



MEMO

To: Board of Commissioners
From: Carol Ventura
Date: June 17, 2021
Subject: FY 2022 Budget

Attached for your review and approval is the proposed fiscal year 2022 budget detailing projected revenues and expenses for the upcoming year.

The highlights in this year's budget are:

- Increase in Multi Family taxable preservation transactions due to continued low interest rates
- Increase in Homeownership loan production based on current year results.
- Administration of new Federal programs resulting in increases in operating expenses and staffing.

The proposed budget for FY22 projects bottom line Net Revenue of \$8.0 million. This is an increase over the prior year Net Revenue budget of \$7.7 million and a decrease from the anticipated actual Net Revenue for FY21 of \$10.9 million.

Net Interest Income (the spread between our mortgage rates and our borrowing rates) is the largest component of revenues and reflects a decrease from prior year budget. This is due to loans still in forbearance and the anticipated timeframe to reinstate mortgage payments. Single family production is estimated at \$400 million with half funded through tax-exempt bond financing and half through the TBA market. This results in higher current year earnings reflected in the Gain on Sale of Loans.

Fee income reflects a \$9.1 million increase relating to administration of new Federal programs for rental and mortgage assistance. These fees are reimbursement for the increase in operating expenses of staffing and administration for these programs.

The budget includes an increase in the provision for loan losses of \$3 million relating to loans in forbearance and delinquent loans. Although the majority of our loans are insured, we believe there will be some ancillary losses for customers who will not be able to reinstate mortgage payments.



We continue to fund critical housing programs that include increasing digital equity/broadband service for low income Rhode Islanders, expanding our downpayment assistance program to more borrowers, and creating a reserve for first-time homeowners to assist with unexpected emergencies.

A large focus of the upcoming year will be the administration of new Federal grant programs for Emergency Rental Assistance and Homeowner Mortgage Assistance. The budget reflects increased staffing, and operating expenses to manage these programs. Our traditional operating expenses reflect a slight increase as we open back up to the public and resume full activities and full capacity within our buildings.

**RIHousing
Program Budget FY22**

	<u>Budget 2021</u>	<u>Forecast 2021</u>	<u>Budget 2022</u>	<u>2022 Budget vs. 2021 Budget</u>	
Preventing Homelessness					
State Rental Assistance and Operating Subsidies	215,000	227,523	215,000	-	0.0%
Road Home Rental Assistance	1,100,000	1,110,260	1,000,000	(100,000)	-9.1%
Home Safe	500,000	600,000	200,000	(300,000)	-60.0%
Neighborhood Opportunities Program	200,000	208,000	200,000	-	0.0%
"New Lease" Program	50,000	-	50,000	-	0.0%
	<u>2,065,000</u>	<u>2,145,783</u>	<u>1,665,000</u>	<u>(400,000)</u>	<u>-19.4%</u>
Support for Community Development Activities					
LISC NDF	300,000	300,000	300,000	-	0.0%
	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>0.0%</u>
Community Support Programs					
Digital Equity Initiative	250,000	250,000	450,000	200,000	80.0%
Community Development and Housing Program	500,000	484,781	570,000	70,000	14.0%
	<u>750,000</u>	<u>734,781</u>	<u>1,020,000</u>	<u>270,000</u>	<u>36.0%</u>
Homeownership					
Homeownership Reserve Program	500,000	500,000	-	(500,000)	-100.0%
Down Payment Assistance	-	-	1,125,000	1,125,000	100.0%
	<u>500,000</u>	<u>500,000</u>	<u>1,125,000</u>	<u>625,000</u>	<u>125.0%</u>
MultiFamily					
Zero Energy for Ocean State (ZEOS)	750,000	-	500,000	(250,000)	-33.3%
	<u>750,000</u>	<u>-</u>	<u>500,000</u>	<u>(250,000)</u>	<u>-33.3%</u>
Total Programs	<u>\$ 4,365,000</u>	<u>\$ 3,680,564</u>	<u>\$ 4,610,000</u>	<u>\$ 245,000</u>	<u>5.6%</u>



2022 Program Budget Descriptions

Preventing Homelessness

State Rental Assistance and Operating Subsidies: Rental assistance payments on behalf of residents of developments with prior commitments from the State of Rhode Island. Operating subsidies is the difference between tax credit rents and PHA rents for Sutterfield Apartments.

