** (MM/YYYY), **PHA Inventory**, **Number of Public Housing Units and or Housing Choice Vouchers (HCVs)**, **PHA Plan Submission Type**, and the **Availability of Information**, specific location(s) of all information relevant to the public hearing and proposed PHA Plan. ([24 CFR §903.23\(4\)\(e\)](#))

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. ([24 CFR §943.128\(a\)](#))

B. Plan Elements.

B.1 Revision of Existing PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the “yes” box. If an element has not been revised, mark “no.”

☐ **Statement of Housing Needs and Strategy for Addressing Housing Needs.** Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA’s strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income); (ii) elderly families (iii) households with individuals with disabilities, and households of various races and ethnic groups residing in the jurisdiction or on the public housing and Section 8 tenant-based assistance waiting lists based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The statement of housing needs shall be based on information provided by the applicable Consolidated Plan, information provided by HUD, and generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. Once the PHA has submitted an Assessment of Fair Housing (AFH), which includes an assessment of disproportionate housing needs in accordance with 24 CFR §5.154(d)(2)(iv), information on households with individuals with disabilities and households of various races and ethnic groups residing in the jurisdiction or on the waiting lists no longer needs to be included in the Statement of Housing Needs and Strategy for Addressing Housing Needs. (24 CFR §903.7(a).

The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. (24 CFR §903.7(a)(2)(i)) Provide a description of the ways in which the PHA intends, to the maximum extent practicable, to address those housing needs in the upcoming year and the PHA's reasons for choosing its strategy. (24 CFR §903.7(a)(2)(ii))

☐ **Deconcentration and Other Policies that Govern Eligibility, Selection and Admissions.** Describe the PHA's admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA's policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements. (24 CFR §903.7(b)) Describe the PHA's procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists. (24 CFR §903.7(b)) A statement of the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. (24 CFR §903.7(b)) Describe the unit assignment policies for public housing. (24 CFR §903.7(b))

☐ **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. (24 CFR §903.7(c))

☐ **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. (24 CFR §903.7(d))

☐ **Homeownership Programs.** A description of any homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. For years in which the PHA's 5-Year PHA Plan is also due, this information must be included only to the extent that the PHA participates in homeownership programs under section 8(y) of the 1937 Act. (24 CFR §903.7(k)) and 24 CFR §903.12(b).

☐ **Safety and Crime Prevention (VAWA).** A description of: **1)** Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; **2)** Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and **3)** Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families. (24 CFR §903.7(m)(5))

☐ **Pet Policy.** Describe the PHA's policies and requirements pertaining to the ownership of pets in public housing. (24 CFR §903.7(n))

☐ **Substantial Deviation.** PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

☐ **Significant Amendment/Modification.** PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan. For modifications resulting from the Rental Assistance Demonstration (RAD) program, refer to the 'Sample PHA Plan Amendment' found in Notice PIH-2012-32 REV-3, successor RAD Implementation Notices, or other RAD Notices.

If any boxes are marked "yes", describe the revision(s) to those element(s) in the space provided.

PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see 24 CFR 903.2. (24 CFR §903.23(b))

B.2 New Activities. If the PHA intends to undertake any new activities related to these elements or discretionary policies in the current Fiscal Year, mark "yes" for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark "no."

☐ **HOPE VI.** 1) A description of any housing (including project name, number (if known) and unit count) for which the PHA will apply for HOPE VI; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI is a separate process. See guidance on HUD's website at: https://www.hud.gov/program_offices/public_indian_housing/programs/ph/hope6. (Notice PIH 2011-47)

☐ **Mixed Finance Modernization or Development.** 1) A description of any housing (including name, project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for Mixed Finance Modernization or Development is a separate process. See guidance on HUD's website at: https://www.hud.gov/program_offices/public_indian_housing/programs/ph/hope6/mfph#4

☐ **Demolition and/or Disposition.** With respect to public housing only, describe any public housing development(s), or portion of a public housing development projects, owned by the PHA and subject to ACCs (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition approval under section 18 of the 1937 Act (42 U.S.C. 1437p); and (2) A timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed as described in the PHA's last Annual and/or 5-Year PHA Plan submission. The application and approval process for demolition and/or disposition is a separate process. Approval of the PHA Plan does not constitute approval of these activities. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm. (24 CFR §903.7(h))

☐ **Conversion of Public Housing under the Voluntary or Mandatory Conversion programs.** Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>. (24 CFR §903.7(j))

☐ **Conversion of Public Housing under the Rental Assistance Demonstration (RAD) program.** Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA plans to voluntarily convert to Project-Based Assistance or Project-Based Vouchers under RAD. See additional guidance on HUD's website at: [Notice PIH 2012-32 REV-3, successor RAD Implementation Notices, and other RAD notices.](#)

- ☐ **Project-Based Vouchers.** Describe any plans to use HCVs for new project-based vouchers. (24 CFR §983.57(b)(1)) If using project-based vouchers, provide the projected number of project-based units and general locations and describe how project-basing would be consistent with the PHA Plan.
- ☐ **Units with Approved Vacancies for Modernization.** The PHA must include a statement related to units with approved vacancies that are undergoing modernization in accordance with 24 CFR §990.145(a)(1).
- ☐ **Other Capital Grant Programs** (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

- B.3 Progress Report.** For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan. (24 CFR §903.7(r)(1))
- B.4 Capital Improvements.** PHAs that receive funding from the Capital Fund Program (CFP) must complete this section. (24 CFR §903.7 (g)). To comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan in EPIC and the date that it was approved. PHAs can reference the form by including the following language in the Capital Improvement section of the appropriate Annual or Streamlined PHA Plan Template: "See Capital Fund 5 Year Action Plan in EPIC approved by HUD on XX/XX/XXXX."
- B.5 Most Recent Fiscal Year Audit.** If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided. (24 CFR §903.7(p))

C. Other Document and/or Certification Requirements

- C.1 Resident Advisory Board (RAB) comments.** If the RAB had comments on the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations. (24 CFR §903.13(c), 24 CFR §903.19)
- C.2 Certification by State of Local Officials.** Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. (24 CFR §903.15). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.
- C.3 Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan.** Provide a certification that the following plan elements have been revised, provided to the RAB for comment before implementation, approved by the PHA board, and made available for review and inspection by the public. This requirement is satisfied by completing and submitting form HUD-50077 ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed*. Form HUD-50077-ST-HCV-HP, *PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed* must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the certification requirement to affirmatively further fair housing if the PHA fulfills the requirements of §§ 903.7(o)(1) and 903.15(d) and: (i) examines its programs or proposed programs; (ii) identifies any fair housing issues and contributing factors within those programs, in accordance with 24 CFR 5.154; or 24 CFR 5.160(a)(3) as applicable (iii) specifies actions and strategies designed to address contributing factors, related fair housing issues, and goals in the applicable Assessment of Fair Housing consistent with 24 CFR 5.154 in a reasonable manner in view of the resources available; (iv) works with jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; (v) operates programs in a manner consistent with any applicable consolidated plan under 24 CFR part 91, and with any order or agreement, to comply with the authorities specified in paragraph (o)(1) of this section; (vi) complies with any contribution or consultation requirement with respect to any applicable AFH, in accordance with 24 CFR 5.150 through 5.180; (vii) maintains records reflecting these analyses, actions, and the results of these actions; and (viii) takes steps acceptable to HUD to remedy known fair housing or civil rights violations. impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction. (24 CFR §903.7(o)).
- C.4 Challenged Elements.** If any element of the Annual PHA Plan or 5-Year PHA Plan is challenged, a PHA must include such information as an attachment to the Annual PHA Plan or 5-Year PHA Plan with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public.

D. Affirmatively Furthering Fair Housing.

D.1 Affirmatively Furthering Fair Housing.

The PHA will use the answer blocks in item D.1 to provide a statement of its strategies and actions to implement each fair housing goal outlined in its accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5) that states, in relevant part: "To implement goals and priorities in an AFH, strategies and actions shall be included in program participants' ... PHA Plans (including any plans incorporated therein) ... Strategies and actions must affirmatively further fair housing" Use the chart provided to specify each fair housing goal from the PHA's AFH for which the PHA is the responsible program participant – whether the AFH was prepared solely by the PHA, jointly with one or more other PHAs, or in collaboration with a state or local jurisdiction – and specify the fair housing strategies and actions to be implemented by the PHA during the period covered by this PHA Plan. If there are more than three fair housing goals, add answer blocks as necessary.

Until such time as the PHA is required to submit an AFH, the PHA will not have to complete section D., nevertheless, the PHA will address its obligation to affirmatively further fair housing by fulfilling the requirements at 24 CFR 903.7(o)(3) enacted prior to August 17, 2015, which means that it examines its own programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintain records reflecting these analyses and actions. Furthermore, under Section 5A(d)(15) of the U.S. Housing Act of 1937, as amended, a PHA must submit a civil rights certification with its Annual PHA Plan, which is described at 24 CFR 903.7(o)(1) except for qualified PHAs who submit the Form HUD-50077-CR as a standalone document.

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

Public reporting burden for this information collection is estimated to average 7.02 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.



HOUSING AUTHORITY
of the CITY of SANTA BARBARA

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA

ANNUAL PLAN FYE 2025

ATTACHMENT A

SUMMARY OF CHANGES TO THE SECTION 8 ADMINISTRATIVE PLAN FOR
THE HOUSING CHOICE VOUCHER PROGRAM

Summary of Changes:

Revisions to the Housing Choice Voucher Administrative Plan include:

- Chapter 1: Overview of the Program and Plan – A description of MTW and the Housing Authority designation as a MTW agency.
- Chapter 6: Income – The MTW flexibility of increasing the HUD standard medical and childcare expenses. Likewise, the policies for eliminating itemized deductions for out of pocket medical and disability related expenses, as well as the elimination of utility allowance reimbursement payments have been added to this chapter.
- Chapter 3: Eligibility – The required use of HUD Enterprise Income Verification (EIV) online systems in eligibility determinations has been added to this chapter. The Housing Authority's policies about determinations of program ineligibility based on information obtained from EIV have also been added. Updated regulatory guidance for the use of criminal activity in denying eligibility has been added. Public Housing Authorities are not able to use arrest records as the basis for denial of admission to the Section 8 program.
- Chapter 4: Applications – The Single, Non-Elderly, Non-Disabled preference was removed. Historically this preference applied negative points to an applicant on the waitlist if that applicant was a single member household, who was not a senior or disabled, to rank them at the bottom of the Section 8 waitlist. The new software accomplishes this ranking without a point value, and this has been indicated in this chapter.
- Chapter 5: Briefings – Housing Authority policy and regulation regarding conducting remote briefings.
- Chapter 10: Moving with Continued Assistance and Portability – Reference to policies regarding portability and special purpose vouchers have been removed from this chapter and placed in a dedicated chapter. Clarifications as to Portability functions and whether they are the role of the initial or receiving PHA (Public Housing Authority) have been added throughout this chapter.
- Chapter 11: Reexaminations – Updated regulation regarding approval of new household members and the corresponding Housing Authority Policy was added.
- Chapter 13: Owner – Statute limitations as to amounts paid out under the various landlord incentives has been added. Units exempt from landlord incentives have also been added.
- Chapter 15: Special Housing Types – The differing requirements between unit types designated as "Special Housing Types" has been added.
- Chapter 16: Program Administration – Policies regarding scheduling and conducting remote informal reviews and hearings have been added.
- Chapter 17: Project – Based Vouchers – To reduce the burden of waitlist administration for the Project Based Voucher (PBV) program, additional property specific waitlists have been added for properties where the waitlist is referral based. MTW flexibilities in relation to awarding PBV has been added.
- Chapter 18: Project Based Voucher RAD (Rental Assistance Demonstration program) – Clarification was added that PBV RAD tenants have the option of moving with continued voucher assistance after a year of tenancy in a RAD unit. Reference to the waitlist organization and preferences has been removed as it is a repeat of what was listed in chapter 17.
- Chapter 19: Special Purpose Vouchers – This is a new chapter. This chapter outlines those HUD vouchers which target specific populations. The chapter includes an overview of each program and any program specific requirements and statutory exceptions.
- Policy wide Changes: References to regulatory citations have been updated as necessary and wording has been added or removed as necessary to clarify policy and procedure. Use of the pronouns his or hers and he and she have been changed throughout the policy to theirs, they, or them.



HOUSING AUTHORITY
of the CITY *of* SANTA BARBARA

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA

ANNUAL PLAN FYE 2025

ATTACHMENT B

MOST RECENT FISCAL YEAR AUDIT

- t: (615) 309-8959
- f: (909) 825-9900
- 4068 rural plains circle #180
- franklin, tn 37064



**The Governing Body of
Housing Authority of the City of Santa Barbara**

Auditors' Communication with Those Charged with Governance

We have audited the financial statements of Housing Authority of the City of Santa Barbara (the Authority) as of and for the year ended March 31, 2023, and have issued our report thereon dated August 30, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.



Significant Risks Identified

In planning and performing the audit we obtained an understanding of the entity and its environment for the purpose of identifying and assessing the risks of material misstatement as a basis for designing and performing further audit procedures. Certain risks are considered inherent and significant to performing the audit. Those risks and a description of the risk are as follows:

- The risk that management will override internal controls.
 - Because management is primarily responsible for the design, implementation, and maintenance of internal control, the entity is always exposed to the danger of management override of controls, whether the entity is publicly held, private, not-for-profit, or governmental. When the opportunity to override internal control is combined with powerful incentives to meet accounting objectives, senior management may engage in fraudulent financial reporting. Thus, otherwise effective internal control cannot be relied upon to prevent, detect, or deter fraudulent financial reporting perpetrated by senior management.
- The risk that management will recognize revenue that has not been earned in accordance with GAAP.
 - Because management is responsible for meeting financial goals and the consequences to management for failing to meet financial goals can be significant, incentives or pressure to commit fraudulent financial reporting may exist when management is under pressure, from sources outside or inside the entity.
- The risk that management will not properly implement new accounting standard GASB 87 Leases.
 - GASB 87 fundamentally change how government entities must account for lease transactions. The risk of failing to implement or management implementation not meeting the GASB standards.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in the notes to the financial statements. As described in the Notes to the Financial Statements, during the year, the entity changed its method of accounting for leases by adopting Governmental Accounting Standards Board (GASB) Statement No. 87 Lease. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Activities. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.



Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are described below:

- Management's estimate of the useful lives of capital assets is based on industry benchmarks and grant guidance. We evaluated the key factors and assumptions used to develop the useful lives of capital assets and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.
- Management's estimate of the net OPEB liability and the related deferred inflow of resources and deferred outflow of resources is based on an actuarial study and report. We evaluated the key factors and assumptions used to develop the net OPEB liability and the related deferred inflow of resources and deferred outflow of resources and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Authority's financial statements relate to:

- Capital Assets.
- Net OPEB Liability.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. The following significant unusual transactions identified as a result of our audit procedures were brought to the attention of management:

- We noted no transactions involving complex accounting treatments and regulations, unusually large discounts or returns, circular arrangements, that occurred under contracts whose terms changed before expiration or involved a purpose outside the normal course of business.

Identified or Suspected Fraud

We have identified or have obtained information that indicates that the following fraud may have occurred:

- No events or conditions were identified or communicated to us that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.



Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

- See Adjusting Journal Entry Report.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report:

- None

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated August 30, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.



Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the individuals charged with governance, and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

August 30, 2023

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA

MANAGEMENT REPRESENTATION LETTER

Smith Marion & Co.
4068 Rural Plains Circle STE 180
Franklin, TN. 37064

Ladies and Gentlemen,

This representation letter is provided in connection with your audit of the financial statements of Housing Authority of the City of Santa Barbara, which comprise the statement of financial position as of March 31, 2023, and the related statements of operations and cash flows for the year then ended, and the related notes to financial statements, for the purpose of expressing an opinion on whether the financial statements of the various opinion units are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement FYE 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. With regard to non-audit services performed by you, we acknowledge and our responsibility to:
 - a. Assume all management responsibilities;
 - b. Oversee the services by designating an individual who possesses suitable skill, knowledge, or experience;
 - c. Evaluate the adequacy and results of the services performed; and
 - d. Accept responsibility for the results of the services.
6. Significant assumptions used by us in making accounting estimates are reasonable.
7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
8. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

9. The effects of uncorrected misstatements aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
12. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
13. All funds and activities are properly classified.
14. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
15. All net position components and fund balance classifications have been properly reported.
16. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
17. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
18. All interfund and intra-entity transactions and balances have been properly classified and reported.
19. Special items and extraordinary items have been properly classified and reported.
20. Deposit and investment risks have been properly and fully disclosed.
21. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
22. All required supplementary information is measured and presented within the prescribed guidelines.
23. Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.
24. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* which codifies FASB Accounting Standards CodificationTM (ASC) 450, *Contingencies*, and we have not consulted a lawyer concerning litigation, claims, or assessments.
25. With regard to pensions and OPEB, if any:
 - a. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
 - b. We are unable to determine the possibility of a withdrawal liability from the Pension Plan of which we are a sponsor and are not currently contemplating withdrawing from the Pension Plan
 - c. Increases in benefits, elimination of benefits and all similar amendments have been disclosed in accordance with U.S. GAAP and are included in the most recent actuarial valuation or disclosed as a subsequent event.

Information Provided

26. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
27. All transactions have been recorded in the accounting records and are reflected in the financial statements.
28. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
29. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
30. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
31. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
32. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
33. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
34. We have a process to track the status of audit findings and recommendations.
35. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
36. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
37. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial.
38. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
39. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
40. Housing Authority of the City of Santa Barbara has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
41. We have disclosed to you all guarantees, whether written or oral, under which Housing Authority of the City of Santa Barbara is contingently liable.
42. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

43. There are no:
- a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
44. Housing Authority of the City of Santa Barbara has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
45. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
46. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Single Audit

47. With respect to federal awards, we represent the following to you:
- a. We are responsible for understanding and complying with and have complied with the requirements of the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as applicable.
 - b. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
 - c. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
 - d. The methods of measurement or presentation have not changed from those used in the prior period.
 - e. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
 - f. We have notified you of federal awards and funding increments that were received before December 26, 2014 and differentiated those awards from awards and funding increments received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.
 - g. When the schedule of expenditures of federal awards is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
 - h. We have, in accordance with the Uniform Guidance¹⁰, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.

- i. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program; and we have complied, in all material respects, with these requirements.
- j. We have provided to you our interpretations of any compliance requirements that have varying interpretations.
- k. We are responsible for establishing and maintaining effective internal control over compliance requirements applicable to federal programs that provide reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. Also, no changes have been made in the internal control system to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies, including material weaknesses, reported in the schedule of findings and questioned costs.
- l. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to federal programs.
- m. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- n. We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.
- o. We have charged costs to federal awards in accordance with applicable cost principles, including amounts claimed or used for matching determined in accordance with relevant guidelines in the Uniform Guidance (for grant awards and funding increments received before December 26, 2014).
- p. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- q. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- r. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s. We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance (for grant awards and funding increments received before December 26, 2014).
- t. We have charged costs to federal awards in accordance with the provisions of the Uniform Guidance (for grant awards and funding increments received before December 26, 2014), as applicable.
- u. We are responsible for and have accurately prepared the summary schedule of prior audit findings, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- v. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- w. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form as required by the Uniform Guidance, and we are responsible for preparing and implementing a correction action plan for each audit finding.
- x. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.

- y. We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information. (This representation is required by footnote 28 to paragraph 3.18 of *Government Auditing Standards* when the auditor has a role in preparing the trial balance and draft financial statements and related notes.)
- z. We have reviewed, approved, and taken responsibility for accrual adjustments and an acknowledgment of the auditor's role in the preparation of the adjustments. (This representation is required by footnote 28 to paragraph 3.18 of *Government Auditing Standards* when the auditor has a role in converting cash-basis financial statements to accrual-based financial statements.)
- aa. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

Supplementary Information in Relation to the Financial Statements as a Whole

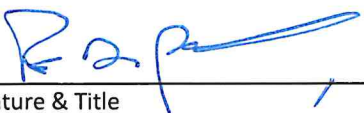
With respect to the supplementary information accompanying the financial statements (as listed in the table of contents):

- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America, U.S. GASB, and other Federal and State regulatory standards.
- b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America, U.S. GASB, and other Federal and State regulatory standards.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements (as listed in the table of contents):

- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP, U.S. GASB, and other Federal and State regulatory standards.
- b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP, U.S. GASB, and other Federal and State regulatory standards.

