



Housing
Authority of the City of Alameda

Budget Presentation
For FY 2020-2021

Board of Commissioners Meeting: June 24, 2020

Methodology

FY 2020-21 Budget

- In May 2020, the Board of Commissioners approved an abbreviated budget process due to current health situation
- Rental income budgeted per FY 2019-20 trend with no escalator
- Expenses adjusted for increased costs due to current health situation
- A complete update of personnel costs as these form 54% of the operating expense budget

FY 2020-21 Budget Highlights

(Attachment A)

	1	2	3	4	5	6	7	8	9
Housing Authority of the City of Alameda									
Attachment A: Summary FY2020-2021 Budget									
	A FY20-21 Budget	B FY19-20 Projected Actuals	C FY19-20 Budget	A - B (FY20-21 Budget versus FY19-20 Actuals)		B - C (FY20-21 Actuals versus FY19-20 Budget)		A - C (FY20-21 Budget versus FY19- 20 Budget)	
				\$	%	\$	%	\$	%
1 Rental Income	11,278,233	11,278,233	10,755,720	(0)	0%	522,513	5%	522,513	5%
2 Tax Increment Payment - City of Alameda for Independence Plaza	1,533,325	1,140,000	1,733,340	393,325	26%	(593,340)	-34%	(200,015)	-12%
3 Grant (Family Self-Sufficiency)	59,000	58,612	61,124	388	1%	(2,512)	-4%	(2,124)	-3%
4 HAP Administrative Fees	1,790,750	2,191,934	1,765,946	(401,185)	-22%	425,988	24%	24,804	1%
5 Other Income	2,364,860	2,771,060	2,688,669	(406,200)	-17%	82,391	3%	(323,809)	-12%
6 Operating Income	17,026,167	17,439,840	17,004,799	(413,672)	-2%	435,041	3%	21,368	0%
7 Administrative	3,282,634	2,040,287	2,593,942	1,242,347	38%	(553,655)	-21%	688,692	27%
8 Administrative - Salaries*	7,685,405	5,769,788	6,751,393	1,915,617	25%	(981,605)	-15%	934,012	14%
9 Tenant/Social Services	505,698	538,012	518,606	(32,314)	-6%	19,406	4%	(12,908)	-2%
10 Tenant/Social Services - Salaries*	293,881	306,578	280,255	(12,697)	-4%	26,323	9%	13,626	5%
11 Utilities	1,252,536	1,094,859	1,209,461	157,677	13%	(114,602)	-9%	43,075	4%
12 Maintenance	1,186,710	1,068,955	1,176,441	117,755	10%	(107,486)	-9%	10,269	1%
13 Maintenance - Salaries*	1,113,945	979,566	1,068,529	134,379	12%	(88,963)	-8%	45,416	4%
14 General/Other	1,507,401	1,212,259	1,492,428	295,142	20%	(280,169)	-19%	14,973	1%
15 Operating Expenses	16,828,209	13,010,304	15,091,055	3,817,905	23%	(2,080,751)	-14%	1,737,154	12%
16 CalPERS Contribution	-	1,000,000	-	(1,000,000)	N/A	1,000,000	N/A	-	N/A
17 Net Operating Income (Cash Flow)	197,958	3,429,536	1,913,744	(3,231,578)	-1632%	1,515,792	79%	(1,715,786)	-90%
18 HAP Income	32,297,697	31,333,698	30,144,267	963,999	3%	1,189,431	4%	2,153,430	7%
19 HAP Expenses	32,297,697	31,333,698	30,144,267	963,999	3%	1,189,431	4%	2,153,430	7%
20 Net Housing Assistance Payments	-	-	-	-	N/A	-	N/A	-	N/A
21 Net Income Before Depreciation	197,958	3,429,536	1,913,744	(3,231,578)	-1632%	1,515,792	79%	(1,715,786)	-90%
22 Less: Depreciation	1,673,426	1,673,426	1,381,964	-	0%	291,462	21%	291,462	21%
23 Net Income After Depreciation	(1,475,468)	1,756,110	531,780	(3,231,578)	219%	1,224,330	230%	(2,007,248)	-377%
24 Total Salaries (Sum of*)	9,093,231	7,055,931	8,100,177	2,037,299	22%	(1,044,246)	-13%	993,054	12%
25 Total Income	49,323,864	48,773,538	47,149,066	550,327	1%	1,624,472	3%	2,174,798	5%
26 Total Expenses	50,799,332	47,017,428	46,617,286	3,781,904	7%	400,142	1%	4,182,046	9%

Budget Structure

Overall Includes:

- **Housing Assistance Payments** (HAP pass-through)
- **Operating income and Expenses**
 - Properties, Section 8 Admin fee, Successor Agency, Rent Program etc.
- **Capital Improvement Projects** (CIP)

Alameda Affordable Housing Corporation (“AAHC”)

- “Blended Component Unit” – AHA’s affiliate Non-Profit Corporation holding company
- 4 properties transferred May 1, 2018, and Independence Plaza transferred in 2020
- Presented here in operating budget but will be approved in separate agenda item **14-C**

Does not include:

- Island City Development (ICD) - Rosefield rehabilitation and North Housing
- CDBG and HOME – To be transferred back to the City of Alameda

HAP Budget Highlights

(Attachment B)

Housing Assistance Payments

(HAP pass-through)

- Total HAP for FY 2020-21 - **\$32,297,697**
- HAP is received by AHA and paid to landlords housing Section 8 tenants
- Federal funds must be kept separate from all other Housing Authority funds
- Reserves were **\$495,951** on June 2020. Held off balance sheet by HUD.
- AHA was officially notified in May 2020 by HUD the program is in shortfall due to the increases in HAP costs. AHA has applied for shortfall funds and is currently in monthly discussions with HUD.

Operating Budget Highlights

(Attachment C)

Operating Income

- FY 2020-21 Total Operating Income is **\$17,026,167**, slightly above FY 2019-20 budget (**\$21,368**)

Income sources:

- **Rental income** from tenants in AHA-owned properties – flat from prior year actuals
- **Rental subsidy (HAP)** received for Section 8 recipients in AHA-owned properties
- **Tax Increment Funding** for Independence Plaza
- **Grant Income** for the Family Self Sufficiency (FSS) program
- **Administrative Fee Income from HUD:**
 - Only to cover the cost of administration for the Section 8 programs
 - Included at a proration of 81%
- **Other income** – interest, developer fee, city reimbursements (with the exception of the CDBG/HOME which will be transferred back to the City of Alameda)

Operating Expenses

- FY 2020-21 Total operating expenses is **\$16,828,209**, 12% higher
- Increases include
 - Salary and Benefits
 - Cost of Living Adjustments
 - Increases in Benefits
 - Following positions are currently vacant and not yet at the employment offer stage (*Director of Housing Development, Director of Portfolio Management, Risk Manager, Communications Manager and Management Analysts*)
 - COVID 19 Increase
 - Technology
 - New office lease
 - Deferred maintenance – 10% increase buffer
 - Legal
 - Transfer of additional properties to Third Party Management

Capital Improvement Projects (CIPs)

(Attachment D)

Capital Improvement Projects

- 11 projects valued at **\$5,111,000** (\$11,231,000 approved in 2019-20)
- Sources to pay for these include:
 - Third party or grant funding (where available)
 - Property specific reserves held by lenders/bond holders, subject to their approval or held by AHA
 - Cash flow from the specific property or other properties

Operating Budget By Program

AHA Properties

- Assumes rental income is flat from FY2019-20 actuals
- Excess cash may be used for capital projects and to subsidize Section 8
- Third Party Management: Currently, 2 AHA properties are under Third Party Management. Additional properties will transfer on July 2020. After that date, the remaining properties under AHA management are:
 - Independence Plaza
 - Esperanza
 - Anne B. Diament

Housing Programs Department

- FY 2020-21 Net loss expected - **\$1,819,858**
- Cost issues – fifth year of losses
 - Actual projected loss for FY 2019-20 is lower than expected due to staff vacancies and some cost efficiencies. Budgeted loss for FY 2019-20 was **\$1,453,084**, but expected actual loss is **\$900k**.
 - Streamlining initiatives with HUD upcoming (e.g. triennial recerts)
 - Staffing may need to be reallocated/reduced in future years to balance the Section 8 budget
- Proposed Board Action
 - Approve fund transfer of up to **\$1,819,858** in next year, as needed, from property operating reserves to the Housing Programs Department.

FY 2020-21 Budget Summary

- Operating surplus **\$197,158**
- Capital Improvements Project **\$5,111,000**
- Cash and investments at June 2020 in excess of **\$25 Million**

Staff Recommendation

Adoption of the Housing Authority's Budget for Fiscal Years 2020-21 Including Approval of:

- Operating Income and Expenses ([Attachment A](#))
- Housing Assistance Payment (HAP) Budget ([Attachment B](#))
- Capital Improvement Project (CIP) Budget and related use of property and agency reserves and surplus operating cash from Fiscal Years 2020-21 to cover these expenses ([Attachment C](#))
- Transfer by the Executive Director of up to **\$1,819,858** in the budget year, as needed, from AHA property reserves to cover losses in the Housing Programs Department operating budget.