RoadHome: Rental assistance to house homeless families and individuals.

HomeSafe: Funding to assist individuals and families experiencing a housing crisis.

Neighborhood Opportunities Program: Operating subsidies for developments that provide discounted rents to tenants with very low income and/or special needs. Previously funded by the State.

New Lease Program: Funding for the launch of New Lease for Homeless Families in Rhode Island.

Support for Community Development Activities

LISC/NDF: Funding for the LISC Neighborhood Development Fund which provides assistance to Community Development Corporations.

Community Support Programs

Digital Equity Initiative: Funding for research and implementation of programs to increase digital equity for low income Rhode Islanders.

Community Development and Housing Program: Technical support for management agents, funding for community development projects that support RIHousing funded developments, and financial and budgeting counseling for first-time homeowners.

Homeownership

Homeownership Reserve Program: Reserve fund for eligible first-time homeowners to avoid mortgage delinquency during a temporary short-term event.

Downpayment Assistance: Funding for \$10K Downpayment Assistance program for first time homebuyers not funded through mortgage revenue bonds.

Multifamily

Zero Energy for Ocean State (ZEOS): Pilot program to promote cost effective energy conservation in buildings and housing units in coordination with the RI Office of Energy Resources

RIHousing
Revenue and Expenses
(\$'s in thousands)

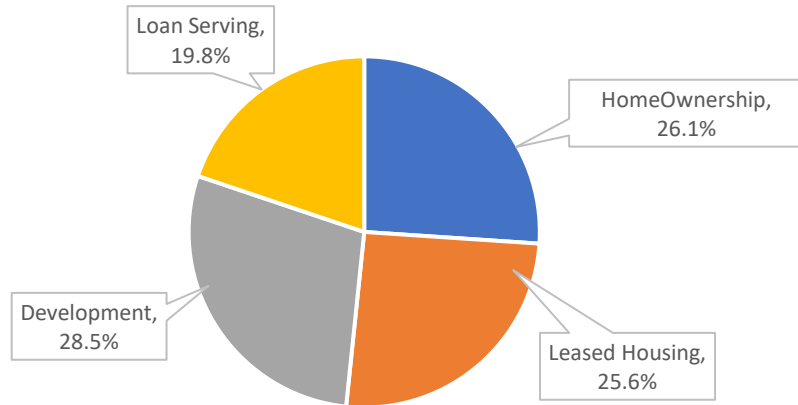
	Budget 2021	Forecast 2021	Budget 2022	2022 Budget vs. 2021 Budget		2022 Budget vs. 2021 Forecast		Comments Below
				\$	%	\$	%	
Net Interest Income (includes other bond related costs)	\$ 29,300	\$ 28,022	\$ 27,681	\$ (1,619)	-6%	\$ (341)	-1%	1
Fee Income	19,480	20,253	29,686	10,206	52%	9,433	47%	2
Gain on Sale of Loans	3,478	5,373	6,506	3,028	87%	1,133	21%	3
Sub Total Revenue	52,257	53,649	63,873	11,616	22%	10,224	19%	
Loan Losses and Expenses	(3,000)	(3,200)	(3,000)	-	0%	200	-6%	4
Programmatic Expenses	(4,365)	(3,681)	(4,610)	(245)	6%	(929)	25%	5
Operating Expenses	(37,229)	(35,779)	(48,238)	(11,009)	30%	(12,459)	35%	6
Net Revenue	\$ 7,663	\$ 10,989	\$ 8,025	\$ 362	5%	\$ (2,964)	-27%	

- 1 Decrease related to loans in forbearance
- 2 Increase due to new Federal Grant programs
- 3 Increase due to additional Single family loan production and sale in the TBA market
- 4 Allowance is anticipated to be adequate for increase in delinquencies
- 5 Consistent program funding
- 6 Increase due to new Federal Grant Programs, merit increase and continued investment in technology