 Finance Director

Signature & Title

08/30/2023

Date



HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA

Financial Statements & Independent Auditors' Report

For the Year Ended March 31, 2023



Housing Authority of the City of Santa Barbara

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For the Year Ended March 31, 2023

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Board of Commissioners
Housing Authority of the City of Santa Barbara
Santa Barbara, CA

Independent Auditors' Report

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of business-type activities and the aggregated discretely presented component units of business-type activities of the Housing Authority of the City of Santa Barbara as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, discretely presented component units and combining schedule of business-type activities of the Housing Authority of the City of Santa Barbara, as of March 31, 2023, and the respective change in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Villa Santa Fe, L.P., Santa Barbara Housing Partnership IV, 813 East Carrillo Street, L.P., 251 South Hope Associates, L.P., or Grace Village Apartments, L.P., which represent 100% percent, 100% percent, and 100% percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the aggregate discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of Housing Authority of the City of Santa Barbara and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Authority of the City of Santa Barbara's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of Santa Barbara's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Authority of the City of Santa Barbara's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i-vi and schedule of net OPEB liability on page 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Santa Barbara's basic financial statements. The supplemental information, as described in The Table of Contents, and the schedule of expenditures of federal awards, which is required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2023, on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Housing Authority of the City of Santa Barbara's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Santa Barbara's internal control over financial reporting and compliance.

August 30, 2023

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA
Santa Barbara, California

Management's Discussion and Analysis

March 31, 2023

As management of the Housing Authority of the City of Santa Barbara, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2023.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- Total operating revenue for all programs, net of interfund eliminations, was approximately \$61.6 million. Tenant rental revenue generated approximately \$9.8 million, and HUD operating grants provided approximately \$47.9 million.
- Total operating expenses for all programs, net of interfund eliminations, was approximately \$55.5 million. Housing assistance payments to landlords on behalf of tenants represented approximately \$34.8 million. Administrative expenses (\$6.5 million), maintenance (\$4.7 million) and tenant services (\$2.0 million) were other significant expense categories.
- The assets of the Housing Authority exceeded its liabilities at the close of the year by \$201.6 million. Of that amount, \$67.5 million was considered unrestricted net position and \$12.4 million was restricted net position. The remaining balance of \$121.6 million was net investment in capital assets.
- The Housing Authority's total net position increased by \$6.8 million (3.5%) from the prior fiscal year (Table 1).

Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the Housing Authority's basic financial statements, which are comprised of the Combined Statement of Net Position, the Combined Statement of Revenues, Expenses and Changes in Fund Net Position and the Statement of Cash Flows. This report also includes notes to the financial statements and supplementary information.

The financial statements report information on the Authority net of interfund activity.

The *Combined Statement of Net Position* presents information on the Authority's assets, including deferred outflows of resources, and liabilities, including deferred inflows of resources, with the difference between the two reported as "net position." Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Combined Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Combined Statement of Cash Flows* presents the change in the Authority's cash and cash equivalents during the most recent fiscal year.

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA
Santa Barbara, California

Management's Discussion and Analysis

March 31, 2023

Fund Accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by the United States Department of Housing and Urban Development (HUD). However, the Authority has established other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other moneys. All funds of the Authority are categorized as Enterprise Funds.

Enterprise Funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The focus of enterprise funds is on income measurement which, together with the maintenance of equity, is an important financial indication.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Supplemental Information. Certain information is required to be included in this report by various federal agencies. This information is included after the notes to the financial statements, under the title "Supplementary Information."

Financial Analysis

As noted earlier, the Authority uses funds to help it control and manage money for particular purposes. The analysis below focuses on the net position (Table 1) and the changes in the net position (Table 3) of the Authority as a whole. The Authority's net investment in capital assets (e.g. land, buildings and improvements, furniture, equipment, and machinery) represents approximately 60.3% of total net position. The Authority uses these capital assets to provide services to clients; consequently, these assets are not available for future spending.

Table 1, on the next page, presents a summary of changes in the Authority's statement of net position from the fiscal year ended March 31, 2022 to the fiscal year ended March 31, 2023. The following is an explanation of some of the changes between fiscal years, as shown in Table 1.

- **Current assets** increased approximately \$5.3 million (13%). Of that amount, combined cash and investments, both restricted and unrestricted, increased approximately \$4.8 million (11.8%) which accounts for the majority of the increase in current assets. The increase was due to the results of operating activity for the year.
- **Non-Current assets** (excluding capital assets) increased slightly from the prior fiscal year-end, with an increase of \$1.6 million (3.6%).
- **Capital assets** (net of depreciation) increased slightly from the prior fiscal year-end with an increase of approximately \$4.1 million (2.6%). Table 2, on the next page, summarizes the changes in capital assets.

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA
Santa Barbara, California

Management's Discussion and Analysis

March 31, 2023

Table 1
STATEMENT OF NET POSITION

	<u>3/31/2022</u>	<u>3/31/2023</u>	<u>Change</u>	<u>% Change</u>
Current Assets	\$ 40,992,776	\$ 46,331,923	\$ 5,339,147	13.0%
Capital Assets, Net of Depreciation	156,018,364	160,111,645	4,093,281	2.6%
Non-Current Assets	43,339,441	44,911,708	1,572,267	3.6%
Deferred Outflow of Resources	206,342	171,396	(34,946)	-16.9%
Total Assets and Deferred Outflows of Resources	<u>\$ 240,556,923</u>	<u>\$ 251,526,672</u>	<u>\$ 10,969,749</u>	4.6%
Current Liabilities	\$ 2,696,068	\$ 3,312,786	\$ 616,718	22.9%
Non-Current Liabilities	40,008,614	41,652,502	1,643,888	4.1%
Total Liabilities	<u>\$ 42,704,682</u>	<u>\$ 44,965,288</u>	<u>\$ 2,260,606</u>	5.3%
Deferred Inflows of Resources	3,125,498	5,002,208	1,876,710	60.0%
Net Position				
Net Investment in Capital	\$ 119,116,261	\$ 121,591,042	\$ 2,474,781	2.1%
Restricted Net Position	10,420,187	12,425,997	2,005,810	19.2%
Unrestricted Net Position	65,190,295	67,542,137	2,351,842	3.6%
Net Position	<u>\$ 194,726,743</u>	<u>\$ 201,559,176</u>	<u>\$ 6,832,433</u>	3.5%
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 240,556,923</u>	<u>\$ 251,526,672</u>	<u>\$ 9,093,039</u>	3.8%

- **Total liabilities** increased approximately \$2.3 million (5.3%). Of that amount, \$616,718 (22.9%) was an increase in current liabilities and approximately \$1.6 million (4.1%) was an increase in non-current liabilities.
- **Total net position** increased approximately \$6.8 million (3.5%).

Table 2
FIXED ASSETS

	<u>3/31/2022</u>	<u>3/31/2023</u>	<u>Change</u>	<u>% Change</u>
Land	\$ 78,627,743	\$ 82,216,743	\$ 3,589,000	4.6%
Depreciable Capital Assets	111,817,053	116,403,767	4,586,714	4.1%
Less Accumulated Depreciation	(34,426,432)	(38,508,865)	(4,082,433)	11.9%
Net Capital Assets	<u>\$ 156,018,364</u>	<u>\$ 160,111,645</u>	<u>\$ 4,093,281</u>	2.6%

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA
Santa Barbara, California

Management's Discussion and Analysis

March 31, 2023

Table 3, below, presents a comparison of the Authority's Combined Statement of Revenues, Expenses and Change in Net Position for the fiscal years ended March 31, 2022 and 2023. The following are some of the changes between fiscal years as shown in the table.

Table 3
CHANGE IN NET POSITION

Operating Revenues	3/31/2022	3/31/2023	Change	% Change
Tenant Revenue	\$ 8,969,437	\$ 9,788,026	\$ 818,589	9.1%
HUD Operating Grants	45,557,480	47,924,963	2,367,483	5.2%
Other Operating Income	7,180,384	3,841,344	(3,339,040)	-46.5%
Total Operating Revenue	\$ 61,707,301	\$ 61,554,333	\$ (152,968)	-0.2%
Operating Expenses				
Administration	\$ 5,344,911	\$ 6,473,007	\$ 1,128,096	21.1%
Utilities	1,494,490	1,634,499	140,009	9.4%
Maintenance & Operations	3,901,303	4,689,307	788,004	20.2%
Insurance	547,507	549,188	1,681	0.3%
General	1,250,532	1,264,395	13,863	1.1%
Depreciation	3,986,405	4,201,996	215,591	5.4%
Housing Assistance Payments	32,263,357	34,766,747	2,503,390	7.8%
Tenant Services	2,605,791	1,966,478	(639,313)	-24.5%
Total Operating Expenses	\$ 51,394,296	\$ 55,545,617	\$ 4,151,321	8.1%
Net operating income	\$ 10,313,005	\$ 6,008,716	\$ (4,304,289)	-41.7%
Non-Operating Revenue (Expenses)				
Investment income	\$ 1,000,179	\$ 2,086,053	\$ 1,085,874	108.6%
Interest Expense	(1,214,190)	(1,262,336)	(48,146)	4.0%
Total Non-Operating Revenue (Expenses)	\$ (214,011)	\$ 823,717	\$ 1,037,728	-484.9%
Net income	\$ 10,098,994	\$ 6,832,433	\$ (3,266,561)	-32.3%
Prior period adjustment	-	-	\$ -	
Change in net position	\$ 10,098,994	\$ 6,832,433	\$ (3,266,561)	-32.3%

Operating Revenue: Total operating revenue was virtually unchanged from the prior year with an overall decrease of \$152,968 (-0.2%). Increases in tenant rent (\$818,589 or 9.1%) and HUD operating grants (\$2.4 million or 5.2%) were offset by a decrease in other operating income (\$3.3 million or 46.5%). The Authority's HUD Section 8 HCV grant increased by approximately \$2.5 million, allowing a corresponding increase in housing assistance payments to landlords on behalf of the Authority's voucher holders. The decrease in other operating income was the result of an operating grant in the prior year.

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA
Santa Barbara, California

Management's Discussion and Analysis

March 31, 2023

Operating Expenses: Operating expenses increased approximately \$4.2 million (8.5%). Well more than half of the increase was in the line item for Section 8 housing assistance payments to landlords, which increased \$2.5 million (7.8%) in line with the increased HUD Section 8 HCV operating grant, mentioned above. Administrative expenses increased approximately \$1.1 million (21%) primarily as a result of cost-of-living wage, benefit cost increases and market adjustments to staff compensation.

Non-Operating Revenue / (Expenses): Within this category, investment income increased by over \$1.1 million (21.1%) from the prior fiscal year due to the substantial increase market interest rates that the Authority was well positioned to take advantage of.

Fund Net Position Analysis

Table 4 shows a summary of the beginning net position, net income or loss, and the resulting fiscal year-end net position for the individual funds making up the agency-wide "primary government" financial statements.

Table 4

	Net Position by Fund					Total
	Business Activities	Central Office Cost Center	Section 8, ROSS, Mainstream & EHV	Shelter Plus Care	SBAHG Component Unit (blended)	
Net position, beginning of year	\$ 196,073,798	\$ 841,816	\$ 4,473,560	\$ -	\$ (6,662,431)	\$194,726,743
Net income (loss)	7,969,005	359,953	1,188,729	3,393	(2,688,647)	6,832,433
Equity Transfers	-	-	-	-	-	-
Net position, end of year	<u>\$ 204,042,803</u>	<u>\$ 1,201,769</u>	<u>\$ 5,662,289</u>	<u>\$ 3,393</u>	<u>\$ (9,351,078)</u>	<u>\$201,559,176</u>

The following is an explanation of some of the notable changes in fund net position as shown in Table 4.

Business Activities: Net position increased a total of approximately \$8 million entirely because of net income for the fiscal year.

Central Office Cost Center (COCC): The COCC ended the fiscal year with a net position of approximately \$1.2 million, an increase of \$359,953 from the prior fiscal year-end.

Section 8, ROSS, Mainstream AND Emergency Housing Vouchers: Fund net position increased during the fiscal year by approximately \$1.2 million and ended the fiscal year with a net position of approximately \$5.7 million.

Shelter Plus Care: The fund ended the fiscal year with a net income of and net position of \$3,393.

Santa Barbara Affordable Housing Group (SBAHG). The SBAHG is a 501(c)(3) corporation and an instrumentality of the Authority. It is reported as a blended component unit of the Authority. SBAHG had a net loss of approximately \$2.7 million for the fiscal year resulting in a negative year-end net position of approximately \$9.4 million. SBAHG had interest expense of approximately \$3.4 million. Virtually all the interest expense is on residual receipt loans owed to the Authority. As residual receipt loans, payments are required and made only to the extent that sufficient surplus funds are available at the close of the fiscal year.

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA
Santa Barbara, California

Management's Discussion and Analysis

March 31, 2023

Debt. The Agency's long-term debt consists of mortgage loans and notes payable. Additional detail about the long-term liabilities can be found in the notes to the financial statements.

Economic Factors and Outlook. The Authority is primarily dependent upon the federal Department of Housing and Urban Development (HUD) for the funding of operations; therefore, the federal budget more directly affects the Authority than do state or local budgets or local economic conditions. One way in which the local economy does affect the Authority and its clients is the continuing tight rental market in Santa Barbara. With rental housing vacancy rates under one percent, local rents, already very expensive, continue to rise. Higher rents mean that Section 8 voucher holders continue to have an extremely difficult time finding available apartments within the rent levels allowed under the Section 8 HCV program. It also means that the average rent subsidy per voucher is increasing as well, putting further pressure on the Authority's federal voucher funding. Fortunately, as mentioned above, the Authority's Section 8 HCV grant from HUD increased in 2023.

Given the possibility of continued pressure on federal spending levels, including housing programs funded by HUD, the Authority, like all housing authorities, faces the possibility of further constraints on federal funding. In one respect, the Authority's exposure to federal funding risk has been substantially reduced as it has taken advantage of the Rental Assistance Demonstration (RAD) program to remove all 316 units from the Public Housing program. The Authority no longer has any Public Housing units directly dependent on federal funding. However, any federal funding reductions would affect the Authority's Section 8 voucher program. It will continue to be a challenge adjusting to limits on Section 8 HCV funding while still administering the voucher program in an expensive and tight rental market.

Requests for Information. This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for resources it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Department at the Housing Authority of the City of Santa Barbara, 808 Laguna Street, Santa Barbara, CA 93101.

Housing Authority of the City of Santa Barbara

Statement of Net Position

March 31, 2023

	Primary Government	Discretely Presented Component Units
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents		
Unrestricted	\$ 7,733,961	\$ 3,439,717
Restricted	5,340,426	4,017,041
Subtotal	13,074,387	7,456,758
Investments	31,938,860	119,855
Accounts receivable, net	358,155	178,369
Inventory, net	94,243	-
Prepaid expenses	207,739	1,346,329
Notes and lease receivable current	658,539	-
Total Current Assets	46,331,923	9,101,311
Non-Current Assets		
Notes and lease receivable	44,911,708	-
Intangibles, net	-	11,057,575
Capital assets, net	160,111,645	88,860,907
Total Non-Current Assets	205,023,353	99,918,482
TOTAL ASSETS	251,355,276	109,019,793
DEFERRED OUTFLOWS OF RESOURCES	171,396	-
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	928,815	180,523
Accrued liabilities	259,042	-
Deposits held in trust	778,753	221,428
Compensated absences current	76,652	947
Unearned revenue	340,202	48,563
Other liabilities current	74,657	3,083,820
Debt current	844,758	385,386
Lease payable current	9,907	-
Total Current Liabilities	3,312,786	3,920,667
Non-Current Liabilities		
Compensated absences	382,663	2,840
Funds held in trust	1,291,038	331,519
Other employee benefit (OPEB) liability	2,312,863	-
Debt payable	37,637,416	68,846,297
Leases payable	28,522	-
Total Non-Current Liabilities	41,652,502	69,180,656
TOTAL LIABILITIES	44,965,288	73,101,323
DEFERRED INFLOWS OF RESOURCES	5,002,208	-
Net Position		
Net investment in capital assets	121,591,042	19,629,224
Restricted	12,425,997	3,464,094
Unrestricted	67,542,137	12,825,152
TOTAL NET POSITION	\$ 201,559,176	\$ 35,918,470

Housing Authority of the City of Santa Barbara
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended March 31, 2023

	Primary Government	Discretely Presented Component Units
<u>Operating Revenues</u>		
Rental revenues, net	\$ 9,788,026	\$ 7,130,733
Government grants	47,924,963	-
Other income	3,841,344	6,253
Total Operating Revenues	61,554,333	7,136,986
<u>Operating Expenses</u>		
Administration	6,473,007	1,224,714
Tenant services	1,966,478	203,370
Utilities	1,634,499	510,200
Maintenance and operations	4,689,307	970,940
Insurance expense	549,188	346,344
General expense	1,264,395	136,340
Housing Assistance Payments	34,766,747	-
Depreciation and amortization	4,201,996	2,900,738
Total Operating Expenses	55,545,617	6,292,646
NET OPERATING INCOME (LOSS)	6,008,716	844,340
<u>Non-Operating Revenues (Expenses)</u>		
Interest income	2,086,053	813
Interest expense	(1,262,336)	(2,655,635)
Total Non-Operating Revenues (Expenses)	823,717	(2,654,822)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	6,832,433	(1,810,482)
CHANGE IN NET POSITION	6,832,433	(1,810,482)
BEGINNING NET POSITION	194,726,743	37,728,952
ENDING NET POSITION	\$ 201,559,176	\$ 35,918,470

Housing Authority of the City of Santa Barbara

Statement of Cash Flows
For the Year Ended March 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and users	\$ 16,178,905
Receipts from operating grants	45,676,924
Payments for goods and services	(10,148,227)
Payments for Housing Assistance Payments	(34,463,998)
Payments to employees for services	(4,396,943)

NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES	12,846,661
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital asset purchases	(8,248,032)
Principle payments on leases and loans	(2,159,299)
Interest payments on leases and loans	(1,262,336)
Proceeds from new loans	2,885,926

NET CASH FLOW PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(8,783,741)
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CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from investment activities	2,086,053
Proceeds from collection on notes receivable	(1,386,178)
(Purchase) or redemption of investments	(5,227,279)

NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES	(4,527,404)
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NET INCREASE (DECREASE) IN CASH	(464,484)
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BEGINNING CASH	13,538,871
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ENDING CASH	\$ 13,074,387
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RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	\$ 6,008,716
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Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

Depreciation	4,201,996
Other employee benefits program (OPEB)	1,649,915

Change in Assets and Liabilities

(Increase) decrease in accounts receivable	129,508
(Increase) decrease in inventory and prepaid	(47,321)
Increase (decrease) in accounts payable	489,261
Increase (decrease) in accrued liabilities	282,482
Increase (decrease) in unearned revenue	95,592
Increase (decrease) in deposits held in trust	36,512

Total Adjustments	6,837,945
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Net Cash Provided (Used) by Operating Activities	\$ 12,846,661
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Interest Paid	\$ 1,016,932
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NOTE 01 – SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY

Introduction

The financial statements of the Housing Authority of the City of Santa Barbara (the Authority) have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Authority has previously implemented GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments*. Certain significant changes in the statements are as follows: The financial statements will include a Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.

The Authority is a special-purpose government engaged only in business-type activities and, therefore, presents only the financial statements required for enterprise funds, in accordance with GASB. For these governments, basic financial statements and required supplemental information consist of:

- Management Discussion and Analysis (MD&A)
- Enterprise fund financial statements consisting of:
 - Statement of Net Position
 - Statement of Revenues, Expenses and Changes in Net Position
 - Statement of Cash Flows
- Notes to Financial Statements
- Required supplemental information other than MD&A and supplemental information

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has contracted with the Authority to administer certain HUD funds.

Reporting Entity

The Authority is a public body organized in October 1969, under laws of the State of California's Health and Safety Code. The Authority was created for the purpose of providing safe and sanitary housing for qualified economically disadvantaged and elderly individuals in areas where a shortage of such housing exists. The Board of Commissioners of the Authority is composed of seven members and is appointed to four-year terms (except for tenant commissioners who serve two-year terms) by the Santa Barbara City Council (the City Council), but the Authority designates its own management. The City Council provides no financial support to the Authority and is not responsible for the debts or entitled to the surpluses of the Authority. The Authority has the power to approve its own budget and maintains its own accounting system. Although the Board is appointed by the City Council, no other criteria established by Section 2100 and 2600 of the Codification of Governmental Accounting Standards Board, the Financial Accounting Standards Board, and Governmental Accounting Standards Board Statement No. 39 for inclusion of the Authority in the City of Santa Barbara's financial statements are met. Therefore, a separate financial report is prepared for the Authority. All of the operations of the Authority are included in the audited financial statements and there are no operations or activities which have been excluded. Additionally, the Authority has entered into annual contribution contracts with the U.S. Department of Housing and Urban Development (HUD) to be administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

GASB Statement No. 14 established criteria for determining the governmental reporting entity. Under provisions of this statement, the Authority is considered a primary government, since it is a special-purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB 14, fiscally independent means that the Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt.

