

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Sitting/Acting as:

Board of Commissioners of the Housing Authority of Clackamas County

## Study Session Worksheet

**Presentation Date:** June 18<sup>th</sup>, 2013 **Approx Start Time:** 1:30 PM **Approx Length:** 1 hour

**Presentation Title:** HACC FY 2013-2014 Budget

**Department:** Housing Authority

**Presenters:** Cindy Becker, Dan Potter

**Other Invitees:** Rich Cronk, HACC Finance Manager

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD? We are seeking review and approval of the Housing Authority 2013-2014 annual budget, and approval to submit to the U.S. Department of Housing and Urban Development.

### EXECUTIVE SUMMARY:

The Housing Authority of Clackamas County (HACC) is a municipal corporation established under ORS Chapter 456, and is considered a component unit of Clackamas County. HACC receives ninety-seven percent of its funding from the U.S. Department of Housing and Urban Development (HUD). HUD rules and regulations are the dominant driver of HACC operations. Each year, HACC is required to submit an annual budget to HUD for review and approval.

As stated in the HACC bylaws, the five elected County Commissioners and one housing program participant constitute the HACC Board of Commissioners (6 members). Review and approval of the HACC Public Housing budget by the HACC Boards of Commissioners is required by HUD.

This budget reflects the continued reduced funding by HUD over the last few years made worse this year by sequestration, which reduces federal programs by another 8-10% this budget year. HACC continues to reduce frontline staff (1 FTE) in the Voucher program in response to these reductions.

### FINANCIAL IMPLICATIONS (current year and ongoing):

The proposed budget is for fiscal year 2013-2014 (July 1, 2013- June 30, 2014). HACC will use an estimated \$ 326,613 of public housing reserves to cover the public housing reserve deficit. In addition, HACC will rely on an estimate \$640,411 of Local Project fund reserves to balance the remaining deficit at year-end.

Please see attached detailed material.

### LEGAL/POLICY REQUIREMENTS:

N/A

### PUBLIC/GOVERNMENTAL PARTICIPATION:

N/A

OPTIONS:

- A. Review and approve the budget as proposed.
- B. Review the proposed budget, direct changes to the budget, and approve the revised budget.

**RECOMMENDATION:**

We recommend that the HACC Board of Commissioners review the proposed budget and formally approve it at the June 20<sup>th</sup>, 2013 Housing Authority Board of Commissioners meeting as a consent agenda item.

ATTACHMENTS:

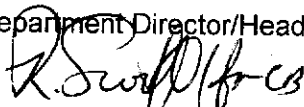
- Housing Authority Fund Overview
- Description of Housing Fund Groups
- Housing Authority Organizational Chart
- Proposed Budget by Funding Mix
- Revenue Assumptions
- HACC FY 2013/2014 Agency Wide Budget
- HACC FY 2013/2014 Public Housing by Project Budget

SUBMITTED BY:

Division Director/Head Approval



Department Director/Head Approval



County Administrator Approval

For information on this issue or copies of attachments, please contact Dan Potter @ 503-650-3537

## Fiscal Impact Form

**RESOURCES:**

Is this item in your current work plan and budget?

YES

NO

**START-UP EXPENSES AND STAFFING (if applicable):**

N/A

**ONGOING OPERATING EXPENSES/SAVINGS AND STAFFING (if applicable):**

Please see attachment for details.

**ANTICIPATED RESULTS:**

Please see attachment for details.

**COSTS & BENEFITS:**

N/A

<b>Costs:</b>						
Item	Hours	Start-up Capital	Other Start-up	Annual Operations	Annual Capital	TOTAL
<b>Total Start-up Costs</b>						
<b>Ongoing Annual Costs</b>						
<b>Benefits/Savings:</b>						
Item	Hours	Start-up Capital	Other Start-up	Annual Operations	Annual Capital	TOTAL
<b>Total Start-up Benefit/Savings</b>						
<b>Ongoing Annual Benefit/Savings</b>						

**Description of Fund**

The Housing Authority provides affordable and safe housing to low income residents by owning and managing a portfolio of 900 units, and by administering the Housing Choice Voucher program (1,600 vouchers).