FY 2022

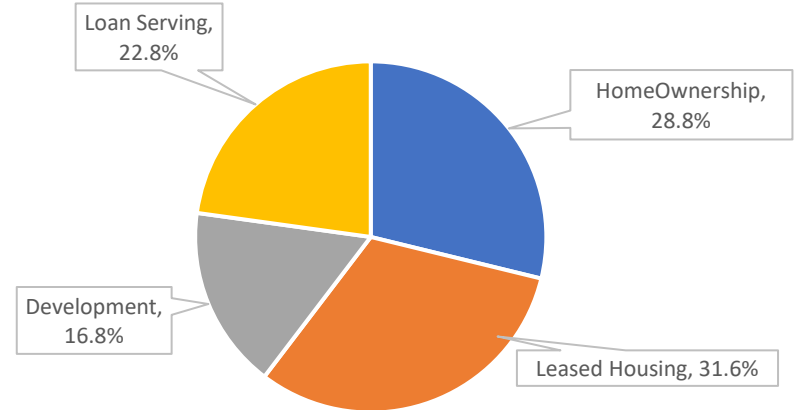
Revenue/Expense by Division

Total Revenue



■ HomeOwnership ■ Leased Housing ■ Development ■ Loan Serving

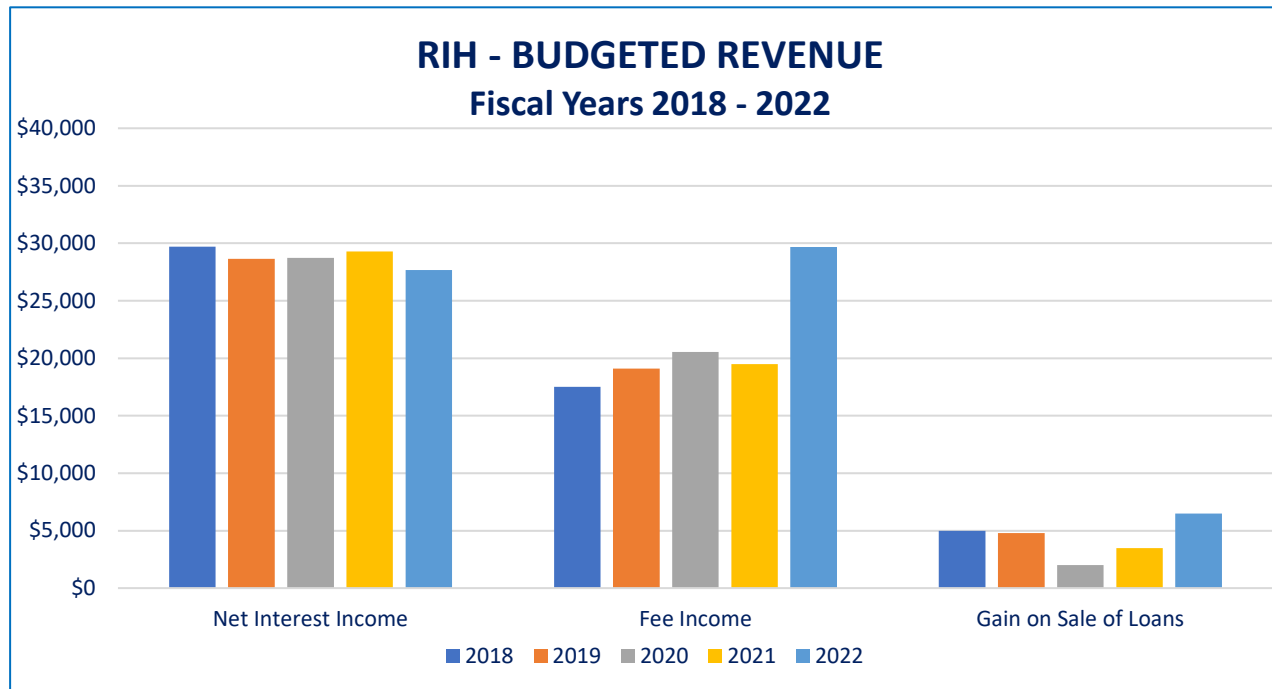
Total Expense



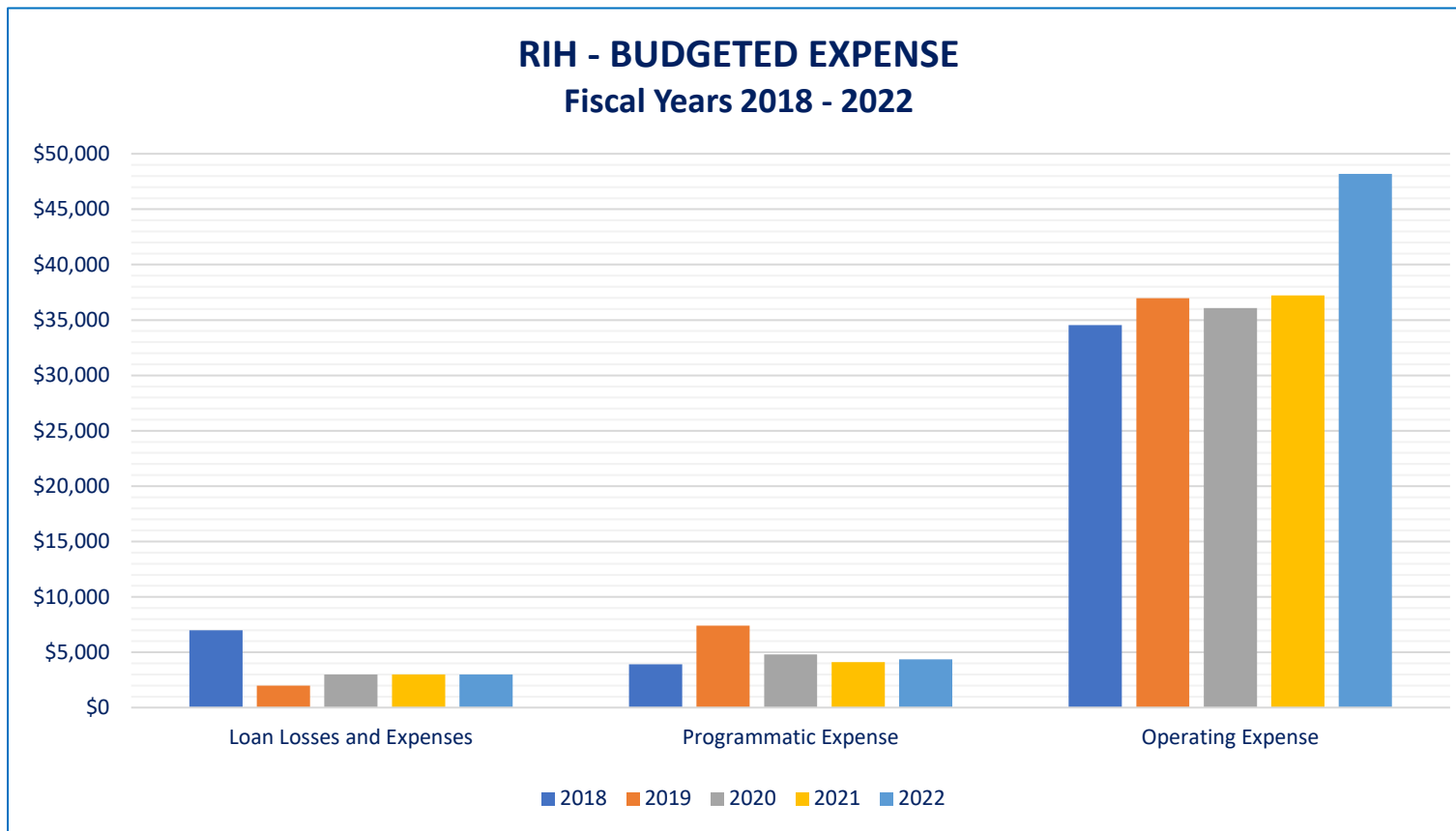
■ HomeOwnership ■ Leased Housing ■ Development ■ Loan Serving