The Authority's primary operations comprise a number of housing and grant programs as follows:

- Authority Owned Housing
- Housing Assistance Payment Program
- Property Management Program
- Non-HUD Program
- Shelter Plus Care

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards* and Statement No. 14 and No. 61 of the *Government Accounting Standards Board, the Financial Reporting Entity*.

- The organization is legally separate (can sue and be sued in their own name).
- The Authority holds the corporate powers of the organization.
- The Authority appoints a voting majority.
- The Authority is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the Authority.
- There is fiscal dependency by the organization on the Authority.

Based on the aforementioned criteria, and the control and relationship between the Authority and the component units, the Authority has determined that the following entities are considered component units of the Authority and are required to be blended within the Authority's financial statements:

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Authority's Board of Commissioners or the component units provide services entirely to the Authority. These component units' funds are blended into those of the Authority's by appropriate activity type to compose the primary government presentation.

Currently, the Authority has one component unit that meets the criteria for blending.

Santa Barbara Affordable Housing Group (SBAHG) is a legally separate non-profit organization. The Board of Directors of SBAHG consists of the same members as the Board of Commissioners of the Authority. The SBAHG is an instrumentality of the Authority and is fiscally dependent on the Authority. Based on the above, it has been determined that the SBAHG is a component unit of the Housing Authority and should be included in the Housing Authority's financial statements through a blended presentation. SBAHG operates on the same fiscal year as the Housing Authority March 31, 2023.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

As of March 31, 2023, the Authority, along with its blended component unit, is the manager and operator of five low-income residential real estate developments organized as real estate limited partnerships. Under a Management Agreement and a Guarantee Agreement with each of the limited partnerships, the Authority is financially accountable for the limited partnerships as the Authority is legally obligated to fund operating deficits in accordance with the terms of the partnership, management, and guarantee agreements. The Authority also holds the right to purchase the properties from the limited partnerships under a Purchase Option/Right of First Refusal at the end of the 15-year tax compliance period. The Authority has outstanding loans and advances to the limited partnerships amounting to \$45,566,950 at March 31, 2023. The limited partnerships do not serve the primary government exclusively, or almost exclusively, and therefore are shown as discretely presented component units. Balances presented for discretely presented component units on the accompanying Statement of Net Position and Statement of Revenues, Expenses, and Other Changes in Net Position are as of December 31, 2022.

The Authority has five discretely presented component units as follows:

Villa Santa Fe, L.P., a legally separate entity, was formed as a limited partnership under the laws of the State of California in 2012, for the purpose of purchasing, rehabilitating, and operating two separate properties in Santa Barbara totaling 167 units. The Authority manages the two properties under a contractual management agreement with the limited partnership.

Santa Barbara Housing Partnership IV, a legally separate entity, was formed as a limited partnership under the laws of the State of California in 2014, for the purpose of purchasing, rehabilitating, and operating two separate properties in Santa Barbara totaling 35 units. The Authority manages the two properties under a contractual management agreement with the limited partnership.

813 East Carrillo Street, L.P., a legally separate entity, was formed as a limited partnership under the laws of the State of California in 2018, for the purpose of purchasing, rehabilitating, and operating 17 units of multifamily rental housing. The Authority manages property under a contractual management agreement with the limited partnership.

251 South Hope Associates, L.P., a legally separate entity, was formed as a limited partnership under the laws of the State of California in 2018, for the purpose of purchasing, rehabilitating, and operating 90 units of multifamily rental housing. The Authority manages property under a contractual management agreement with the limited partnership.

Grace Village Apartments, L.P., a legally separate entity, was formed as a limited partnership under the laws of the State of California in 2015, for the purpose of purchasing, rehabilitating, and operating 58 units of multifamily rental housing.

Complete financial statements for each of the individual discretely presented component may be obtained at the Authority's administrative office. There are no separate financial statements issued for the blended component units.

Housing Authority of the City of Santa Barbara, 808 Laguna Street, Santa Barbara, CA 93101.

Budgetary Data

The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the fund to which the budget applies. The Authority prepares annual operating budgets that are formally adopted by its Governing Board of Commissioners. The budgets for programs funded by HUD form the basis of the Federal Financial Assistance received through HUD. These budgets are adopted using a HUD outline that is not consistent with Generally Accepted Accounting Principles and are used for HUD purposes only.

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

Basis of Presentation, Basis of Accounting and Measurement Focus

Basis of Accounting - The Authority uses the accrual basis of accounting in the proprietary funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Basis of Presentation - The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with the Proprietary Fund's activities are included on the statement of net position. In the Statement of Net Position, equity is classified as net position and displayed in three components:

- a) Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any notes or other borrowings attributable to those capital assets.
- b) Restricted net position – Consists of assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
- c) Unrestricted net position – All other assets that do not meet the definition of “restricted” or “net investment in capital assets”.

Proprietary Fund. Enterprise Fund - This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided. When both restricted and unrestricted net positions are available for use, generally it is the Authority's policy to use restricted resources first.

Name	Position	Term
Patricia Wheatley	Chairperson	July 2025
Steven Faulstich	Vice-Chairperson	July 2025
Lisa Carlos	Director	June 2026
David Rowell	Director	August 2023
Mary Fenger	Director	June 2024
Esvin Almengor	Director	June 2024
Rose Munoz	Director	September 2024

In addition to the above Commissioners, the Administrator of the Housing Authority is Rob Fredericks, who serves as CEO and is the Executive Director.

Revenues and Expenses

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority are operating activities including rental related income, interest income and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for operating expenses.

In accordance with GASB standards dwelling income has been netted with bad debt expense of \$98,307. Collection losses on accounts receivable are expended, in the appropriate Fund, on the specific write-off method.

Operating Revenue

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the non-operating revenue and expense.

Cash and Investments

All deposits of the Authority are made in Board-designated official depositories and are secured as required by HUD regulations and the California Government Code. Also, the Authority may establish time deposit accounts such as NOW and Super NOW accounts, money accounts and Certificates of Deposit. Section 401(e) of the annual contribution contract authorizes the Authority to invest in the following types of securities:

1. Obligations of the Federal Government which are backed by the full faith and credit of the Federal Government.
2. Obligations of any agency or instrumentality of the Federal Government if the payment of interest and principal on such obligations is fully guaranteed by the Federal Government.
3. Obligations of the Federal Intermediate Credit Banks, the Federal Home Loan Banks, the Federal National Mortgage Association, the Banks for Cooperatives, and the Federal Land Banks which mature no later than 18 months after the date of purchase.

As required by the annual contributions contract, the Authority prepares cash forecasts for each program to determine the amount of funds available for investment and to maximize investment earnings. The deposits and the above-described investments with an original maturity of ninety days or less are considered cash and cash equivalents for the Statement of Cash Flows.

Accounts Receivable

Accounts receivable consists of all amounts earned at year end and not yet received. Allowances for uncollectible accounts are based upon historical trends and periodic aging of accounts receivable.

Accounts for which no possibility of collection is anticipated are charged to bad debts expense which is netted against dwelling rent revenues on the Statement of Revenues, Expenses, and Changes in Net Position.

Inventories

Inventories are recorded at cost with cost being determined on the first-in, first-out basis. The consumption method is used to account for inventories. Under the consumption method, inventories are charged to expense when consumed. Management has deemed no allowance for obsolete inventory is necessary.

Capital Assets, Right of Use (ROU) Assets, Depreciation, and Amortization

Capital assets are stated at historical cost. Donated capital assets are stated at their fair value on the date donated. This includes site acquisition and improvement, structures, and equipment. Right-of-use assets are recognized at the net present value of future lease payments. Depreciation of exhaustible capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position. If the initial cost of a piece of equipment and/or other personal property is five thousand dollars (\$5,000) or more and the anticipated life or useful value of said equipment or property is more than one (1) year, the purchased property/equipment will be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings	30 years
Site improvements, modernization, and rehabilitation	10 years
Furniture, equipment, and vehicles (including ROU)	5 - 7 years

Leases (GASB 87)

A lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease receivable is recognized at the net present value of the leased asset at a borrowing rate either explicitly described in the agreement or implicitly determined by the Authority and is reduced by principal payments received. The deferred inflow of resources is recognized in an amount equal to the sum of the lease receivable and any payments relating to a future period which were received prior to the lease commencement. These deferred inflows of resources are amortized equal to the amount of the annual payments.

A lessee is required to recognize a lease payable and a right-to-use asset. A lease payable is recognized at the net present value of future lease payments and is adjusted over time by interest and payments. Future lease payments include fixed payments, variable payments based on index or rate, reasonably certain residual guarantees. The right to use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement and is subsequently amortized over the life of the lease.

All existing and newly acquired leases during the current fiscal year were analyzed and classified as either qualified or non-qualified leases, for both lessor and lessee positions.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority had deferred outflows of resources consisting of a change in assumption on the OPEB liability of \$171,396.

Also, in addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority deferred inflows of resources as of March 31, 2023, was \$5,002,208. There are two components; the OPEB liability plan expense of \$1,962,729 and unearned lease payments \$1,143,467.

Compensated Absences

Compensated absences are absences for which employees will be paid, i.e., vacation, and other approved leaves. The Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Upon separation from the Authority, an employee shall be paid for all accumulated annual leave and a percentage of their sick leave based on tenure with the Authority, as of their final date of employment. Leave accrued, but not yet paid as of March 31, 2023, is shown as a liability allocated between current and noncurrent.

Insurance

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Authority. As of the date of the report, the Authority had necessary insurance coverage in force.

Unearned Revenues

Unearned revenues (included in other current liabilities) consist of \$340,202 in rental payments made by tenants in advance of their due date.

Subsequent Events

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. Management evaluated the activity of the Authority through August 30, 2023, (the date the financial statements were available to be issued) and concluded that nothing should be disclosed to the reader of the financial statements.

NOTE 02 – CASH AND CASH EQUIVALENTS

All the deposits of the Authority are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the Federal Depository Insurance Coverage level are collateralized with securities held by the Authority's agents in these units' names.

All deposits of the Authority are with financial institutions meeting State and Federal deposit requirements. The Authority's cash and investments consist of checking, Money Market, commercial paper, mutual funds, and corporate bonds. The Authority's checking and Money Market bank accounts are short-term highly liquid investments that are considered cash and cash equivalents.

Changes in fair value that occur during a fiscal year are recognized as investment income for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon liquidation, maturity, or sale of investments. The Authority categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The three levels of the fair value hierarchy are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability - either directly or indirectly.

Level 3: Unobservable inputs - market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Authority considers all the investments as Level 1.

Cash and investments are stated at fair value and consist of the following:

Unrestricted:

Checking & Money Market accounts	\$ 7,733,961
Subtotal	<u>7,733,961</u>

Restricted:

Restricted - Tenant SD	778,753
Restricted - HAP	549,782
Restricted - debt service	2,913,646
Restricted-other	<u>1,098,245</u>
Subtotal	<u>5,340,426</u>
Total Cash & Equivalents	<u>\$ 13,074,387</u>

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

Unrestricted investments:

Cal Trust liquidity fund	\$ 16,554,702
Cash sweeps	161,818
Corporate bonds	5,084,732
US treasury bonds	<u>936,118</u>
Subtotal	22,737,370

Restricted investments:

Cal Trust liquidity fund	<u>9,201,490</u>
Total Investments	<u>\$ 31,938,860</u>

Interest rate risk - Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value will be to changes in market interest rates. In accordance with the Authority's Investment Policy, the Authority manages its exposure to interest rate risks by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide cash flow and liquidity needed for operations.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

The Authority's debt investments ratings at March 31, 2023, are presented below (excludes CDs, Money Market funds and mutual funds):

	<u>Fair Value</u>		<u>AA</u>		<u>A</u>		<u>BBB</u>
Corporate bonds	\$ 5,084,732	\$	288,877	\$	4,310,871	\$	484,984

Custodial credit risk - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no policy on custodial credit risk.

Authorized security for deposits enumerated under law includes direct obligations of or obligations guaranteed by the United States of America having a market value not less than the amount of such monies. The Authority does not have a custodial credit risk policy that is more restrictive than state statutes.

Concentration of credit risk - More than 5 percent of the Authority's investments are in the following investments:

Cal TRUST	\$ 25,756,192	81%
Union Bank	<u>6,182,668</u>	19%
	<u>\$ 31,938,860</u>	

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

NOTE 03 – ACCOUNTS RECEIVABLE

Accounts receivable at March 31, 2023, consisted of the following:

Tenant rent receivables, gross	\$ 136,156	
Allowance for doubtful accounts	(5,400)	
Tenant rent receivables, net		130,756
Due from other Gov'ts		159,937
Miscellaneous	67,462	
Allowance for doubtful accounts	-	
Miscellaneous, net		67,462
Accounts receivable, net		<u>\$ 358,155</u>

NOTE 04 – NOTES RECEIVABLE AND LEASE RECEIVABLE

Notes and Lease receivable at March 31, 2023, consisted of the following:

Interest Rate	Description	Maturity Date	Principal	Interest Accrued	Total Due
2.33%	SBHP IV RAD 4 Pearl Gardens	3/23/2071	\$ 3,751,779	\$ 581,308	\$ 4,333,087
2.33%	SBHP IV RAD 4 Sycamore Gardens	3/23/2071	4,662,111	662,254	5,324,365
0.00%	SBHP IV RAD 4 Pearl Gardens	3/23/2071	1,313,863	-	1,313,863
0.00%	SBHP IV RAD 4 Sycamore Gardens	3/23/2071	1,532,767	-	1,532,767
3.90%	Villa Santa Fe Apt	4/1/2049	11,771,065	420,816	12,191,881
3.06%	251 South Hope Assoc	12/31/2073	7,250,000	1,044,547	8,294,547
4.00%	Grace Village Apt., L.P.	12/1/2071	1,710,000	419,198	2,129,198
4.00%	Grace Village Apt., L.P.	12/1/2071	5,395,000	1,366,733	6,761,733
3.00%	Predevelopment costs	NA	548,081	18,618	566,699
4.00%	Predevelopment costs	NA	900,000	-	900,000
2.00%	2nd Story Mobile Homes L.L.C.	6/1/2024	75,000	1,360	76,360
3.00%	821 State L.L.C. Pre Dev Advances	3/5/2020	178,114	80	178,194
8.50%	Various Lease Receivables	Various	1,964,256	-	1,964,256
			<u>\$ 41,052,036</u>	<u>\$ 4,514,914</u>	<u>\$ 45,566,950</u>

The above does not include various notes receivable between the Authority and SBAHG (blended component unit) which have been eliminated in the consolidation process.

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

NOTE 05 – INTER-PROGRAM

At March 31, 2023, inter-program receivables and payables consisted of the following:

	<u>Receivables</u>	<u>Payables</u>
COCC	\$ -	\$ -
SBAHG (blended unit)	-	-
Section 8	-	-
Business activities	-	-
Shelter Plus Care	-	-
	<u>\$ -</u>	<u>\$ -</u>

These inter-program transactions have been eliminated in preparing the basic financial statements.

In addition, in June 2013, 180 Public Housing AMP3 units were disposed and sold to SBAHG (blended component unit) for \$34,590,000, as approved by HUD. The Authority (Non-HUD program) financed the entire sales proceeds with a 30-year loan at an interest rate of 3% per annum, payable only from surplus cash and at the end of the 30-year term, which is secured by a deed of trust recorded on the Property.

Also, during the years ended March 31, 2016, and 2017, the Authority converted certain public housing units to RAD and sold certain public housing units to SBAHG (blended component unit). The Authority (Non-HUD program) financed the entire sales proceeds with five 99-year loans at an interest rate of 3% per annum, payable only from surplus cash commencing on the dates below and each July 1st thereafter until paid in full.

The loan balances and accrued interest as of March 31, 2023, are as follows:

	<u>Payments</u>		<u>Interest</u>	
	<u>Commencing</u>	<u>Principal</u>	<u>Accrued</u>	<u>Total Due</u>
RAD Promissory Note 1	July 1, 2015	\$ 1,090,000	\$ 70,828	\$ 1,160,828
RAD Promissory Note 2	July 1, 2015	9,760,000	634,203	10,394,203
RAD Promissory Note 3	July 1, 2015	7,400,000	503,600	7,903,600
RAD Promissory Note 5	July 1, 2017	42,890,000	2,663,560	45,553,560
RAD Promissory Note 6	July 1, 2017	10,145,000	653,518	10,798,518
		<u>\$ 71,285,000</u>	<u>\$ 4,525,709</u>	<u>\$ 75,810,709</u>

These inter-program transactions have been in eliminated in preparing the basic financial statements.

NOTE 06 – PENSION PLAN

The Authority provides a defined contribution pension plan (The Plan) for eligible employees. The plan is administered by Empower Retirement (which is owned by Great-West Life & Annuity Insurance Company). The Plan is managed by a committee of trustees comprised of senior management of the Authority (specifically, the Executive Director/CEO; the Deputy Executive Director/Chief Operating Officer; the Finance Director and the Director of Property Development and Administration). Plan changes are allowed. All plan changes must be approved by the Authority's governing body (the Commission). The Commission authorized the Authority's participation in the retirement plan. Employees who work full or part-time are eligible for participation in the Plan. Participants who reach age 55 are entitled to a benefit which can be paid in a single payment or in equal monthly payments under various payment plans available to participants. Employer contributed retirement benefits fully vest after 5 years of employment. The Authority contributes (on a monthly basis) an amount equal to 12% of each employee's annual compensation to the plan. The Authority also matches up to 5% of any employee deferred compensation. Employer contributions totaled \$795,273 on \$5,044,538 covered payroll for the year ended March 31, 2023.

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

NOTE 07 – CAPITAL ASSETS

A summary of changes in capital assets were as follows:

	Balance at 04/01/22	Additions	Deletions	Balance at 03/31/23
Nondepreciable Capital Assets				
Land	\$ 78,627,743	\$ 3,589,000	\$ -	\$ 82,216,743
Subtotal	78,627,743	3,589,000	-	82,216,743
Depreciable Capital Assets				
Buildings & improvements	110,553,125	4,659,032	-	115,212,157
Furniture & equipment	1,263,928	-	(119,563)	1,144,365
Leased equipment	-	47,245	-	47,245
Subtotal	111,817,053	4,706,277	(119,563)	116,403,767
Accumulated depreciation	(34,426,432)	(4,191,253)	119,563	(38,498,122)
Accumulated amortization	-	(10,743)	-	(10,743)
Net depreciable capital assets	77,390,621	504,281	-	77,894,902
Capital Assets, Net	\$156,018,364	\$ 4,093,281	\$ -	\$160,111,645

For the year ended March 31, 2023, the Authority reported depreciation expense of \$4,201,996 and reported amortization expense of \$10,743. During the fiscal year ended March 31, 2023, the Authority experienced no losses or material impairments.

NOTE 08 – NON-CURRENT LIABILITIES CHANGES

The following is a summary of the activity for non-current liabilities for the year ended March 31, 2023:

	Balance at 04/01/22	Additions	Deletions	Balance at 03/31/23
Compensated absences	\$ 375,703	\$ 125,233	\$ (118,273)	\$ 382,663
OPEB payable	2,574,604	154,546	(416,287)	2,312,863
Debt and lease payable	36,106,192	2,647,245	(1,087,499)	37,665,938
Accrued liabilities	952,115	340,995	(2,072)	1,291,038
Total	\$ 40,008,614	\$ 3,268,019	\$ (1,624,131)	\$ 41,652,502

The majority of the long-term debt on the discretely presented component units is related to the Notes Receivable. For further details about discretely presented component units' debt see those separately issue financial statements.

NOTE 09 – COMMITMENTS AND CONTINGENCIES

Legal: At March 31, 2023, the Authority was not a defendant to any material lawsuit. No provision was made in the financial statements for any contingent liabilities. In the opinion of management, there are no legal matters that would have a materially adverse effect on the Authority's financial position.

Grants and Contracts: The Authority participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional based upon compliance with terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. There were no such liabilities recorded as of March 31, 2023.

The Section 8 Housing Choice Voucher Program (the Program) under the implementation of the Consolidated Appropriations Act 2005, Funding Provisions for the Housing Choice Voucher Program, changed the funding methodology, and in addition the Authority is no longer required to complete a settlement statement. As a result, in accordance with GASB Statement No. 33 and PIH Notice 2009-9, the cumulative amount of unspent Housing Assistance Payment subsidy as of March 31, 2023, is being reflected in restricted net position in the basic financial statements.

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Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

NOTE 10 – NOTES PAYABLE

All loans are direct borrowing as listed below:

Non-HUD Programs	Note Balance	Accrued Interest	Total Due
Loan agreement, secured by a deed of trust on the property known as Bradley Studios at 512-518 Bath St., payable to the Redevelopment Agency of the City of Santa Barbara, interest at 0% through June 2011 (thereafter 3%). Beginning with the project year beginning with January 1, 2015 and ending December 31, 2015, and any subsequent year that the project has annual net cash flows that exceed annual costs, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. All unpaid principal and interest is due and payable July 1, 2066. Secured by real property.	\$ 4,679,705	\$ -	\$ 4,679,705
Mortgage revenue secured note payable to Santa Barbara Bank & Trust (Union Bank), dated July 11, 2003, with an interest rate of 4.375% (through September 2013). Interest rate adjusted to 2.72% in September 2013 and in September 2023 to 95% of ten-year Constant Maturity Treasury Index. Due in monthly principal and interest payments of \$41,690 until September 2013 when it changed to \$16,699. All unpaid principal and interest is due and payable September 1, 2033. Secured by real property.	1,815,908	-	1,815,908
Mortgage revenue secured note payable to Santa Barbara Bank & Trust (Union Bank), dated October 1, 2008, with an initial interest rate of 4.0% (through November, 2018). Interest rate adjusted in November, 2018 to 2.977%, based on 95% of the ten-year Constant Maturity Treasury index. Interest rate will adjust again in November, 2028 to 95% of the then-current ten-year Constant Maturity Treasury Index. Due in monthly principal and interest payments of \$7,639 until December, 2018 when it changed with the interest rate reset to \$7,032.88. All unpaid principal and interest is due and payable November 1, 2038. Secured by real property.	1,042,460	-	1,042,460
Mortgage revenue secured note payable to Santa Barbara Bank & Trust (Union Bank), dated October 28, 2003, with an interest rate of 4.375% (through November 2013). Interest rate adjusted to 2.875% in November 2013 and in November 2023 to 95% of ten-year Constant Maturity Treasury Index. Due in monthly principal and interest payments of \$25,464 until November 2013 when it changed to \$22,307. All unpaid principal and interest is due and payable November 1, 2033. Secured by real property.	2,440,089	-	2,440,089

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

Mortgage revenue secured note payable to Wilcox Family Trust, dated November 7, 2007, with an interest rate of 5%, monthly interest only payments of \$4,000 until Nov. 1, 2017, thereafter monthly interest and principal payments of \$7,592. All unpaid principal and interest is due and payable on November 1, 2027. Secured by real property.☐	692,508	-	692,508
Loan agreement, secured by a deed of trust on the property known as Casa de Las Fuentes, payable to the Redevelopment Agency of the City of Santa Barbara, dated May 21, 2001, interest at 3%. Beginning with the first month following a project year in which the project has positive annual net cash flow, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. All unpaid principal and interest is due and payable June 1, 2030.	1,267,067	-	1,267,067
Note payable to City of Santa Barbara, dated April 1, 2000, interest at 3%. Beginning with the first month following a project year in which the project has positive annual net cash flow, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. Unpaid principal and interest is due and payable June 1, 2030. Secured by a deed of trust against the property known as Villa La Cumbre.	805,621	-	805,621
Loan agreement, secured by a deed of trust against the property known as El Carrillo, payable to the City of Santa Barbara, dated July 26, 2002, interest at 3%. Beginning with the first month following a project year in which the project has positive annual net cash flow, the note requires monthly payments in an amount equal to one-twelfth of the annual cash low. All unpaid principal and interest is due and payable August 1, 2032.	1,241,018	-	1,241,018
Loan agreement, secured by a deed of trust against the property known as Paseo Voluntario, payable to the Redevelopment Agency of the City of Santa Barbara, dated December 20, 2002, interest at 3%. Beginning with the first month following a project year in which the project has positive annual net cash flow, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. All unpaid principal and interest is due and payable January 1, 2033. Secured by real property.	980,000	315,734	1,295,734
Loan agreement, secured by a deed of trust against the property known as Artisan Court, payable to the Redevelopment Agency of the City of Santa Barbara, dated December 17, 2009, interest at 3%. Beginning with the project year beginning with January 1, 2028 and ending December 31, 2028, and any subsequent year that the project has annual net cash flows that exceed annual costs, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. All unpaid principal and interest is due and payable January 1, 2065. ☐	4,000,000	1,593,205	5,593,205

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

Loan agreement, secured by a deed of trust against property located at 2941 State Street, payable to the Redevelopment Agency of the City of Santa Barbara, dated October 13, 2010, interest at 3%. Beginning with the first month following a project year in which the project has positive annual net cash flow, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. All unpaid principal and interest is due and payable December 1, 2065.

360,000	43,713	403,713
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Loan agreement, secured by a deed of trust against property located at 518 East Canon Perdido, payable to the City of Santa Barbara, dated October 13, 2016, interest at 3%. Beginning with the first month following a project year in which the project has positive annual net cash flow, the note requires monthly payments in an amount equal to one-twelfth of the annual cash flow. All unpaid principal and interest is due and payable October 13, 2046.

633,000	122,749	755,749
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Mortgage revenue secured note payable to Angela Beguhl and Philip Beguhl, dated December 22, 2015, with an interest rate of 4.50% through January 1, 2021. On January 1, 2021, January 1, 2026, January 1, 2031 and January 1, 2036, the interest rate will be adjusted to the ten-year Constant Maturity Treasury Index plus 2.00%; provided that the change in interest rate is not in excess of 2.00%, the interest rate shall never exceed 8.50%, and shall never be less than 4.50%. Due in monthly principal and interest payments commencing on February 1, 2016 in an amount based upon a 25-year amortization. All unpaid principal and interest is due and payable January 1, 2041. Secured by real property.

525,279	-	525,279
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Mortgage revenue secured note payable to Richard Borgaro, dated December 22, 2015, with an interest rate of 4.50% through January 1, 2021. On January 1, 2021, January 1, 2026, January 1, 2031 and January 1, 2036, the interest rate will be adjusted to the ten-year Constant Maturity Treasury Index plus 2.00%; provided that the change in interest rate is not in excess of 2.00%, the interest rate shall never exceed 8.50%, and shall never be less than 4.50%. Due in monthly principal and interest payments commencing on February 1, 2016 in an amount based upon a 25-year amortization. All unpaid principal and interest is due and payable January 1, 2041. Secured by real property.

525,279	-	525,279
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Mortgage revenue secured note payable to Jayni Louise Borgaro, dated December 22, 2015, with an interest rate of 4.50% through January 1, 2021. On January 1, 2021, January 1, 2026, January 1, 2031 and January 1, 2036, the interest rate will be adjusted to the ten-year Constant Maturity Treasury Index plus 2.00%; provided that the change in interest rate is not in excess of 2.00%, the interest rate shall never exceed 8.50%, and shall never be less than 4.50%. Due in monthly principal and interest payments commencing on February 1, 2016 in an amount based upon a 25-year amortization. All unpaid principal and interest is due and payable January 1, 2041. Secured by real property.

226,399	-	226,399
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Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

Mortgage revenue secured note payable to Scott Chambers and Nancy Chambers, dated December 22, 2015, with an interest rate of 4.50% through January 1, 2021. On January 1, 2021, January 1, 2026, January 1, 2031 and January 1, 2036, the interest rate will be adjusted to the ten-year Constant Maturity Treasury Index plus 2.00%; provided that the change in interest rate is not in excess of 2.00%, the interest rate shall never exceed 8.50%, and shall never be less than 4.50%. Due in monthly principal and interest payments commencing on February 1, 2016 in an amount based upon a 25-year amortization. All unpaid principal and interest is due and payable January 1, 2041. Secured by real property.

226,399	-	226,399
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Mortgage revenue secured note payable to Mary Borgaro, dated December 22, 2015, with an interest rate of 4.50% through January 1, 2021. On January 1, 2021, January 1, 2026, January 1, 2031 and January 1, 2036, the interest rate will be adjusted to the ten-year Constant Maturity Treasury Index plus 2.00%; provided that the change in interest rate is not in excess of 2.00%, the interest rate shall never exceed 8.50%, and shall never be less than 4.50%. Due in monthly principal and interest payments commencing on February 1, 2016 in an amount based upon a 25-year amortization. All unpaid principal and interest is due and payable January 1, 2041. Secured by real property.

226,399	-	226,399
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Mortgage revenue secured note payable to Susan Kathleen Abair, dated December 22, 2015, with an interest rate of 4.50% through January 1, 2021. On January 1, 2021, January 1, 2026, January 1, 2031 and January 1, 2036, the interest rate will be adjusted to the ten-year Constant Maturity Treasury Index plus 2.00%; provided that the change in interest rate is not in excess of 2.00%, the interest rate shall never exceed 8.50%, and shall never be less than 4.50%. Due in monthly principal and interest payments commencing on February 1, 2016 in an amount based upon a 25-year amortization. All unpaid principal and interest is due and payable January 1, 2041. Secured by real property.

226,399	-	226,399
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Mortgage secured note payable to Deborah Ann Saucedo Revocable Trust, dated November 29, 2017, with an interest rate of 4.50% per annum from the date of the note until December 1, 2037, on which date any unpaid interest and principal of this note shall be paid in full. Principal and interest shall be payable on the first day of each month with principal payable on the basis of a thirty year amortization with level monthly payments of principal and interest during such period. Secured by real property.

1,968,262	-	1,968,262
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Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

Mortgage secured note payable to Allen Family Trust, dated January 23, 2018, with an interest rate of 2.75% per annum from the date of the note until January 1, 2038, on which date any unpaid interest and principal of this note shall be paid in full. Principal and interest shall be payable on the first day of each month with principal payable on the basis of a twenty year amortization with level monthly payments of principal and interest during such period. Secured by real property.

456,456 - 456,456

Mortgage secured note payable to Atsatt Family 1999 Revocable Trust, dated January 23, 2018, with an interest rate of 2.75% per annum from the date of the note until January 1, 2038, on which date any unpaid interest and principal of this note shall be paid in full. Principal and interest shall be payable on the first day of each month with principal payable on the basis of a twenty year amortization with level monthly payments of principal and interest during such period. Secured by real property.

294,726 - 294,726

Mortgage secured note payable to Richard C. Atsatt and Susana Atsatt, dated January 23, 2018, with an interest rate of 2.75% per annum from the date of the note until January 1, 2048, on which date any unpaid interest and principal of this note shall be paid in full. Principal and interest shall be payable on the first day of each month with principal payable on the basis of a thirty year amortization with level monthly payments of principal and interest during such period. Secured by real property.

328,627 - 328,627

Mortgage secured note payable to Cortney F. Atsatt and Lia Atsatt, dated January 23, 2018, with an interest rate of 2.75% per annum from the date of the note until January 1, 2048, on which date any unpaid interest and principal of this note shall be paid in full. Principal and interest shall be payable on the first day of each month with principal payable on the basis of a thirty year amortization with level monthly payments of principal and interest during such period. Secured by real property.☐

328,627 - 328,627

Mortgage secured note payable to Karyn A. Jackson, dated January 23, 2018, with an interest rate of 2.75% per annum from the date of the note until January 1, 2048, on which date any unpaid interest and principal of this note shall be paid in full. Principal and interest shall be payable on the first day of each month with principal payable on the basis of a thirty year amortization with level monthly payments of principal and interest during such period. Secured by real property.☐

328,627 - 328,627

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

Mortgage revenue secured note payable to Montecito Bank & Trust, dated October 10, 2018, with an initial interest rate of 4.57%. Interest rate will be adjusted in November, 2028 and again in November, 2038 to the then-current ten-year Constant Maturity Treasury Index, plus a margin of 1.75%. In no case shall the loan interest rate be less than 4.57%. Due in initial monthly principal and interest payments of \$28,886. All unpaid principal and interest is due and payable October 25, 2048. Secured by real property.

5,176,461	-	5,176,461
-----------	---	-----------

Mortgage revenue secured note payable to Montecito Bank & Trust, dated October 9, 2019, with an initial interest rate of 3.875%. Interest rate will be adjusted in November, 2029 and again in November, 2038 to the then-current ten-year Constant Maturity Treasury Index, plus a margin of 1.75%. Due in initial monthly principal and interest payments of \$6,403. All unpaid principal and interest is due and payable October 25, 2049. Secured by real property.

1,265,793	-	1,265,793
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Mortgage secured note payable to Gonzales Trust, dated November 8, 2022, with an interest rate of 5.0% per annum from the date of the note until December 1, 2037, on which date any unpaid interest and principal of this note shall be paid in full. Principal and interest shall be payable on the first day of each month with principal payable on the basis of a forty year amortization with level monthly payments of principal and interest during such period. Secured by real property.

2,593,143	-	2,593,143
-----------	---	-----------

Mortgage revenue secured note payable to Pacific Western Bank, dated October 19, 2021, with an interest rate of 3.75%. Due in monthly principal and interest payments of \$8,403. All unpaid principal and interest is due and payable October 2031. Secured by real property.

1,752,521	-	1,752,521
-----------	---	-----------

Total debt

36,406,773	2,075,401	38,482,174
------------	-----------	------------

Less current maturities

(844,758)	-	(844,758)
-----------	---	-----------

Long term debt

\$ 35,562,015	\$ 2,075,401	\$ 37,637,416
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Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

As of March 31, 2023, the annual requirements for debt retirement are:

<u>March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 844,758	\$ 882,979	\$ 1,727,737
2025	876,378	851,357	2,579,092
2026	908,271	819,465	2,547,201
2027	941,398	786,338	2,514,074
2028	1,347,401	744,661	2,836,723
2029 to 2033	14,799,262	4,176,840	23,152,942
2034 to 2038	5,686,152	1,270,082	8,226,316
2039 to 2043	947,361	205,552	1,358,465
2044 to 2048	1,333,254	649,037	2,631,328
2049 to 2053	121,315	4,417	130,149
2054 to 2063	-	-	-
2064 to 2068	10,676,624	14,079,395	24,756,019
	<u>\$ 38,482,174</u>	<u>\$ 24,470,123</u>	<u>\$ 72,460,045</u>

NOTE 11 – LEASE PAYABLE

	<u>Balance</u> <u>03/31/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>03/31/23</u>
Lease payable	\$ -	\$ 47,245	\$ (8,816)	\$ 38,429
Total	<u>\$ -</u>	<u>\$ 47,245</u>	<u>\$ (8,816)</u>	<u>\$ 38,429</u>

Leases Payable

The Authority has leased a Kyocera TASKalfa 6053ci copier on a 60 month lease with an interest rate of 8.5% and \$199 monthly payment. The lease began January 2020 and will end December 2024.

\$ 3,870

The Authority has leased three Kyocera TASKalfa copiers on a 60 month lease with an interest rate of 8.5% and \$670 monthly payment. The lease began January 2022 and will end December 2026.

25,740

The Authority has leased a postage machine on a 60 month lease with an interest rate of 8.5% and \$595.50 quarterly payment. The lease began November 2022 and will end October 2027.

	8,819
Subtotal	38,429
Less current portion	(9,907)
Long-term lease	<u>\$ 28,522</u>

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

Aggregate annual maturities of the lease payable over each of the next five years and five year increments thereafter are as follows:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 9,907	\$ 2,903
2025	10,181	2,032
2026	9,199	1,223
2027	7,988	424
2028	1,154	37
2029-2033	-	-
	<u>\$ 38,429</u>	<u>\$ 6,619</u>

NOTE 12 – UNEARNED GROUND LEASE

During the year ended March 31, 2016, the Authority leased land to Santa Barbara Housing Partnership IV, L.P. (a tax credit entity) – related to the RAD 4 sale. The leases were for a term of 75 years. As of March 31, 2016, Santa Barbara Housing Partnership IV, L.P. paid the Authority \$1,280,000 for the two ground leases (\$520,000 for the Pearl Gardens property and \$760,000 for the Sycamore Gardens property). This prepayment of lease income was recorded as deferred inflow of resources and will be recognized as revenue over the period to which the lease applies. As of March 31, 2023, the current portion of the unearned ground lease income is \$17,066 (which is included in “Other current liabilities”) and the long-term portion is \$1,228,800 (which is included in “Other non-current liabilities”). The Authority will recognize the remaining lease income during the 75-year life of the leases as follows:

<u>Year Ended March 31,</u>	<u>Amount</u>	<u>Year Ended March 31,</u>	<u>Amount</u>
2024	\$ 17,067	2049 to 2053	\$ 85,333
2025	17,067	2054 to 2058	85,333
2026	17,067	2059 to 2063	85,333
2027	17,067	2064 to 2068	85,333
2028	17,067	2069 to 2073	85,333
2029 to 2033	85,334	2074 to 2078	85,333
2034 to 2038	85,334	2079 to 2083	85,333
2039 to 2043	85,334	2084 to 2088	85,333
2044 to 2048	85,334	2089 to 2090	34,132
Subtotal	<u>\$ 426,671</u>	Subtotal	<u>716,796</u>
		Total	<u>\$ 1,143,467</u>

NOTE 13 – RISK MANAGEMENT

The Authority carries commercial insurance against all risks of loss, including property and general liability, auto, workers’ compensation, fidelity, and public officials’ liability insurance. There have been no significant reductions in insurance coverage in the prior year and settled claims from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

The Authority participates in two joint ventures under joint powers agreements as follows:

CHWCA (California Housing Workers' Compensation Authority) – The California Housing Workers' Compensation Authority (CHWCA) is a California joint powers insurance authority established in 1991 for the purpose of providing workers' compensation coverage to California public housing authority members. CHWCA is a special district in the State of California providing its members with a comprehensive workers' compensation coverage program for the sharing of risk for self-insured losses, as well as jointly purchasing claims adjusting services, actuarial services, risk control services, and legal services connected with the program. CHWCA provides coverage for both workers' compensation and employer's liability for its Members from dollar one up to \$500,000 per occurrence. CHWCA is also a member of the Safety National Casualty Corporation for commercial excess coverage. When losses exceed the \$500,000 per occurrence limit, Safety National will provide coverage up to Statutory limits.

CHWCA is governed by a seven (7) member Executive Committee which is elected by the 33-member Board of Directors. Each of CHWCA's 33 member agencies appoint one primary and one alternate member to serve on the Board of Directors. In 2005, CHWCA formed a six (6) member Risk Management Committee, which expanded to nine (9) members, whose responsibilities include reviewing and developing risk control policies and drafting an annual Risk Control Work Plan. The relationship between the Authority and CHWCA is such that CHWCA is not a component unit of the Authority for financial reporting purposes.

HARRP (Housing Authorities Risk Retention Pool) – HARRP was formed to provide property and liability insurance coverage for member housing authorities. HARRP members fully self-insure their exposures without recourse to reinsurance on excess insurance.

The coverage limits are \$2 million per occurrence and in the aggregate for auto liability and \$2 million per occurrence and in the aggregate for general liability, errors and omissions liability and employment practices liability. Through the act of self-insuring its exposures, HARRP and its members maintain direct control over the adjustment, defense, and settlement of the claims. HARRP purchases excess property coverage for losses exceeding \$2,000,000. As of March 31, 2018, the limit of such excess property coverage is \$45 million above the self-insured coverage. There is no coverage for flood or earthquake damage. As of March 31, 2023, there were approximately 90 members. The relationship between the Authority and HARRP is such that HARRP is not a component unit of the Authority for financial reporting purposes.

NOTE 14 – OTHER POST -EMPLOYMENT BENEFIT PLAN LIABILITY

Plan Description

For employees hired prior to April 1, 2009, the Authority provides medical coverage for employees who retire with the Authority at the age of 55 or older with 5 or more years of service or who become permanently disabled after 5 or more years of service. For employees hired after April 1, 2009, the Authority provides medical coverage for employees who retire with the Authority at the age of 55 or older with 15 or more years of service or who become permanently disabled after 15 or more years of service.

The required contribution is based on projected pay-as-you-go financing requirements. Covered employees are required to contribute premiums in excess of the \$340 per month provided by the Authority.

Active employees	56
Inactive employees	15
Total	71

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

Net OPEB Liability

The Authority's net OPEB liability was measured as of March 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated March 31, 2023, based on the following actuarial methods and assumptions.