Budgeted Revenue



Budgeted Expense



RIHousing 2022 Operating Expenses

Budget Year:	Budget 2021	Forecast Actual 2021	Budget 2022	2022 Budget vs. 2021 Budget		2022 Budget vs. 2021 Forecast	
				\$ Incr (decr)	% incr (decr)	\$ Incr (decr)	% incr (decr)
8201.01 -- Salary	16,432,130	16,206,994	18,198,862	1,766,732	10.75%	1,991,868	12.29%
8202 -- Employee Retirement Plan Exp	1,630,566	1,601,762	1,843,133	212,567	13.04%	241,371	15.07%
8205 -- Temporary Help	100,100	242,143	606,420	506,320	505.81%	364,277	150.44%
8206 -- Payroll Taxes	1,257,080	1,210,491	1,420,625	163,545	13.01%	210,135	17.36%
8207 -- Unemployment Benefits	276,000	130,191	200,000	(76,000)	-27.54%	69,810	53.62%
8208 -- Overtime	46,000	57,422	23,500	(22,500)	-48.91%	(33,922)	-59.07%
8209 -- Medical/Dental Benefits	3,170,742	3,108,862	3,941,843	771,101	24.32%	832,981	26.79%
8210 -- Employee Insurance Benefits	177,735	155,435	179,026	1,291	0.73%	23,591	15.18%
8211 -- Employee Benefit Rebates	57,600	27,508	19,000	(38,600)	-67.01%	(8,508)	-30.93%
8212 -- Employee Education Expense	40,000	33,749	40,000	-	0.00%	6,251	18.52%
8213 -- Employee Transportation Exp	300,352	299,567	396,600	96,248	32.05%	97,033	32.39%
8214 -- Post retirement benefits Exp	724,000	830,000	832,000	108,000	14.92%	2,000	0.24%
8215 -- Commission Expense	105,600	89,750	114,960	9,360	8.86%	25,210	28.09%
8216 -- Severance	83,000	67,192	70,000	(13,000)	-15.66%	2,808	4.18%
Personnel Services	24,400,905	24,061,066	27,885,969	3,485,064	14.28%	3,824,904	15.90%
8301 -- Trustee/Bank Fees	390,800	440,893	400,013	9,213	2.36%	(40,880)	-9.27%
8302 -- Consulting Services	1,226,944	778,017	1,010,750	(216,194)	-17.62%	232,733	29.91%
8303 -- Legal: Services and Other	400,000	292,302	485,000	85,000	21.25%	192,698	65.92%
8304 -- Accounting & Auditing	275,475	248,792	283,342	7,867	2.86%	34,550	13.89%
8305 -- Appraisals/Inspect/Title, etc	101,695	48,453	79,899	(21,796)	-21.43%	31,446	64.90%
8308 -- State Reportable Bus Exp.	24,225	6,911	23,375	(850)	-3.51%	16,464	238.22%
8309 -- Office Premises/Maintenance	290,000	236,773	290,000	-	0.00%	53,227	22.48%
8310 -- Dues/Membership	133,800	68,384	116,293	(17,507)	-13.08%	47,909	70.06%
8311 -- Publications/Subscriptions	100,825	91,962	118,616	17,791	17.65%	26,654	28.98%
8312 -- Seminars/Conferences	108,639	79,081	142,606	33,967	31.27%	63,525	80.33%
8313 -- Utilities	181,300	161,747	175,100	(6,200)	-3.42%	13,353	8.26%
8315 -- Storage Rent/Deposit Boxes	73,290	59,433	66,000	(7,290)	-9.95%	6,567	11.05%
8316 -- Telecommunications	207,271	234,069	252,584	45,313	21.86%	18,515	7.91%
8318 -- Automobile Expenses	28,690	13,876	38,973	10,283	35.84%	25,097	180.86%
8319 -- Postage/Express Mailings	175,385	142,409	148,128	(27,257)	-15.54%	5,719	4.02%
8320 -- Advertising, Promotions, etc.	233,050	239,079	222,051	(10,999)	-4.72%	(17,028)	-7.12%
8321 -- Printing/Binding	163,700	271,464	239,771	76,071	46.47%	(31,693)	-11.67%
8322 -- Corporate Insurance Policies	320,150	311,492	351,850	31,700	9.90%	40,358	12.96%
8323 -- Equipment Rental/Maintenance	339,500	420,008	326,500	(13,000)	-3.83%	(93,508)	-22.26%
8324 -- IT Expenses	711,800	718,834	561,072	(150,728)	-21.18%	(157,762)	-21.95%
8326 -- Office Supplies	65,100	31,200	124,496	59,396	91.24%	93,296	299.03%
8327 -- Vending/Lunchroom Supplies	31,000	15,717	31,000	-	0.00%	15,283	97.23%
8328 -- Building and IT Security	192,469	94,381	178,160	(14,308)	-7.43%	83,779	88.77%
8332 -- Public Outreach	106,150	60,775	98,350	(7,800)	-7.35%	37,575	61.83%
8338 -- Homebuyer Education Expense	(30,000)	(23,288)	(18,263)	11,737	-39.12%	5,024	-21.58%
8342 -- Scholarship/Fellowship Cost	10,000	10,000	10,000	-	0.00%	-	0.00%
8343 -- Data Support Services	47,000	76,444	242,056	195,056	415.01%	165,612	216.65%
8345 -- Brochures - Collateral	950	238	713	(237)	-24.95%	476	200.21%
8346 -- Marketing - Positioning	75,000	29,282	135,000	60,000	80.00%	105,718	361.03%
8347 -- Promotional Items	46,525	43,983	95,579	49,054	105.44%	51,596	117.31%
8351 -- Training	120,100	45,230	155,104	35,004	29.15%	109,874	242.92%
8352 -- Hiring Expenses	61,200	69,124	61,920	720	1.18%	(7,204)	-10.42%
8353 -- Outside Services	1,354,500	1,286,951	7,388,625	6,034,125	445.49%	6,101,674	474.12%
8354 -- Loan Servicing LPS	958,500	1,065,555	1,063,800	105,300	10.99%	(1,755)	-0.16%
8355 -- Monthly Statements	333,000	379,186	376,050	43,050	12.93%	(3,136)	-0.83%
8357 -- Employee Relations	26,360	26,392	34,840	8,480	32.17%	8,448	32.01%
8359 -- Credit Reports- HO	63,800	80,800	64,027	227	0.36%	(16,773)	-20.76%
8362 -- Photography/Videos	100,000	83,315	100,000	(0)	0.00%	16,685	20.03%
8364 -- Travel Expenses	97,975	5,348	104,958	6,983	7.13%	99,610	1862.44%
8365 -- Meals	13,990	808	18,243	4,253	30.40%	17,436	2159.20%
8366 -- Software	1,622,205	1,192,153	2,396,484	774,279	47.73%	1,204,331	101.02%