Actuarial Assumptions:	
Valuation date:	March 31, 2023
Funding method:	Entry Age Normal Cost, level percent of pay
Discount rate:	2.83% as of March 31, 2022 3.78% as of March 31, 2023
Participants valued:	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary increase:	3.00% per year, since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.
Assumed wage inflation:	3.00% per year; a component of assumed salary increases
General inflation rate:	2.50% per year
Mortality improvement:	MacLeod Watts Scale 2022
Healthcare trend rate:	Medical plan premiums and claims costs by are assumed to increase once each year.

The Authority does not presently fund an OPEB trust. Therefore, the net OPEB liability is equal to the total OPEB liability.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.83%. The discount rate depends on the nature of underlying assets for funded plans. For an unfunded plan, the discount rate is based on the Fidelity 20 Year AA General Obligation Municipal Bond Index. As of the beginning and end of the Measurement Period, use of this index results in discount rates of 2.27% as of March 31, 2022, and 2.83% as of March 31, 2023.

Change in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	(a) Total OPEB	(b) Plan Fiduciary Net	(a) - (b) = (c) Net OPEB Liability
Balance at March 31, 2022	\$ 2,574,606	\$ -	\$ 2,574,606
<i>Changes recognized for measurement period:</i>			
Service cost	80,922	-	80,922
Interest	73,624	-	73,624
Changes of assumptions	(308,316)	-	(308,316)
Contributions – employer	-	107,973	(107,973)
Benefit payments	(107,973)	(107,973)	-
Plan experience	-	-	-
Net changes	(261,743)	-	(261,743)
Balance at March 31, 2022	\$ 2,312,863	\$ -	\$ 2,312,863

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended March 31, 2023.

	Valuation		
	Discount Rate	Discount Rate	Discount Rate
	-1% (2.78%)	(3.78%)	+1% (4.78%)
Net OPEB liability	\$ 2,639,139	\$ 2,312,863	\$ 2,046,527

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended March 31, 2023.

	Current Trend	Current Trend	Current Trend
	-1%	Current Trend	+1%
Net OPEB liability	\$ 2,103,354	\$ 2,312,863	\$ 2,639,470

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	171,396	519,196
Net difference between projected and actual earnings on plan investments	-	1,443,533
Contributions subsequent to the measurement date	-	-
Totals	\$ 171,396	\$ 1,962,729

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Fiscal Year Ending March 31,

2024	\$ (258,539)
2025	(258,539)
2026	(258,539)
2027	(258,539)
2028	(238,234)
Thereafter	(518,943)
	<u>\$ (1,791,333)</u>

OPEB Expense

For the fiscal year ended March 31, 2023, the Authority recognized OPEB expense of \$5,948.

Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

NOTE 15 – NET POSITION

The net position on the Statement of Net Position has been calculated as follows:

Capital assets, net	\$ 160,111,645
Less capital debt and interest	<u>(38,520,603)</u>
Net Investment in Capital Assets	<u>\$ 121,591,042</u>
Restricted cash and investments	\$ 14,541,916
Less FSS escrow	(1,291,038)
Less security deposits	(778,753)
Less restricted escrows and unearned revenue	<u>(46,128)</u>
Restricted Net Assets	<u>\$ 12,425,997</u>

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Housing Authority of the City of Santa Barbara

Notes to Financial Statements
For the Year Ended March 31, 2023

Note 16 - Condensed Financial Statements

As required by GASB the condensed financial statements with elimination, for additional information see the detail supplementary information schedules.

	Housing Authority	Total Blended Component Units	Eliminations	Primary Government Totals
Condensed Statement of Net Position				
Current assets	\$ 39,932,993	\$ 6,398,930	\$ -	\$ 46,331,923
Capital assets	59,001,191	101,110,454	-	160,111,645
Other assets	154,309,292	3,297	(109,400,881)	44,911,708
Total Assets	253,243,476	107,512,681	(109,400,881)	251,355,276
Deferred outflow of resources	120,325	51,071	-	171,396
Current liabilities	2,224,885	1,087,901	-	3,312,786
Noncurrent liabilities	35,815,432	115,237,951	(109,400,881)	41,652,502
Total Liabilities	38,040,317	116,325,852	(109,400,881)	44,965,288
Deferred inflow of resources	4,413,230	588,978	-	5,002,208
Net investment in capital assets	25,657,049	95,933,993	-	121,591,042
Restricted net position	9,245,730	3,180,267	-	12,425,997
Unrestricted net position	176,007,475	(108,465,338)	-	67,542,137
Net Position	\$ 210,910,254	\$ (9,351,078)	\$ -	\$ 201,559,176

Condensed Statement of Revenues, Expenses and Change in Net Position

Operating revenues	\$ 61,606,553	\$ 10,950,944	\$ (11,003,164)	\$ 61,554,333
Depreciation expense	(1,615,876)	(2,586,120)	-	(4,201,996)
Other operating expenses	(54,564,620)	(7,782,165)	11,003,164	(51,343,621)
Operating Income (Loss)	5,426,057	582,659	-	6,008,716
Nonoperating revenues	5,111,955	90,325	(3,116,227)	2,086,053
Nonoperating expenses	(1,016,932)	(3,361,631)	3,116,227	(1,262,336)
Nonoperating Revenue (Expense)	4,095,023	(3,271,306)	-	823,717
Income (Loss) Before Transfers and Capital Contributions	9,521,080	(2,688,647)	-	6,832,433
Transfers	-	-	-	-
Capital contributions	-	-	-	-
Change in Net Position	9,521,080	(2,688,647)	-	6,832,433
Net position, beginning of year	201,389,174	(6,662,431)	-	194,726,743
Prior Period Adjustment	-	-	-	-
Net position, end of year	\$ 210,910,254	\$ (9,351,078)	\$ -	\$ 201,559,176

Condensed Statement of Cash Flows

Net cash flows provided/(used) by operating activities	\$ 9,571,447	\$ 3,275,214	\$ -	\$ 12,846,661
Net cash flows provided/(used) by capital and related financing activities	(6,946,086)	(4,953,882)	3,116,227	(8,783,741)
Net cash flows provided/(used) by investing activities	(1,861,054)	449,877	(3,116,227)	(4,527,404)
Net increase/(decrease) in cash and cash equivalents	764,307	(1,228,791)	-	(464,484)
Cash, beginning of year	9,702,866	3,836,005	-	13,538,871
Cash, end of year	\$ 10,467,173	\$ 2,607,214	\$ -	\$ 13,074,387

Housing Authority of the City of Santa Barbara

RSI 10-Year History of Changes in Net OPEB Liability

For the Year Ended March 31, 2023

Fiscal Year Ending	2023	2022	2021	2020	2019
Measurement date	3/31/2023	3/31/2022	3/31/2021	3/31/2020	3/31/2019
Discount rate on measurement date	3.78%	2.83%	2.27%	2.48%	3.42%
Total OPEB Liability					
Service costs	\$ 80,922	\$ 143,220	\$ 131,520	\$ 134,881	\$ 123,673
Interest	73,624	89,934	92,631	155,095	153,171
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	(1,110,135)	-	(1,032,792)	-
Change in assumptions	(308,316)	(304,001)	115,344	66,383	130,330
Benefit payments	(107,973)	(126,041)	(122,910)	(117,165)	(135,644)
Net Change in Total OPEB Liability	(261,743)	(1,307,023)	216,585	(793,598)	271,530
Total OPEB Liability - Beginning	2,574,606	3,881,629	3,665,044	4,458,642	4,187,112
Total OPEB Liability - Ending (a)	\$ 2,312,863	\$ 2,574,606	\$ 3,881,629	\$ 3,665,044	\$ 4,458,642
Plan Fiduciary Net Position - Beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability - Ending (a) - (b)	\$ 2,312,863	\$ 2,574,606	\$ 3,881,629	\$ 3,665,044	\$ 4,458,642
Covered-Employee Payroll	\$ 5,044,538	\$ 4,808,871	\$ 4,542,425	\$ 4,637,642	\$ 4,427,154
Net OPEB Liability as a % of Covered-Employee Payroll	45.85%	53.54%	85.45%	79.03%	100.71%

Housing Authority of the City of Santa Barbara

RSI 10-Year History of Changes in Net OPEB Liability

For the Year Ended March 31, 2023

Notes to Schedules

Fiscal Year Ending	2023	2022	2021	2020	2019
Measurement date:	3/31/2023	3/31/2022	3/31/2021	3/31/2020	3/31/2019
Discount rate on measurement date:	3.78%	2.83%	2.27%	2.48%	3.42%
Valuation date:	3/31/2022		3/31/2020		3/31/2018
Actuarial cost method:	Entry Age Normal, Level % of Pay		Entry Age Normal, Level % of Pay		Entry Age Normal, Level % of Pay
Inflation:	2.50%		2.50%		2.75%
Healthcare cost trend rates:	5.8% in 2023 fluctuating down to 3.9% by 2076		4.9% in 2021 fluctuating down to 4.0% by 2075		8.0% in 2019 decreasing by 0.5% to 5.0% by 2025
Salary increase:	3.00%		3.00%		3.25%
Retirement age:	from 50 to 75		from 50 to 75		from 50 to 75
Mortality:	2021 CalPERS Experience Study		2017 CalPERS Experience Study		2014 CalPERS Experience Study
Mortality improvement:	MW Scale 2022		MW Scale 2020		MW Scale 2017

*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Housing Authority of the City of Santa Barbara

Schedule of Expenditures of Federal Awards

For the Year Ended March 31, 2023

	Assistance Listing Number(s)	Award Type	Expenditures
<u>U.S. Department of HUD</u>			
Housing Choice Vouchers			\$ 41,186,973
Emergency Housing Vouchers			1,566,486
	14.871	Direct	42,753,459
Mainstream Vouchers	14.879	Direct	4,812,891
Total Housing Voucher Center Cluster			47,566,350
Resident Opportunity and Supportive Services	14.870	Direct	166,439
Shelter Plus Care	14.238	Direct	114,677
Totals U.S. Department of HUD			47,847,466
Total Expenditures of Federal Awards			\$ 47,847,466
<u>Award Type</u>			
Direct			\$ 47,847,466
Indirect			-
			\$ 47,847,466

Housing Authority of the City of Santa Barbara

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended March 31, 2023

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

Scope of Presentation

The accompanying schedule presents the expenditures incurred (and related awards received) by the Housing Authority of the City of Santa Barbara (the Authority) that are reimbursable under federal programs of federal agencies providing financial assistance and state awards. For the purposes of this schedule, only the portion of program expenditures reimbursable with such federal or state funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal or state reimbursement authorized or the portion of the program expenditures that were funded with local or other nonfederal funds are excluded from the accompanying schedule.

Basis of Accounting

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Expenditures are recognized in the accounting period in which the related liability is incurred. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, *Audit of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Indirect Cost Rate

The Authority elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

Housing Authority of the City of Santa Barbara

Combining Statement of Net Position - Discretely Presented Component Unit

March 31, 2023

	SB Housing Partnership IV	Villa Sante Fe, L.P.	813 East Carrillo Street, L.P.	South Hope Associates, L.P.	Grace Village Apartments, L.P.	DPCU Total
ASSETS						
Current Assets						
Cash and cash equivalents						
Unrestricted	\$ 216,032	\$ 1,865,801	\$ 139,419	\$ 419,962	\$ 798,503	\$ 3,439,717
Restricted	200,747	1,242,469	508,879	948,986	1,115,960	4,017,041
Subtotal	416,779	3,108,270	648,298	1,368,948	1,914,463	7,456,758
Investments	86,539	33,316	-	-	-	119,855
Accounts receivable, net	7,547	5,218	4,858	137,376	23,370	178,369
Inventory, net	-	-	-	-	-	-
Prepaid expenses	1,185,146	105,960	9,983	36,017	9,223	1,346,329
Notes and lease receivable current	-	-	-	-	-	-
Interfund due from	-	-	-	-	-	-
Total Current Assets	1,696,011	3,252,764	663,139	1,542,341	1,947,056	9,101,311
Non-Current Assets						
Notes and lease receivable	-	-	-	-	-	-
Intangibles, net	14,657	10,874,281	34,868	83,639	50,130	11,057,575
Capital assets, net	14,996,107	19,967,799	7,666,805	25,860,629	20,369,567	88,860,907
Total Non-Current Assets	15,010,764	30,842,080	7,701,673	25,944,268	20,419,697	99,918,482
TOTAL ASSETS	16,706,775	34,094,844	8,364,812	27,486,609	22,366,753	109,019,793
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-

Housing Authority of the City of Santa Barbara

Combining Statement of Net Position - Discretely Presented Component Unit

March 31, 2023

	SB Housing Partnership IV	Villa Sante Fe, L.P.	813 East Carrillo Street, L.P.	South Hope Associates, L.P.	Grace Village Apartments, L.P.	DPCU Total
LIABILITIES						
Current Liabilities						
Accounts payable	796	11,444	1,589	154,465	12,229	180,523
Accrued liabilities	-	-	-	-	-	-
Deposits held in trust	37,820	117,878	9,400	23,561	32,769	221,428
Compensated absences current	-	947	-	-	-	947
Unearned revenue	11,336	36,244	983	-	-	48,563
Other liabilities current	30,556	136,639	35,385	1,002,979	1,878,261	3,083,820
Debt current	-	385,386	-	-	-	385,386
Lease payable current	-	-	-	-	-	-
Total Current Liabilities	80,508	688,538	47,357	1,181,005	1,923,259	3,920,667
Non-Current Liabilities						
Compensated absences	-	2,840	-	-	-	2,840
Funds held in trust	-	-	331,519	-	-	331,519
Other employee benefit (OPEB) liability	-	-	-	-	-	-
Debt payable	14,229,265	26,329,000	3,860,895	13,540,516	10,886,621	68,846,297
Leases payable	-	-	-	-	-	-
Total Non-Current Liabilities	14,229,265	26,331,840	4,192,414	13,540,516	10,886,621	69,180,656
TOTAL LIABILITIES	14,309,773	27,020,378	4,239,771	14,721,521	12,809,880	73,101,323
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
Net Position						
Net investment in capital assets	766,842	(6,746,587)	3,805,910	12,320,113	9,482,946	19,629,224
Restricted	162,927	1,124,591	167,960	925,425	1,083,191	3,464,094
Unrestricted	1,467,233	12,696,462	151,171	(480,450)	(1,009,264)	12,825,152
TOTAL NET POSITION	\$ 2,397,002	\$ 7,074,466	\$ 4,125,041	\$ 12,765,088	\$ 9,556,873	\$ 35,918,470

Housing Authority of the City of Santa Barbara

Combining Statement of Revenues, Expenses, and Changes in Net Position - Discretely Present Component Unit
For the Year Ended March 31, 2023

	SB Housing Partnership IV	Villa Sante Fe, L.P.	813 East Carrillo Street, L.P.	South Hope Associates, L.P.	Grace Village Apartments, L.P.	DPCU Total
Operating Revenues						
Rental revenues, net	\$ 490,315	\$ 3,598,127	\$ 310,106	\$ 1,703,257	\$ 1,028,928	\$ 7,130,733
Government grants	-	-	-	-	-	-
Other income	1,200	4,999	-	-	54	6,253
Total Operating Revenues	491,515	3,603,126	310,106	1,703,257	1,028,982	7,136,986
Operating Expenses						
Administration	66,723	393,422	44,105	551,844	168,620	1,224,714
Tenant services	-	15,834	15,075	172,461	-	203,370
Utilities	40,560	213,477	34,320	139,715	82,128	510,200
Maintenance and operations	123,987	521,301	33,333	136,928	155,391	970,940
Insurance expense	19,641	127,499	8,874	165,878	24,452	346,344
General expense	23,530	18,444	8,355	38,868	47,143	136,340
Housing Assistance Payments	-	-	-	-	-	-
Depreciation and amortization	710,687	677,847	288,457	704,507	519,240	2,900,738
Total Operating Expenses	985,128	1,967,824	432,519	1,910,201	996,974	6,292,646
OPERATING INCOME (LOSS)	(493,613)	1,635,302	(122,413)	(206,944)	32,008	844,340
Non-Operating Revenues (Expenses)						
Interest income	658	(742)	82	-	815	813
Interest expense	(280,035)	(1,126,599)	(145,432)	(621,304)	(482,265)	(2,655,635)
Total Non-Operating Revenues (Expenses)	(279,377)	(1,127,341)	(145,350)	(621,304)	(481,450)	(2,654,822)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(772,990)	507,961	(267,763)	(828,248)	(449,442)	(1,810,482)
CHANGE IN NET POSITION	(772,990)	507,961	(267,763)	(828,248)	(449,442)	(1,810,482)
BEGINNING NET POSITION	3,169,992	6,566,505	4,392,804	13,593,336	10,006,315	37,728,952
ENDING NET POSITION	\$ 2,397,002	\$ 7,074,466	\$ 4,125,041	\$ 12,765,088	\$ 9,556,873	\$ 35,918,470

Housing Authority of the City of Santa Barbara
Combining Statement of Net Position - Business Activities
March 31, 2023

		<u>BCU</u>		
	<u>Housing Authority</u>	<u>SBAHG</u>	<u>Eliminations</u>	<u>Primary Government Total</u>
ASSETS				
Current Assets				
Cash and cash equivalents				
Unrestricted	\$ 5,933,870	\$ 1,800,091	\$ -	\$ 7,733,961
Restricted	4,533,303	807,123	-	5,340,426
Subtotal	10,467,173	2,607,214	-	13,074,387
Investments	28,281,718	3,657,142	-	31,938,860
Accounts receivable, net	281,825	76,330	-	358,155
Inventory, net	86,435	7,808	-	94,243
Prepaid expenses	157,303	50,436	-	207,739
Notes and lease receivable current	658,539	-	-	658,539
Interfund due from	-	-	-	-
Total Current Assets	39,932,993	6,398,930	-	46,331,923
Non-Current Assets				
Notes and lease receivable	154,309,292	3,297	(109,400,881)	44,911,708
Intangibles, net	-	-	-	-
Capital assets, net	59,001,191	101,110,454	-	160,111,645
Total Non-Current Assets	213,310,483	101,113,751	(109,400,881)	205,023,353
TOTAL ASSETS	253,243,476	107,512,681	(109,400,881)	251,355,276
DEFERRED OUTFLOWS OF RESOURCES	120,325	51,071	-	171,396

Housing Authority of the City of Santa Barbara
Combining Statement of Net Position - Business Activities
March 31, 2023

		<u>BCU</u>		
	<u>Housing Authority</u>	<u>SBAHG</u>	<u>Eliminations</u>	<u>Primary Government Total</u>
LIABILITIES				
Current Liabilities				
Accounts payable	589,766	339,049	-	928,815
Accrued liabilities	202,077	56,965	-	259,042
Deposits held in trust	367,108	411,645	-	778,753
Compensated absences current	64,771	11,881	-	76,652
Unearned revenue	196,738	143,464	-	340,202
Other liabilities current	58,152	16,505	-	74,657
Debt current	736,366	108,392	-	844,758
Lease payable current	9,907	-	-	9,907
Total Current Liabilities	2,224,885	1,087,901	-	3,312,786
Non-Current Liabilities				
Compensated absences	315,578	67,085	-	382,663
Funds held in trust	1,291,038	-	-	1,291,038
Other employee benefit (OPEB) liability	1,610,947	701,916	-	2,312,863
Debt payable	32,569,347	114,468,950	(109,400,881)	37,637,416
Leases payable	28,522	-	-	28,522
Total Non-Current Liabilities	35,815,432	115,237,951	(109,400,881)	41,652,502
TOTAL LIABILITIES	38,040,317	116,325,852	(109,400,881)	44,965,288
DEFERRED INFLOWS OF RESOURCES	4,413,230	588,978	-	5,002,208
Net Position				
Net investment in capital assets	25,657,049	95,933,993	-	121,591,042
Restricted	9,245,730	3,180,267	-	12,425,997
Unrestricted	176,007,475	(108,465,338)	-	67,542,137
TOTAL NET POSITION	\$ 210,910,254	\$ (9,351,078)	\$ -	\$ 201,559,176

Housing Authority of the City of Santa Barbara
Combining Statement of Revenues, Expenses, and Changes in Net Position - Business Activities
For the Year Ended March 31, 2023

		<u>BCU</u>		
	<u>Housing Authority</u>	<u>SBAHG</u>	<u>Eliminations</u>	<u>Primary Government Total</u>
<u>Operating Revenues</u>				
Rental revenues, net	\$ 7,785,741	\$ 10,321,309	\$ (8,319,024)	\$ 9,788,026
Government grants	47,870,621	54,342	-	47,924,963
Other income	5,950,191	575,293	(2,684,140)	3,841,344
Total Operating Revenues	61,606,553	10,950,944	(11,003,164)	61,554,333
<u>Operating Expenses</u>				
Administration	6,493,013	1,941,929	(1,961,935)	6,473,007
Tenant services	1,161,118	805,360	-	1,966,478
Utilities	805,941	828,558	-	1,634,499
Maintenance and operations	1,816,392	3,595,120	(722,205)	4,689,307
Insurance expense	196,485	352,703	-	549,188
General expense	1,005,900	258,495	-	1,264,395
Housing Assistance Payments	43,085,771	-	(8,319,024)	34,766,747
Depreciation and amortization	1,615,876	2,586,120	-	4,201,996
Total Operating Expenses	56,180,496	10,368,285	(11,003,164)	55,545,617
OPERATING INCOME (LOSS)	5,426,057	582,659	-	6,008,716
<u>Non-Operating Revenues (Expenses)</u>				
Interest income	5,111,955	90,325	(3,116,227)	2,086,053
Interest expense	(1,016,932)	(3,361,631)	3,116,227	(1,262,336)
Total Non-Operating Revenues (Expenses)	4,095,023	(3,271,306)	-	823,717
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	9,521,080	(2,688,647)	-	6,832,433
CHANGE IN NET POSITION	9,521,080	(2,688,647)	-	6,832,433
BEGINNING NET POSITION	201,389,174	(6,662,431)	-	194,726,743
ENDING NET POSITION	\$ 210,910,254	\$ (9,351,078)	\$ -	\$ 201,559,176

Housing Authority of the City of Santa Barbara
Combining Statement of Cash Flows - Business Activities
For the Year Ended March 31, 2023

		<u>BCU</u>		Primary Government Total
	<u>Housing Authority</u>	<u>SBAHG</u>	<u>Eliminations</u>	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from tenants and users	\$ 7,935,995	\$ 10,927,050	\$ (2,684,140)	\$ 16,178,905
Receipts from operating grants	53,941,606	54,342	(8,319,024)	45,676,924
Payments for goods and services	(6,250,087)	(5,004,245)	1,106,105	(10,148,227)
Payments for Housing Assistance Payments	(42,783,022)	-	8,319,024	(34,463,998)
Payments to employees for services	(3,273,045)	(2,701,933)	1,578,035	(4,396,943)
NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES	<u>9,571,447</u>	<u>3,275,214</u>	<u>-</u>	<u>12,846,661</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Capital asset purchases	(7,604,515)	(643,517)	-	(8,248,032)
Principle payments on leases and loans	(1,210,565)	(948,734)	-	(2,159,299)
Interest payments on leases and loans	(1,016,932)	(3,361,631)	3,116,227	(1,262,336)
Proceeds from new loans	2,885,926	-	-	2,885,926
NET CASH FLOW PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(6,946,086)</u>	<u>(4,953,882)</u>	<u>3,116,227</u>	<u>(8,783,741)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Proceeds from investment activities	5,111,955	90,325	(3,116,227)	2,086,053
Proceeds from collection on notes receivable	(1,386,178)	-	-	(1,386,178)
(Purchase) or redemption of investments	(5,586,831)	359,552	-	(5,227,279)
NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(1,861,054)</u>	<u>449,877</u>	<u>(3,116,227)</u>	<u>(4,527,404)</u>
NET INCREASE (DECREASE) IN CASH	764,307	(1,228,791)	-	(464,484)
BEGINNING CASH	9,702,866	3,836,005	-	13,538,871
ENDING CASH	<u>\$ 10,467,173</u>	<u>\$ 2,607,214</u>	<u>\$ -</u>	<u>\$ 13,074,387</u>

Housing Authority of the City of Santa Barbara
Combining Statement of Cash Flows - Business Activities
For the Year Ended March 31, 2023

		<u>BCU</u>		
	<u>Housing Authority</u>	<u>SBAHG</u>	<u>Eliminations</u>	<u>Primary Government Total</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
Operating income (loss)	\$ 5,426,057	\$ 582,659	\$ -	\$ 6,008,716
Non-Cash Adjustments:				
Depreciation	1,615,876	2,586,120	-	4,201,996
Other employee benefits program (OPEB)	1,715,626	(65,711)	-	1,649,915
Change in Asset and Liabilities				
(Increase) decrease in accounts receivable	169,392	(39,884)	-	129,508
(Increase) decrease in inventory and prepaid	(75,615)	28,294	-	(47,321)
Increase (decrease) in accounts payable	322,556	166,705	-	489,261
Increase (decrease) in accrued liabilities	295,899	(13,417)	-	282,482
Increase (decrease) in unearned revenue	80,321	15,271	-	95,592
Increase (decrease) in deposits held in trust	21,335	15,177	-	36,512
Net interfunds	-	-	-	-
Total Adjustments	4,145,390	2,692,555	-	6,837,945
Net Cash Provided (Used) by Operating Activities	\$ 9,571,447	\$ 3,275,214	\$ -	\$ 12,846,661

Board of Commissioners
Housing Authority of the City of Santa Barbara
Santa Barbara, CA

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregated discretely presented component units and the combining schedules of business-type activities of Housing Authority of the City of Santa Barbara as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 30, 2023. The financial statements of the aggregated discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered Housing Authority of the City of Santa Barbara's internal control over financial reporting (internal control) a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of Santa Barbara's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the City of Santa Barbara's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Housing Authority of the City of Santa Barbara's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 30, 2023

Board of Commissioners
Housing Authority of the City of Santa Barbara
Santa Barbara, CA

Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance in Accordance with *Uniform Guidance*

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Housing Authority of the City of Santa Barbara's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the City of Santa Barbara's major federal programs for the year ended March 31, 2023. Housing Authority of the City of Santa Barbara's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Housing Authority of the City of Santa Barbara complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2023.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Housing Authority of the City of Santa Barbara and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Housing Authority of the City of Santa Barbara's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Housing Authority of the City of Santa Barbara's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Housing Authority of the City of Santa Barbara's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Housing Authority of the City of Santa Barbara's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Housing Authority of the City of Santa Barbara's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Housing Authority of the City of Santa Barbara's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of Santa Barbara's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

August 30, 2023

Housing Authority of the City of Santa Barbara

Schedule of Findings and Questioned Costs

For the Year Ended March 31, 2023

Section I

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	<input type="text" value="Unmodified"/>
Internal controls over financial reporting:	
Material weakness(es) identified	<input type="text" value="No"/>
Significant deficiency(ies) identified	<input type="text" value="None Reported"/>
Noncompliance material to financial statements noted	<input type="text" value="No"/>

Federal Awards

Internal control over major federal programs	
Material weakness(es) identified	<input type="text" value="No"/>
Significant deficiency(ies) identified	<input type="text" value="None Reported"/>
Type of auditors' report issued on compliance for major federal programs	<input type="text" value="Unmodified"/>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	<input type="text" value="No"/>
Identification of major federal programs:	

ALN(s)	Name of Federal Program or Cluster
14.871	Housing Choice Vouchers
14.879	Mainstream Vouchers

Dollar threshold used to distinguish between type A and type B programs:	<input type="text" value="\$ 1,435,424"/>
Auditee qualified as a low-risk auditee	<input type="text" value="Yes"/>

Section II

Financial Statement Findings

No findings

Section III

Federal Awards Findings

No findings to reported under 2CFR200 Section 516(a) of the Uniform Guidance

Housing Authority of the City of Santa Barbara
Summary Schedule of Prior Year Findings and Questioned Costs
For the Year Ended March 31, 2023

Financial Statement Findings

Prior Year Findings Number	Findings Title	Status/Current Year Finding Number
N/A	There were no prior findings reported	N/A

Federal Award Findings and Questioned Costs

Prior Year Findings Number	Findings Title	Status/Current Year Finding Number
N/A	There were no prior findings reported	N/A

HOUSING AUTHORITY OF THE CITY OF SANTA BARBARA

**Supplementary Information &
Independent Auditors' Report on Supplementary Information**

For the Year Ended March 31, 2023



Housing Authority of the City of Santa Barbara

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For the Year Ended March 31, 2023

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Board of Commissioners
Housing Authority of the City of Santa Barbara
Santa Barbara, CA

Independent Auditors' Report on Supplementary Information

We have audited the basic financial statements of the Housing Authority of the City of Santa Barbara as of and for the year ended March 31, 2023, and have issued our report thereon dated August 30, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedules are fairly stated in all material respects in relation to the financial statements as a whole.



August 30, 2023

Board of Commissioners
Housing Authority of the City of Santa Barbara
Santa Barbara, CA

Independent Accountants' Report on Applying Agreed-Upon Procedures

We have performed the procedure described in the third paragraph of this report, on the electronically submitted information included within the OMB Uniform Guidance reporting package. Housing Authority of the City of Santa Barbara (the Authority) is responsible for the accuracy and completeness of the electronically submitted information.

The Authority and the U.S. Department of Housing and Urban Development (HUD), Real Estate Assessment Center (REAC) have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining whether the electronically submitted information agrees with the related hard copy documents within the OMB Uniform Guidance reporting package. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures are as follows:

We compared the electronically submitted items listed in the "UFRS Rule Information" column of the matrix/chart on the following page of this report with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronically submitted information identified in the "UFRS Rule Information" column of the chart/matrix agrees with the related hard copy documents within the OMB Uniform Guidance reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.



We were engaged to perform an audit in accordance with the OMB Uniform Guidance and with *Government Auditing Standards* by the Authority as of and for the period ending March 31, 2023, and have issued our reports thereon dated August 30, 2023. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated August 30, 2023, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the OMB Uniform Guidance reporting package, required by the Uniform Guidance, which includes the auditor's reports, is available in its entirety from the Authority. We take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Authority and HUD and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink, reading "Smith Marinda G.", is positioned below the disclaimer text.

August 30, 2023

Housing Authority of the City of Santa Barbara

Agreed Upon Procedures
For the Year Ended March 31, 2023

Procedure	UFRS Rule Information	Hard Copy Document(s)	Findings
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's, if applicable	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned Cost	Agrees
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form *	Agrees
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Cost, Part 1 and OMB Data Collection Form *	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Cost, Part 1 and OMB Data Collection Form *	Agrees
8	Type of Compliance Requirements (G4200-020 & G4000-030)	OMB Data Collection Form *	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

Housing Authority of the City of Santa Barbara
Financial Data Schedule
3/31/2023

		Project Total	14.879 Mainstream	14.871 Housing Choice Vouchers	1 Business Activities	14.238 Shelter Plus Care	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher
111	Cash - Unrestricted	-	-	4,481,833	520,054	3,393	-	72,987
113	Cash - Other Restricted	-	-	-	2,478,168	-	-	40,000
113	Cash - Other Restricted - HAP Funds	-	64,247	485,535	-	-	-	-
113	Cash - Other Restricted - FSS Escrows	-	-	1,076,038	-	-	-	-
114	Cash - Tenant Security Deposits	-	-	-	367,108	-	-	-
100	Total Cash	-	64,247	6,043,406	3,365,330	3,393	-	112,987
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	38,445
124	Accounts Receivable - Other Government	-	-	-	101,020	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	59,893	-	-	-
126	Accounts Receivable - Tenants	-	-	-	62,351	-	-	-
126.1	Allowance for Doubtful Accounts -Tenants	-	-	-	(3,400)	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	658,539	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	-	-	878,403	-	-	38,445
131	Investments - Unrestricted	-	-	2,035,461	19,044,142	-	-	-
132	Investments - Restricted	-	-	-	6,412,937	-	-	-
142	Prepaid Expenses and Other Assets	-	-	1,650	118,972	-	-	-
143	Inventories	-	-	-	86,435	-	-	-
150	Total Current Assets	-	64,247	8,080,517	29,906,219	3,393	-	151,432
161	Land	-	-	-	34,980,743	-	-	-
162	Buildings	-	-	-	41,841,047	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	116,887	-	-	-
164	Furniture, Equipment & Machinery - Administration	-	-	272,333	399,092	-	-	-
165	Leasehold Improvements	-	-	-	47,245	-	-	-
166	Accumulated Depreciation	-	-	(272,333)	(18,383,823)	-	-	-
160	Total Capital Assets, Net	-	-	-	59,001,191	-	-	-
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	43,601,334	-	-	-
171	Notes, Loans and Mortgages Receivable - Related Party	-	-	-	110,707,958	-	-	-
174	Other Assets	-	-	-	-	-	-	-
180	Total Non-Current Assets	-	-	-	213,310,483	-	-	-
200	Deferred Outflow of Resources	-	-	53,483	66,842	-	-	-
290	Total Assets and Deferred Outflow of Resources	-	64,247	8,134,000	243,283,544	3,393	-	151,432

Housing Authority of the City of Santa Barbara
Financial Data Schedule
3/31/2023

		Project Total	14.879 Mainstream	14.871 Housing Choice Vouchers	1 Business Activities	14.238 Shelter Plus Care	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher
312	Accounts Payable < = 90 Days	-	-	-	94,852	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	71,546	121,393	-	-	843
322	Accrued Compensated Absences - Current Portion	-	-	17,548	47,223	-	-	-
341	Tenant Security Deposits	-	-	-	367,108	-	-	-
342	Unearned Revenues - Operating Subsidy	-	-	-	-	-	-	40,000
342	Unearned Revenues - Other, Prepaid Rent	-	-	-	156,738	-	-	-
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	746,273	-	-	-
345	Other Current Liabilities - Miscellaneous	-	-	-	55,788	-	-	-
345	Other Current Liabilities - FSS Escrow	-	-	-	2,364	-	-	-
346	Accrued Liabilities - Other	-	-	-	-	-	-	-
310	Total Current Liabilities	-	-	89,094	1,591,739	-	-	40,843
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	32,597,869	-	-	-
352	Long-Term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-
353	Non-current Liabilities - Other	-	-	1,076,038	215,000	-	-	-
354	Accrued Compensated Absences - Non Current	-	-	104,500	211,078	-	-	-
357	Pension Liability	-	-	790,818	820,129	-	-	-
350	Total Non-Current Liabilities	-	-	1,971,356	33,844,076	-	-	-
300	Total Liabilities	-	-	2,060,450	35,435,815	-	-	40,843
400	Deferred Inflow of Resources	-	-	608,304	3,804,926	-	-	-
508.4	Net Investment in Capital Assets	-	-	-	25,657,049	-	-	-
511.4	Restricted Net Position	-	64,247	485,535	8,673,741	-	-	-
512.4	Unrestricted Net Position	-	-	4,979,711	169,712,013	3,393	-	110,589
513	Total Equity - Net Assets / Position	-	64,247	5,465,246	204,042,803	3,393	-	110,589
600	Total Liabilities, Deferred Inflows of Resources and Net Position	-	64,247	8,134,000	243,283,544	3,393	-	151,432

Housing Authority of the City of Santa Barbara
Financial Data Schedule
3/31/2023

		COCC	FSS Forfeitures	6.2 Component Unit - Blended	Subtotal	ELIM	Primary	6.1 Component Unit - Discretely Presented	Total
111	Cash - Unrestricted	855,603	-	1,800,091	7,733,961	-	7,733,961	3,439,717	11,173,678
113	Cash - Other Restricted	-	-	395,478	2,913,646	-	2,913,646	3,795,612	6,709,258
113	Cash - Other Restricted - HAP Funds	-	-	-	549,782	-	549,782	-	549,782
113	Cash - Other Restricted - FSS Escrows	-	22,207	-	1,098,245	-	1,098,245	-	1,098,245
114	Cash - Tenant Security Deposits	-	-	411,645	778,753	-	778,753	221,429	1,000,182
100	Total Cash	855,603	22,207	2,607,214	13,074,387	-	13,074,387	7,456,758	20,531,145
122	Accounts Receivable - HUD Other Projects	-	-	-	38,445	-	38,445	-	38,445
124	Accounts Receivable - Other Government	20,472	-	-	121,492	-	121,492	-	121,492
125	Accounts Receivable - Miscellaneous	3,044	-	4,525	67,462	-	67,462	108,491	175,953
126	Accounts Receivable - Tenants	-	-	73,805	136,156	-	136,156	70,578	206,734
126.1	Allowance for Doubtful Accounts -Tenants	-	-	(2,000)	(5,400)	-	(5,400)	(700)	(6,100)
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	658,539	-	658,539	-	658,539
120	Total Receivables, Net of Allowances for Doubtful Accounts	23,516	-	76,330	1,016,694	-	1,016,694	178,369	1,195,063
131	Investments - Unrestricted	789,178	-	868,589	22,737,370	-	22,737,370	119,855	22,857,225
132	Investments - Restricted	-	-	2,788,553	9,201,490	-	9,201,490	-	9,201,490
142	Prepaid Expenses and Other Assets	36,681	-	50,436	207,739	-	207,739	1,346,329	1,554,068
143	Inventories	-	-	7,808	94,243	-	94,243	-	94,243
150	Total Current Assets	1,704,978	22,207	6,398,930	46,331,923	-	46,331,923	9,101,311	55,433,234
161	Land	-	-	47,236,000	82,216,743	-	82,216,743	15,327,623	97,544,366
162	Buildings	273,935	-	73,097,175	115,212,157	-	115,212,157	87,069,420	202,281,577
163	Furniture, Equipment & Machinery - Dwellings	-	-	111,893	228,780	-	228,780	873,473	1,102,253
164	Furniture, Equipment & Machinery - Administration	192,577	-	51,583	915,585	-	915,585	2,023,941	2,939,526
165	Leasehold Improvements	-	-	-	47,245	-	47,245	-	47,245
166	Accumulated Depreciation	(466,512)	-	(19,386,197)	(38,508,865)	-	(38,508,865)	(16,433,550)	(54,942,415)
160	Total Capital Assets, Net	-	-	101,110,454	160,111,645	-	160,111,645	88,860,907	248,972,552
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	3,297	43,604,631	-	43,604,631	-	43,604,631
171	Notes, Loans and Mortgages Receivable - Related Party	-	-	-	110,707,958	(109,400,881)	1,307,077	-	1,307,077
174	Other Assets	-	-	-	-	-	-	11,057,575	11,057,575
180	Total Non-Current Assets	-	-	101,113,751	314,424,234	(109,400,881)	205,023,353	99,918,482	304,941,835
200	Deferred Outflow of Resources	-	-	51,071	171,396	-	171,396	-	171,396
290	Total Assets and Deferred Outflow of Resources	1,704,978	22,207	107,563,752	360,927,553	(109,400,881)	251,526,672	109,019,793	360,546,465

Housing Authority of the City of Santa Barbara
Financial Data Schedule
3/31/2023

		COCC	FSS Forfeitures	6.2 Component Unit - Blended	Subtotal	ELIM	Primary	6.1 Component Unit - Discretely Presented	Total
312	Accounts Payable < = 90 Days	494,914	-	339,049	928,815	-	928,815	180,523	1,109,338
321	Accrued Wage/Payroll Taxes Payable	8,295	-	56,965	259,042	-	259,042	-	259,042
322	Accrued Compensated Absences - Current Portion	-	-	11,881	76,652	-	76,652	947	77,599
341	Tenant Security Deposits	-	-	411,645	778,753	-	778,753	221,428	1,000,181
342	Unearned Revenues - Operating Subsidy	-	-	-	40,000	-	40,000	-	40,000
342	Unearned Revenues - Other, Prepaid Rent	-	-	143,464	300,202	-	300,202	48,563	348,765
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	108,392	854,665	-	854,665	385,386	1,240,051
345	Other Current Liabilities - Miscellaneous	-	-	12,741	68,529	-	68,529	188,844	257,373
345	Other Current Liabilities - FSS Escrow	-	-	3,764	6,128	-	6,128	-	6,128
346	Accrued Liabilities - Other	-	-	-	-	-	-	2,894,976	2,894,976
310	Total Current Liabilities	503,209	-	1,087,901	3,312,786	-	3,312,786	3,920,667	7,233,453
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	5,068,069	37,665,938	-	37,665,938	68,846,297	106,512,235
352	Long-Term Debt, Net of Current - Operating Borrowings	-	-	109,400,881	109,400,881	(109,400,881)	-	-	-
353	Non-current Liabilities - Other	-	-	-	1,291,038	-	1,291,038	331,519	1,622,557
354	Accrued Compensated Absences - Non Current	-	-	67,085	382,663	-	382,663	2,840	385,503
357	Pension Liability	-	-	701,916	2,312,863	-	2,312,863	-	2,312,863
350	Total Non-Current Liabilities	-	-	115,237,951	151,053,383	(109,400,881)	41,652,502	69,180,656	110,833,158
300	Total Liabilities	503,209	-	116,325,852	154,366,169	(109,400,881)	44,965,288	73,101,323	118,066,611
400	Deferred Inflow of Resources	-	-	588,978	5,002,208	-	5,002,208	-	5,002,208
508.4	Net Investment in Capital Assets	-	-	95,933,993	121,591,042	-	121,591,042	19,629,224	141,220,266
511.4	Restricted Net Position	-	22,207	3,180,267	12,425,997	-	12,425,997	3,464,094	15,890,091
512.4	Unrestricted Net Position	1,201,769	-	(108,465,338)	67,542,137	-	67,542,137	12,825,152	80,367,289
513	Total Equity - Net Assets / Position	1,201,769	22,207	(9,351,078)	201,559,176	-	201,559,176	35,918,470	237,477,646
600	Total Liabilities, Deferred Inflows of Resources and Net Position	1,704,978	22,207	107,563,752	360,927,553	(109,400,881)	251,526,672	109,019,793	360,546,465