RIHousing 2022 Operating Expenses

Budget Year:	Budget 2021	Forecast Actual 2021	Budget 2022	2022 Budget vs. 2021 Budget		2022 Budget vs. 2021 Forecast	
				\$ Incr (decr)	% incr (decr)	\$ Incr (decr)	% incr (decr)
8413 -- State Hsg. Appeals Board	36,000	51,502	36,000	-	0.00%	(15,502)	-30.10%
8454 -- Housing Locator Web Service	17,724	16,318	18,000	276	1.56%	1,683	10.31%
Administrative Costs	10,836,087	9,505,394	18,047,066	7,210,979	66.55%	8,541,672	89.86%
8712 -- Amort exp - adverse mkt fee	5,088	5,088	5,088	-	0.00%	-	0.00%
8721 -- Amortization-Furniture	78,332	72,953	70,000	(8,332)	-10.64%	(2,953)	-4.05%
8722 -- Amortization-Office Equipment		-		-	-	-	-
8723 -- Amortization-Computers	69,744	69,744	69,744	-	0.00%	-	0.00%
8724 -- Amortization-Office Premises	492,244	488,146	475,000	(17,244)	-3.50%	(13,146)	-2.69%
8731 -- Amortization-PMSR	688,632	776,652	820,000	131,368	19.08%	43,348	5.58%
8735 -- Amortization-Excess Serv.	657,852	800,270	865,000	207,148	31.49%	64,730	8.09%
Depr/Amort of Capital Disb.	1,991,892	2,212,853	2,304,832	312,940	15.71%	91,979	4.16%
Total Budget	37,228,884	35,779,312	48,237,867	11,008,983	29.57%	12,458,555	34.82%