Housing Authority of the City of Santa Barbara

Financial Data Schedule

3/31/2023

		Project Total	14.879 Mainstream	14.871 Housing Choice Vouchers	1 Business Activities	14.238 Shelter Plus Care	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher
70300	Net Tenant Rental Revenue	-	-	-	7,820,270	-	-	-
70400	Tenant Revenue - Other	-	-	-	55,509	-	-	-
70500	Total Tenant Revenue	-	-	-	7,875,779	-	-	-
70600	HUD PHA Operating Grants	-	-	-	-	114,677	166,439	-
70600	Housing Assistance Payments	-	4,347,751	37,309,951	-	-	-	1,409,112
70600	Ongoing Administrative Fees Earned	-	465,140	3,877,022	-	-	-	151,824
70600	Hard to House	-	-	-	-	-	-	3,750
70600	All Other Fees	-	-	-	-	-	-	1,800
70710	Management Fee	-	-	-	-	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-	-	-
71100	Unrestricted Investment Income - Other	-	-	48,034	700,606	114	-	-
71200	Mortgage Interest Income	-	-	-	4,359,915	-	-	-
71500	Other Revenue	-	82	199,833	4,612,767	-	-	1,660
72000	Restricted Investment Income - Other	-	-	-	-	-	-	-
70000	Total Revenue	-	4,812,973	41,434,840	17,549,067	114,791	166,439	1,568,146
91100	Administrative Salaries	-	215,799	776,121	1,518,895	-	-	10,884
91200	Auditing Fees	-	-	27,508	4,783	-	-	-
91300	Management Fees - Outside	-	-	-	-	-	-	-
91300	Management Fees - Internal	-	93,028	765,241	-	2,443	-	-
91310	Book-Keeping Fee	-	24,398	220,380	-	615	-	-
91400	Advertising and Marketing	-	-	3,740	50,413	-	-	-
91500	Employee Benefit Contributions - Administrative	-	87,059	232,266	550,878	940	-	4,006
91600	Office Expenses	-	-	69,876	77,976	2,749	-	-
91700	Legal Expense	-	-	2,251	100,546	-	-	-
91800	Travel	-	-	-	19,418	-	-	-
91900	Other	-	-	221,485	657,856	-	-	34,197
91000	Total Operating - Administrative	-	420,284	2,318,868	2,980,765	6,747	-	49,087
92100	Tenant Services - Salaries	-	56,428	129,769	-	2,285	166,439	-
92300	Employee Benefit Contributions - Tenant Services	-	34,756	77,820	-	-	-	-
92400	Tenant Services - Other	-	107,366	328,554	253,270	-	-	3,750
92500	Total Tenant Services	-	198,550	536,143	253,270	2,285	166,439	3,750
93100	Water	-	-	-	353,410	-	-	-
93200	Electricity	-	-	-	181,670	-	-	-
93300	Gas	-	-	-	69,557	-	-	-
93600	Sewer	-	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	201,304	-	-	-
93000	Total Utilities	-	-	-	805,941	-	-	-

Housing Authority of the City of Santa Barbara

Financial Data Schedule

3/31/2023

		Project Total	14.879 Mainstream	14.871 Housing Choice Vouchers	1 Business Activities	14.238 Shelter Plus Care	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher
94100	Ordinary Maintenance and Operations - Labor	-	-	-	397,958	-	-	-
94200	Ordinary Maintenance and Operations - Materials and Other	-	-	-	151,916	-	-	-
94300	Ordinary Maint. & Operations - Garbage & Trash	-	-	-	4,814	-	-	-
94300	Ordinary Maint. & Operations - HVAC	-	-	-	15,864	-	-	-
94300	Ordinary Maint. & Operations - Elevator	-	-	-	18,591	-	-	-
94300	Ordinary Maint. & Operations - Landscape & Grounds	-	-	-	355,966	-	-	-
94300	Ordinary Maint. & Operations - Unit Turnaround	-	-	-	176,670	-	-	-
94300	Ordinary Maint. & Operations - Electrical Contracts	-	-	-	34,231	-	-	-
94300	Ordinary Maint. & Operations - Plumbing Contracts	-	-	-	112,379	-	-	-
94300	Ordinary Maint. & Operations - Extermination	-	-	-	11,069	-	-	-
94300	Ordinary Maint. & Operations - Janitorial Contracts	-	-	-	79,733	-	-	-
94300	Ordinary Maint. & Operations - Routine Maintenance	-	-	-	324,565	-	-	-
94300	Ordinary Maint. & Operations - Misc. Contracts	-	-	-	4,525	-	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	52,500	-	-	-
94000	Total Ordinary Maint. and Op.	-	-	-	1,740,781	-	-	-
96110	Property Insurance	-	-	-	173,044	-	-	-
96120	Liability Insurance	-	-	4,857	-	-	-	-
96130	Workmen's Compensation	-	-	(7,917)	9,181	-	-	-
96140	All Other Insurance	-	-	1,360	8,896	-	-	-
96100	Total Insurance Premiums	-	-	(1,700)	191,121	-	-	-
96200	Other General Expenses	-	9,148	41,771	631,186	-	-	330
96210	Compensated Absences	-	-	89,801	206,295	-	-	-
96400	Bad debt - Tenant Rents	-	-	-	90,038	-	-	-
96000	Total Other General Expenses	-	9,148	131,572	927,519	-	-	330
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	1,016,932	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	-	-	-	1,016,932	-	-	-
96900	Total Operating Expenses	-	627,982	2,984,883	7,916,329	9,032	166,439	53,167
97000	Excess of Op. Revenue Over Op. Expenses	-	4,184,991	38,449,957	9,632,738	105,759	-	1,514,979
97100	Extraordinary Maintenance	-	-	-	43,643	-	-	-
97300	Housing Assistance Payments	-	4,283,584	37,107,530	-	102,366	-	1,431,719
97350	HAP Portability-In	-	-	160,572	-	-	-	-
97400	Depreciation Expense	-	-	-	1,615,876	-	-	-
97500	Fraud Losses	-	-	-	4,214	-	-	-
90000	Total Expenses	-	4,911,566	40,252,985	9,580,062	111,398	166,439	1,484,886
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	(98,593)	1,181,855	7,969,005	3,393	-	83,260
11030	Beginning Equity	-	162,840	4,283,391	196,073,798	-	-	27,329
11040	Prior Period Adjustments	-	-	-	-	-	-	-
11040	Equity Transfers	-	-	-	-	-	-	-

Housing Authority of the City of Santa Barbara

Financial Data Schedule

3/31/2023

		COCC	FSS Forfeitures	6.2 Component Unit - Blended	Subtotal	ELIM	Primary Government	6.1 Component Unit - Discretely Presented	Total
70300	Net Tenant Rental Revenue	-	-	9,759,857	17,580,127	(8,319,024)	9,261,103	7,090,548	16,351,651
70400	Tenant Revenue - Other	-	-	569,721	625,230	-	625,230	42,356	667,586
70500	Total Tenant Revenue	-	-	10,329,578	18,205,357	(8,319,024)	9,886,333	7,132,904	17,019,237
70600	HUD PHA Operating Grants	-	-	-	281,116	-	281,116	-	281,116
70600	Housing Assistance Payments	-	-	-	43,066,814	-	43,066,814	-	43,066,814
70600	Ongoing Administrative Fees Earned	-	-	-	4,493,986	-	4,493,986	-	4,493,986
70600	Hard to House	-	-	-	3,750	-	3,750	-	3,750
70600	All Other Fees	-	-	-	1,800	-	1,800	-	1,800
70710	Management Fee	860,712	-	-	860,712	(860,712)	-	-	-
70730	Book-Keeping Fee	245,393	-	-	245,393	(245,393)	-	-	-
70700	Total Fee Revenue	1,106,105	-	-	1,106,105	(1,106,105)	-	-	-
70800	Other Government Grants	23,155	-	54,342	77,497	-	77,497	-	77,497
71100	Unrestricted Investment Income - Other	3,286	-	90,325	842,365	-	842,365	396	842,761
71200	Mortgage Interest Income	-	-	-	4,359,915	(3,116,227)	1,243,688	-	1,243,688
71500	Other Revenue	6,856	22,888	575,293	5,419,379	(1,578,035)	3,841,344	6,253	3,847,597
72000	Restricted Investment Income - Other	-	-	-	-	-	-	417	417
70000	Total Revenue	1,139,402	22,888	11,049,538	77,858,084	(14,119,391)	63,738,693	7,139,970	70,878,663
91100	Administrative Salaries	638,836	-	889,836	4,050,371	(49,316)	4,001,055	541,758	4,542,813
91200	Auditing Fees	-	-	6,809	39,100	-	39,100	52,950	92,050
91300	Management Fees - Outside	-	-	-	-	-	-	63,076	63,076
91300	Management Fees - Internal	-	-	-	860,712	(860,712)	-	-	-
91310	Book-Keeping Fee	-	-	-	245,393	(245,393)	-	-	-
91400	Advertising and Marketing	-	-	8,547	62,700	-	62,700	738	63,438
91500	Employee Benefit Contributions - Administrative	193	-	308,780	1,184,122	-	1,184,122	85,836	1,269,958
91600	Office Expenses	-	-	108,824	259,425	-	259,425	80,390	339,815
91700	Legal Expense	-	-	12,864	115,661	-	115,661	22,737	138,398
91800	Travel	-	-	742	20,160	-	20,160	2,326	22,486
91900	Other	78,233	-	605,527	1,597,298	(806,514)	790,784	374,903	1,165,687
91000	Total Operating - Administrative	717,262	-	1,941,929	8,434,942	(1,961,935)	6,473,007	1,224,714	7,697,721
92100	Tenant Services - Salaries	-	-	471,936	826,857	-	826,857	90,406	917,263
92300	Employee Benefit Contributions - Tenant Services	-	-	-	112,576	-	112,576	63	112,639
92400	Tenant Services - Other	-	681	333,424	1,027,045	-	1,027,045	112,901	1,139,946
92500	Total Tenant Services	-	681	805,360	1,966,478	-	1,966,478	203,370	2,169,848
93100	Water	-	-	346,442	699,852	-	699,852	241,217	941,069
93200	Electricity	-	-	106,407	288,077	-	288,077	123,703	411,780
93300	Gas	-	-	49,661	119,218	-	119,218	39,348	158,566
93600	Sewer	-	-	-	-	-	-	22,460	22,460
93800	Other Utilities Expense	-	-	326,048	527,352	-	527,352	83,472	610,824
93000	Total Utilities	-	-	828,558	1,634,499	-	1,634,499	510,200	2,144,699

Housing Authority of the City of Santa Barbara

Financial Data Schedule

3/31/2023

		COCC	FSS Forfeitures	6.2 Component Unit - Blended	Subtotal	ELIM	Primary Government	6.1 Component Unit - Discretely Presented	Total
94100	Ordinary Maintenance and Operations - Labor	27,989	-	838,147	1,264,094	(722,205)	541,889	162,261	704,150
94200	Ordinary Maintenance and Operations - Materials and Other	3,979	-	274,306	430,201	-	430,201	44,699	474,900
94300	Ordinary Maint. & Operations - Garbage & Trash	-	-	3,390	8,204	-	8,204	25,143	33,347
94300	Ordinary Maint. & Operations - HVAC	-	-	7,325	23,189	-	23,189	430	23,619
94300	Ordinary Maint. & Operations - Elevator	-	-	15,813	34,404	-	34,404	10,834	45,238
94300	Ordinary Maint. & Operations - Landscape & Grounds	-	-	504,397	860,363	-	860,363	222,194	1,082,557
94300	Ordinary Maint. & Operations - Unit Turnaround	-	-	567,073	743,743	-	743,743	135,017	878,760
94300	Ordinary Maint. & Operations - Electrical Contracts	-	-	1,661	35,892	-	35,892	-	35,892
94300	Ordinary Maint. & Operations - Plumbing Contracts	-	-	130,394	242,773	-	242,773	35,137	277,910
94300	Ordinary Maint. & Operations - Extermination	-	-	17,330	28,399	-	28,399	4,286	32,685
94300	Ordinary Maint. & Operations - Janitorial Contracts	-	-	31,245	110,978	-	110,978	20,967	131,945
94300	Ordinary Maint. & Operations - Routine Maintenance	-	-	712,973	1,037,538	-	1,037,538	209,788	1,247,326
94300	Ordinary Maint. & Operations - Misc. Contracts	-	-	12,129	16,654	-	16,654	100,003	116,657
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	116,818	169,318	-	169,318	181	169,499
94000	Total Ordinary Maint. and Op.	31,968	-	3,233,001	5,005,750	(722,205)	4,283,545	970,940	5,254,485
96110	Property Insurance	-	-	200,475	373,519	-	373,519	190,095	563,614
96120	Liability Insurance	-	-	36,354	41,211	-	41,211	65,877	107,088
96130	Workmen's Compensation	7,064	-	114,488	122,816	-	122,816	83,377	206,193
96140	All Other Insurance	-	-	1,386	11,642	-	11,642	6,995	18,637
96100	Total Insurance Premiums	7,064	-	352,703	549,188	-	549,188	346,344	895,532
96200	Other General Expenses	23,155	-	79,837	785,427	-	785,427	130,146	915,573
96210	Compensated Absences	-	-	85,035	381,131	-	381,131	6,194	387,325
96400	Bad debt - Tenant Rents	-	-	8,269	98,307	-	98,307	2,171	100,478
96000	Total Other General Expenses	23,155	-	173,141	1,264,865	-	1,264,865	138,511	1,403,376
96710	Interest of Mortgage (or Bonds) Payable	-	-	3,361,631	4,378,563	(3,116,227)	1,262,336	2,469,264	3,731,600
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	186,371	186,371
96700	Total Interest Expense and Amortization Cost	-	-	3,361,631	4,378,563	(3,116,227)	1,262,336	2,655,635	3,917,971
96900	Total Operating Expenses	779,449	681	10,696,323	23,234,285	(5,800,367)	17,433,918	6,049,714	23,483,632
97000	Excess of Op. Revenue Over Op. Expenses	359,953	22,207	353,215	54,623,799	(8,319,024)	46,304,775	1,090,256	47,395,031
97100	Extraordinary Maintenance	-	-	362,119	405,762	-	405,762	-	405,762
97300	Housing Assistance Payments	-	-	-	42,925,199	(8,319,024)	34,606,175	-	34,606,175
97350	HAP Portability-In	-	-	-	160,572	-	160,572	-	160,572
97400	Depreciation Expense	-	-	2,586,120	4,201,996	-	4,201,996	2,900,738	7,102,734
97500	Fraud Losses	-	-	93,623	97,837	-	97,837	-	97,837
90000	Total Expenses	779,449	681	13,738,185	71,025,651	(14,119,391)	56,906,260	8,950,452	65,856,712
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	359,953	22,207	(2,688,647)	6,832,433	-	6,832,433	(1,810,482)	5,021,951
11030	Beginning Equity	841,816	-	(6,662,431)	194,726,743	-	194,726,743	37,728,952	232,455,695
11040	Prior Period Adjustments	-	-	-	-	-	-	-	-
11040	Equity Transfers	-	-	-	-	-	-	-	-



HOUSING AUTHORITY OF THE CITY
OF SANTA BARBARA

HUD-50075-MTW
CA076

MOVING TO WORK SUPPLEMENT
FYE 2025

PHA Name : Housing Authority Of The City Of Santa Barbara

PHA Code : CA076

MTW Supplement for PHA Fiscal Year Beginning : (MM/DD/YYYY): 4/1/2024

PHA Program Type: Housing Choice Voucher (HCV) only

MTW Cohort Number: Landlord Incentives

MTW Supplement Submission Type: Annual Submission

B. MTW Supplement Narrative.

The fiscal flexibility allowed by Moving to Work allows HACSB to collaborate with landlords and property owners to create Section 8 program enhancements to augment landlord and property owner participation and retention in the program. HACSB's continuing goal is to increase housing choice for Section 8 Housing Choice Voucher recipients.

HACSB will continue to focus MTW implementation on meeting the MTW statutory objective to increase housing choices for low-income families through extensive landlord incentives. The focus will be on monetary incentives and on-going educational opportunities for property owners and managers. Signing bonuses, vacancy payments, mitigation funds, education legal workshops, increased program marketing and a constant focus on providing great customer service will be the focus of year one. Inventory continues to be limited and rents very high, so increased monetary incentives will increase owner participation and housing choices for program participants.

HACSB will continue to engage with all stockholders to evaluate and create additional incentives and program modifications.

C. The policies that the MTW agency is using or has used (currently implement, plan to implement in the submission year, plan to discontinue, previously discontinued).

1. Tenant Rent Policies	
b. Tiered Rent (HCV)	Not Currently Implemented
d. Stepped Rent (HCV)	Not Currently Implemented
f. Minimum Rent (HCV)	Not Currently Implemented
h. Total Tenant Payment as a Percentage of Gross Income (HCV)	Not Currently Implemented
j. Alternative Utility Allowance (HCV)	Not Currently Implemented
l. Fixed Subsidy (HCV)	Not Currently Implemented
n. Utility Reimbursements (HCV)	Currently Implementing
o. Initial Rent Burden (HCV)	Not Currently Implemented
q. Imputed Income (HCV)	Not Currently Implemented
s. Elimination of Deduction(s) (HCV)	Not Currently Implemented
u. Standard Deductions (HCV)	Currently Implementing
w. Alternative Income Inclusions/Exclusions (HCV)	Not Currently Implemented
2. Payment Standards and Rent Reasonableness	
a. Payment Standards- Small Area Fair Market Rents (HCV)	Not Currently Implemented
b. Payment Standards- Fair Market Rents (HCV)	Currently Implementing
c. Rent Reasonableness – Process (HCV)	Not Currently Implemented
d. Rent Reasonableness – Third-Party Requirement (HCV)	Not Currently Implemented
3. Reexaminations	
b. Alternative Reexamination Schedule for Households (HCV)	Not Currently Implemented
d. Self-Certification of Assets (HCV)	Not Currently Implemented
4. Landlord Leasing Incentives	
a. Vacancy Loss (HCV-Tenant-based Assistance)	Currently Implementing
b. Damage Claims (HCV-Tenant-based Assistance)	Currently Implementing
c. Other Landlord Incentives (HCV- Tenant-based Assistance)	Currently Implementing
5. Housing Quality Standards (HQS)	
a. Pre-Qualifying Unit Inspections (HCV)	Currently Implementing
b. Reasonable Penalty Payments for Landlords (HCV)	Not Currently Implemented
c. Third-Party Requirement (HCV)	Not Currently Implemented
d. Alternative Inspection Schedule (HCV)	Not Currently Implemented
6. Short-Term Assistance	
7. Term-Limited Assistance	
b. Term-Limited Assistance (HCV)	Not Currently Implemented
8. Increase Elderly Age (PH & HCV)	
Increase Elderly Age (PH & HCV)	Not Currently Implemented
9. Project-Based Voucher Program Flexibilities	
a. Increase PBV Program Cap (HCV)	Currently Implementing
b. Increase PBV Project Cap (HCV)	Currently Implementing
c. Elimination of PBV Selection Process for PHA-owned Projects Without Improvement, Development, or Replacement (HCV)	Currently Implementing
d. Alternative PBV Selection Process (HCV)	Not Currently Implemented
e. Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)	Not Currently Implemented
f. Increase PBV HAP Contract Length (HCV)	Not Currently Implemented
g. Increase PBV Rent to Owner (HCV)	Not Currently Implemented
h. Limit Portability for PBV Units (HCV)	Not Currently Implemented
10. Family Self-Sufficiency Program with MTW Flexibility	
a.HCV Waive Operating a Required FSS Program (HCV)	Not Currently Implemented
b. HCV Alternative Structure for Establishing Program Coordinating Committee (HCV)	Not Currently Implemented

c.HCV Alternative Family Selection Procedures (HCV)	Not Currently Implemented
d.HCV Modify or Eliminate the Contract of Participation (HCV)	Not Currently Implemented
e.HCV Policies for Addressing Increases in Family Income (HCV)	Not Currently Implemented
11. MTW Self-Sufficiency Program	
a.HCV Alternative Family Selection Procedures (HCV)	Not Currently Implemented
b.HCV Policies for Addressing Increases in Family Income (HCV)	Not Currently Implemented
12. Work Requirement	
b. Work Requirement (HCV)	Not Currently Implemented
13. Use of Public Housing as an Incentive for Economic Progress (PH)	
14. Moving on Policy	
a. Waive Initial HQS Inspection Requirement (HCV)	Not Currently Implemented
b.HCV Allow Income Calculations from Partner Agencies (HCV)	Not Currently Implemented
c.HCV Aligning Tenant Rents and Utility Payments Between Partner Agencies (HCV)	Not Currently Implemented
15. Acquisition without Prior HUD Approval (PH)	
16. Deconcentration of Poverty in Public Housing Policy (PH)	
17. Local, Non-Traditional Activities	
a. Rental Subsidy Programs	Not Currently Implemented
b. Service Provision	Not Currently Implemented
c. Housing Development Programs	Not Currently Implemented

C. MTW Activities Plan that Housing Authority Of The City Of Santa Barbara Plans to Implement in the Submission Year or Is Currently Implementing

1.n. - Utility Reimbursements (HCV)
<p>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</p> <p>HACSB eliminated the utility allowance reimbursement payments to households. Utility allowance reimbursements were issued infrequently, and reimbursement checks would often go uncashed. To reduce cost and the administrative burden of issuing these payments HACSB will eliminate this practice.</p>
<p>Which of the MTW statutory objectives does this MTW activity serve?</p> <p>Cost effectiveness</p>
<p>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</p> <p>Decreased expenditures</p>
<p>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</p> <p>The MTW activity applies to all assisted households</p>
<p>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</p> <p>The elimination of utility allowance reimbursement has reduced the administrative burden of tracking uncashed checks and resulted in decreased expenditures. There were 14 families who have ceased receiving reimbursement checks.</p>

1.u. - Standard Deductions (HCV)

<p>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</p> <p>HACSB implemented an increased standard deduction for both its elderly and disabled families as well as an increased allowance for dependents. HACSB replaced itemized medical deductions with a standard deduction of \$1,000 per eligible elderly or disabled household. This resulted in an increase of approximately \$30,000 per year in Housing Assistance Payments per year which translated to a \$15 average reduced monthly total tenant payment. This change has been cost neutral as the staff hours spent in the collection and verification of reported medical expenses decreased significantly, equating to approximately \$25,000 per year in salary savings. Replacing itemized deductions with a larger standard deduction meets the MTW goal of cost effectiveness as staff time, photocopy costs and postage costs are all reduced.</p>
<p>Which of the MTW statutory objectives does this MTW activity serve?</p> <p>Cost effectiveness</p>
<p>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</p> <p>Neutral (no cost implications); Decreased revenue</p>
<p>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</p> <p>The MTW activity applies only to a subset or subsets of assisted households</p>
<p>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</p> <p>New admissions and currently assisted households</p>
<p>Does the MTW activity apply to all family types or only to selected family types?</p> <p>The MTW activity applies only to selected family types</p>
<p>Please select the family types subject to this MTW activity.</p> <p>Elderly families; Disabled families (to the extent those families are not exempt via a reasonable accommodation)</p>
<p>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</p> <p>The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers</p>
<p>Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.</p> <p>This activity applies to all HCV tenant-based vouchers as well as project-based vouchers where the family qualifies as an elderly or disabled family.</p>
<p>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</p> <p>The vast majority of elderly or disabled households, 85%, saw a \$15 monthly reduction in rent portion.</p> <p>The change has been cost neutral as the staff hours spent in the collection and verification of reported medical expenses decreased significantly, equating to approximately \$25,000 per year in salary savings, where the increased Housing Assistance Payments annually are approximately \$30,000. It has proven to be cost effective, saving staff time as well as direct office related costs.</p>
<p>Does this MTW activity require a hardship policy?</p> <p>Yes</p>

This document is attached.
Does the hardship policy apply to more than this MTW activity? No
Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement? No
How many hardship requests have been received associated with this activity in the past year? 5.00 How many hardship requests were approved? 3 How many hardship requests were denied? 2 How many are pending? 0
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described? No
Does the MTW activity require an impact analysis? Yes This document is attached.
Does the impact analysis apply to more than this MTW activity? No
How much will the single standard deduction be in the Fiscal Year? \$1,000

2.b. - Payment Standards- Fair Market Rents (HCV)
Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative HACSB will adopt a payment standard that is 80-120% of the Fair Market Rents (FMR). Payment standards will be reviewed annually at publication of a new FMR, at periodically thereafter if deemed necessary. Greater agency control of Payment Standards allows for standards that are more reflective of the local jurisdiction and allows for voucher participants to have greater access to available units.
Which of the MTW statutory objectives does this MTW activity serve? Housing choice
What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today. Increased expenditures

<p>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</p> <p>The MTW activity applies to all assisted households</p>
<p>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</p> <p>Published Fair Market Rents for HACSB's local jurisdiction are not reflective of the local market. Currently HACSB has approved payments standards at 110% of FMR and are submitting a reevaluation of FMR request to HUD. Once new FMR's are published HACSB will review and adopt payment standards within our allowable 80-120% range.</p>
<p>Does this MTW activity require a hardship policy?</p> <p>Yes</p> <p>This document is attached.</p>
<p>Does the hardship policy apply to more than this MTW activity?</p> <p>No</p>
<p>Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?</p> <p>No</p>
<p>How many hardship requests have been received associated with this activity in the past year?</p> <p>No hardship were requested in the most recent fiscal year.</p>
<p>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</p> <p>No</p>
<p>Does the MTW activity require an impact analysis?</p> <p>Provided Already</p>
<p>Please explain the payment standards by FMR:</p> <p>HACSB will establish payment standards between 80-120% of the FMR</p>

<p>4.a. - Vacancy Loss (HCV-Tenant-based Assistance)</p>
<p>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</p> <p>HACSB will pay vacancy loss when a unit assisted under the HCV program is re-rented through the Section 8 program. Vacancy loss will be paid for a maximum of 30-days/1 full month. Payment will be sent to Landlord once the HAP contract has been executed. All efforts made to lease a unit, including but not limited to, advertisements, notification to HACSB of an available unit, turnover timeline with workorders or invoices, will be required when deciding as to number of vacancy days paid. Vacancy loss will only be paid when the new tenant is a Section 8 assisted as was the immediate prior tenancy.</p>
<p>Which of the MTW statutory objectives does this MTW activity serve?</p> <p>Housing choice</p>
<p>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</p> <p>Increased expenditures</p>

<p>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</p> <p>The MTW activity applies only to a subset or subsets of assisted households</p>
<p>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</p> <p>New admissions and currently assisted households</p>
<p>Does the MTW activity apply to all family types or only to selected family types?</p> <p>The MTW activity applies to all family types</p>
<p>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</p> <p>The MTW activity applies to all tenant-based units</p>
<p>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</p> <p>The processing of paying vacancy loss has not changed since initial implementation. HACSB has only fulfilled requests for vacancy payments 4 times since implementation. The ability to offer the financial incentive however, garners attention from property owners and in turn allows the conversation about Section 8 and it benefits to begin. Increasing the list of potential financial incentives is a benefit to voucher participants as landlords are more likely to participate when they feel as though they are financially protected.</p>
<p>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</p> <p>No</p>
<p>Does this policy apply to certain types of units or to all units all HCV units or only certain types of units (for example, accessible units, units in a low-poverty neighborhood, or units/landlords new to the HCV program?)</p> <p>Certain types of units only</p>
<p>What is the maximum payment that can be made to a landlord under this policy?</p> <p>\$3,500- or 1-months contract rent whichever is lower.</p>
<p>How many payments were issued under this policy in the most recently completed PHA fiscal year?</p> <p>4</p>
<p>What is the total dollar value of payments issued under this policy in the most recently completed PHA fiscal year?</p> <p>\$3,202</p>

<p>4.b. - Damage Claims (HCV-Tenant-based Assistance)</p>
<p>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</p> <p>Damage mitigation funds can be used to pay a landlord for tenant-caused damages beyond normal wear and tear, unpaid rent, and related court costs more than the tenant's security deposit. Payment is made to a landlord only upon the execution of a subsequent HAP contract. The maximum amount payable under damage claims is the lesser of \$3,000 or the actual cost associated with the vacancy turnover of the subsidized unit. Allowing for damage mitigation funds will increase landlord retention and increase housing inventory. All amounts paid would be amounts above and beyond what is covered by a tenants security deposit.</p>
<p>Which of the MTW statutory objectives does this MTW activity serve?</p>

Housing choice
What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today. Neutral (no cost implications)
Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households? The MTW activity applies to all assisted households
Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation. The damage mitigation funds will continue to the following year unchanged. Much like vacancy payments, money is rarely paid out, however, knowing that it is an available option to property owners, provided them more confidence in leasing units to voucher holders.
Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described? No
Does this policy apply to certain types of units or to all units all HCV units or only certain types of units (for example, accessible units, units in a low-poverty neighborhood, or units/landlords new to the HCV program? Certain types of units only
What is the maximum payment that can be made to a landlord under this policy? \$3,000. the maximum payment made is the lessor of \$3,000 or the actual cost of vacancy turnover after the tenant security deposit has been applied.
How many payments were issued under this policy in the most recently completed PHA fiscal year? 2
What is the total dollar value of payments issued under this policy in the most recently completed PHA fiscal year? \$4,500

4.c. - Other Landlord Incentives (HCV- Tenant-based Assistance)
Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative As these activities are implemented to increase landlord participation in the program, units that are required to house voucher holders such as Project-Based Voucher units, ones with a regulatory agreement on the units, Tax Credit units, or ones owned by the Housing Authority are not included in these activity. This activity allows the HACSB to pay the landlord an incentive to lease up a Housing Choice Voucher (HCV) program participant. The HACSB would offer an array of incentives, but the total incentive paid to one landlord could not exceed more than one month of the contract rent of the unit and would be paid at the time of HAP execution. The continuing incentives are: a) New landlord bonus: HASCB will pay an incentive of up to \$1000 for new HCV participating landlords. b)Referral bonus: A \$250 monetary incentive to any person referring a new landlord to the HACSB's HCV program which results in the lease up of a Section 8 participant. Section 8 participants would not be eligible.

c)Apartment Repair Program: HACSB can provide loans to landlords to help pay for repairs to quickly bring a unit up to HQS standards. The loan would then be repaid over a period of 6 or 12 months with automatic deductions from HAP payments. Loan amounts will be granted up to the lessor of \$2,500 or one-months contract rent. A quote from a qualified contractor or itemized estimate from the landlord is required for loan approval.

d) Subsidized Membership to Santa Barbara Rental Property Association (SBRPA): HACSB will pay a portion of the initial fees for the first year of membership for participating landlords for SBRPA fees. Landlords will gain access to SBRPA legal documents, information on new and existing tenant laws and an attorney. This access makes for generally better-informed landlords who follow rules and regulations and need less guidance from agency staff which ultimately is less of a financial and resource drain on the agency. Membership subsidy will be in the amount of a time \$100 per landlord.

Which of the MTW statutory objectives does this MTW activity serve?

Cost effectiveness

What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.

Increased expenditures

Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?

The MTW activity applies only to a subset or subsets of assisted households

Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?

New admissions and currently assisted households

Does the MTW activity apply to all family types or only to selected family types?

The MTW activity applies to all family types

Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?

The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers

Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.

Does not apply to PHA owned, LIHTC units, units with regulatory agreements, or Project-Based Voucher units.

Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.

There has been significant interest in the Santa Barbara Rental Property Association membership. We will continue this as well as the other listed incentives.

Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?

No

Does this policy apply to certain types of units or to all units all HCV units or only certain types of units (for example, accessible units, units in a low-poverty neighborhood, or units/landlords new to the HCV program?)

Certain types of units only

What is the maximum payment that can be made to a landlord under this policy?

\$1,000- or 1-month's rent, whichever is less is the maximum for referral or new landlord bonuses. Repayable loans will be the lessor of the actual cost of the service, \$2,500 or one-month's rent. Subsidized Santa Barbara Rental

Property Association membership will be \$100 per landlord.

How many payments were issued under this policy in the most recently completed PHA fiscal year?

114

What is the total dollar value of payments issued under this policy in the most recently completed PHA fiscal year?

\$24,900

5.a. - Pre-Qualifying Unit Inspections (HCV)

Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative

Initial inspections of units can be conducted up to 90 days prior to unit lease-up to help incentivize landlords to participate in the program and avoid delays in leasing. Participants or landlords can request a special (interim) inspection at any time.

Which of the MTW statutory objectives does this MTW activity serve?

Housing choice

What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.

Neutral (no cost implications)

Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?

The MTW activity applies to all assisted households

Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.

Landlord recruitment continues to improve. Ability to conduct inspections prior to lease-up avoids lease up delays/decreased rental payments to landlords. The ability of the landlord to be able to submit for special inspections also assists with their ability to properly manage and enforce lease and program obligations.

Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?

No

How long is the pre-inspection valid for?

The pre-inspection is valid for 90 days.

9.a. - Increase PBV Program Cap (HCV)

Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative

There is a large community need for long term affordable housing. While HCV units are a great option for qualified households, project-basing ensures affordability for a much longer duration. HCV clients experience increased rent

portions as the result of property owner issued rent increases. PBV households do not absorb owner increases allowing tenant rent portions to remain affordable. By project-basing additional vouchers, long-term and affordable housing is secured for additional members of the community.

Which of the MTW statutory objectives does this MTW activity serve?

Housing choice

What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.

Neutral (no cost implications)

Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?

The MTW activity applies to all assisted households

Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.

HACSB has entered into 2 PBV agreements to enter into Housing Assistance Payments Contracts this past year which will create 54 additional affordable housing units.

Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?

No

What percentage of total authorized HCV units will be authorized for project-basing?

50.00%

9.b. - Increase PBV Project Cap (HCV)

Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative

Allows more than 25 unit or 25% of the units at a particular complex to receive project-based voucher assistance. HACSB implemented this activity to allow for up to 100% of a project to receive voucher assistance. This allows for developers of both small and large projects to attach sufficient project-based voucher to a property to make it financially feasible all while increasing housing opportunities for families.

Which of the MTW statutory objectives does this MTW activity serve?

Housing choice

What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.

Neutral (no cost implications)

Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?

The MTW activity applies to all assisted households

Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.

HACSB has entered into two AHAP's. One for 100% of a property. This will secure affordable housing for 47 units of

much needed family housing.

Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?

No

9.c. - Elimination of PBV Selection Process for PHA-owned Projects Without Improvement, Development, or Replacement (HCV)

Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative

HACSB will be allowed to award project-based voucher units to properties owned by HACSB, or a single-asset entity of HACSB without engaging in a competitive selection process. HACSB must currently engage in an administratively burdensome process to project-based units that begins with publishing a Request for Proposals (RFP) to solicit applications for any interested property owner. This activity provides flexibility to award PBV vouchers to HACSB owned units with a simplified process of having a Subsidy Layering Review conducted and ensuring the property is compliant with site selection requirements.

Which of the MTW statutory objectives does this MTW activity serve?

Cost effectiveness; Housing choice

What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.

Decreased expenditures

Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?

The MTW activity applies to all assisted households

Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.

The flexibilities of this waiver have not yet been realized. HACSB has not yet sought to project-base units owned by HACSB or a single-asset entity of HACSB.

Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?

No

D.	Safe Harbor Waivers.
D.1	<p>Will the MTW agency submit request for approval of a Safe Harbor Waiver this year?</p> <p>No Safe Harbor Waivers are being requested.</p>

E.	Agency-Specific Waiver(s).
E.1	<p>Agency-Specific Waiver(s) for HUD Approval:</p> <p>The MTW demonstration program is intended to foster innovation and HUD encourages MTW agencies, in consultation with their residents and stakeholders, to be creative in their approach to solving affordable housing issues facing their local communities. For this reason, flexibilities beyond those provided for in Appendix I may be needed. Agency-Specific Waivers may be requested if an MTW agency wishes to implement additional activities, or waive a statutory and/or regulatory requirement not included in Appendix I.</p> <p>In order to pursue an Agency-Specific Waiver, an MTW agency must include an Agency-Specific Waiver request, an impact analysis, and a hardship policy (as applicable), and respond to all of the mandatory core questions as applicable.</p> <p>For each Agency-Specific Waiver(s) request, please upload supporting documentation, that includes: a) a full description of the activity, including what the agency is proposing to waive (i.e., statute, regulation, and/or Operations Notice), b) how the initiative achieves one or more of the 3 MTW statutory objectives, c) a description of which population groups and household types that will be impacted by this activity, d) any cost implications associated with the activity, e) an implementation timeline for the initiative, f) an impact analysis, g) a description of the hardship policy for the initiative, and h) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.</p> <p>Will the MTW agency submit a request for approval of an Agency-Specific Waiver this year?</p> <p>No Agency-Specific Waivers are being requested.</p>
E.2	<p>Agency-Specific Waiver(s) for which HUD Approval has been Received:</p> <p>Does the MTW agency have any approved Agency-Specific Waivers?</p> <p>MTW Agency does not have approved Agency-Specific Waivers</p>

F.	Public Housing Operating Subsidy Grant Reporting.
F.1	Total Public Housing Operating subsidy amount authorized, disbursed by 9/30, remaining, and deadline for disbursement, by Federal Fiscal Year for each year the PHA is designated an MTW agency.

Federal Fiscal Year (FFY)	Total Operating Subsidy Authorized Amount	How Much PHA Disbursed by the 9/30 Reporting Period	Remaining Not Yet Disbursed	Deadline
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G.	MTW Statutory Requirements.
G.1	<p>75% Very Low Income – Local, Non-Traditional.</p> <p>HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW agency are very low-income for MTW public housing units and MTW HCVs through HUD systems. The MTW PHA must provide data for the actual families housed upon admission during the PHA's most recently completed Fiscal Year for its Local, Non-Traditional program households.</p>
Income Level	Number of Local, Non-Traditional Households Admitted in the Fiscal Year*
80%-50% Area Median Income	4
49%-30% Area Median Income	14
Below 30% Area Median Income	79
Total Local, Non-Traditional Households	97

*Local, non-traditional income data must be provided in the MTW Supplement form until such time that it can be submitted in IMS-PIC or other HUD system.

G.2	Establishing Reasonable Rent Policy.
<p>Has the MTW agency established a rent reform policy to encourage employment and self-sufficiency? No</p> <p>Please describe the MTW agency's plans for its future rent reform activity and the implementation timeline. HACSB will continue to explore options for implementing an alternative reexamination schedule to triennial reexaminations. We will also continue to review interim reporting requirements. Pending HOTMA related changes have resulted in a pause in implementation of rent reform activities.</p>	

G.3	Substantially the Same (STS) – Local, Non-Traditional.
The total number of unit months that families were housed in a local, non-traditional rental subsidy for the prior full calendar year.	30,975 # of unit months
The total number of unit months that families were housed in a local, non-traditional housing development program for the prior full calendar year.	30,729 # of unit months

Number of units developed under the local, non-traditional housing development activity that were available for occupancy during the prior full calendar year:

PROPERTY NAME/ ADDRESS	0/1 BR	2 BR	3 BR	4 BR	5 BR	6+ BR	TOTAL UNITS	POPULATION TYPE*	if 'Population Type' is Other	# of Section 504 Accessible (Mobility)**	# of Section 504 Accessible (Hearing/ Vision)	Was this Property Made Available for Initial Occupancy during the Prior Full Calendar Year?	What was the Total Amount of MTW Funds Invested into the Property?
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G.4	Comparable Mix (by Family Size) – Local, Non-Traditional.
To demonstrate compliance with the statutory requirement to continue serving a 'comparable mix" of families by family size to that which would have been served without MTW, the MTW agency will provide the number of families occupying local, non-traditional units by household size for the most recently completed Fiscal Year in the provided table.	
Family Size:	Occupied Number of Local, Non-Traditional units by Household Size
1 Person	3,107
2 Person	1,488
3 Person	1,158
4 Person	1,068
5 Person	845
6+ Person	604
Totals	8,270

H.	Public Comment
Attached you will find a copy of all of the comments received and a description of how the agency analyzed the comments, as well as any decisions made based on those comments.	

I.	Evaluations.