Many clients are elderly or disabled, or former victims of domestic violence who are now single women-head of household with children. There are six (6) budget activities: Low Rent Public Housing (operation of 545 public housing units); Housing Choice Vouchers (administration of the voucher program and pass through rent assistance); Local Projects (operation of 355 other affordable and special needs housing units); Central Office (administration and finance); Housing Development (creating new housing or preserving existing units); and Grants (Capital Fund and Resident Self-Sufficiency).

**Revenue Summary**

Ninety-eight (98%) of revenues are Federal funds, allocation from Congress through the U.S. Department of Housing and Urban Development (HUD) in the following form: Public Housing Operating Subsidy for the operations of public housing; Capital Fund Grant for major physical repairs of public housing; Voucher Admin Fee for the administration of the voucher program; Housing Assistance Payment for pass through rent assistance to landlords; and Grants for Family Self-Sufficiency and Resident Services. The Total amounts to \$16,935,910. These funds are trending downward as Congress works for reduce federal spending and balance the federal budget.

Of that total, other non-federal earned revenue includes: Local Projects housing portfolio totaling \$404,641 (including \$90,960 of county contribution).

**Expenditure Summary**

Because of federal fund reductions, mainly the anticipated "sequestration" by HUD, and reduced Easton Ridge revenue, the HACC total budget shows \$967,024 in expenditures over revenue. Of that (\$326,613) is Public Housing, mainly from a 10% reduction (\$200,000) in Public Housing Operating Subsidy. The other programs where expenditures exceed revenues are: Voucher program administration (\$210,488), Central Office (\$245,696), and Development Department (\$237,095).

To make up the difference, \$640,411 from an estimated \$3,272,454 in Local Project reserves will be drawn upon, in addition to the \$52,868 excess cash from Local Projects, to subsidize Voucher Admin, the Central Office, and Housing Development – and thus balancing the agency budget.

We have worked diligently to identify options and opportunities to reduce program delivery costs and streamline operations in program area where expenditures exceed revenue. The HACC Annual Plan identifies several of these initiatives.

**Significant Issues & Changes**

HUD funding reductions dramatically impact HACCs budget. For example, the Voucher Admin Fee has been flat over the past two years and HACC anticipates an additional 8 percent reduction over last year (\$120,000). The Capital Fund for public housing physical repairs has been reduced the past two years and will be reduced this budget year. HACC plans to spend down some Public Housing Reserves next year in response to last year's recapture of excess reserves by HUD. In response to a 6% reduction (\$640,000) in Voucher HAP funding due to sequestration, HACC is developing plans to reduce expenditures, while minimizing the impact on tenants.

While revenues are decreasing, expenditures for County indirect/allocations continue to increase, including performance audit costs in this year's budget (\$45,000).

Undertaking the rehab of Easton Ridge will involve considerable effort and resources over the budget year. After the upcoming budget year, development fees are expected to be in the range of \$300,000 – \$450,000 annually.

Housing Authority of Clackamas County  
Description of Housing Fund Groups

Low Rent Public Housing

Three Property Managers are responsible for Management of 545 units of federally subsidized public housing in five Asset Based Management (AMPs) property groupings. Each Property Manager is responsible for a portfolio of housing ranging from 200 to 213 units. To support the operations of the housing each Property Manager has a staff of maintenance personnel and an administrative support position. Staff performs wait list management, unit leasing of new residents, grounds and living unit maintenance, oversight of landlord/tenant issues, provision of resident services and annually and as needed when changes occur recertifies each resident's income and deductions per HUD guidelines to establish rent and continued housing eligibility.

Voucher Program

The Voucher staff oversees the issuance 1630 rent subsidy vouchers for eligible clients to use in the rental of housing from private landlords who participate in the voucher program. To support this activity staff manages the waiting list and preferences, performs on site rental inspections to meet housing quality requirements, issues vouchers to clients once income and eligibility requirements are met, responds to landlord/client issues, and annually and as needed when changes occur recertifies each resident's income and deductions per HUD guidelines to establish rent and continued eligibility.

Local Projects

Includes HACC owned or affiliated housing units that are self-managed or third-party managed that are not part of the Low Rent Public Housing portfolio. Third-party managed units are managed by Quantum Property Management and include Easton Ridge LLC (264 unit family housing) and Arbor Terrace (25 unit farm worker housing). Self-managed units include 11 units of family affordable housing and 55 units of special needs housing either managed by HACC or leased to the County or to a third-party service provider.

Central Office

The Central Office oversees the general operations of the agency. Functions include the Executive Director Agency oversight; Housing Asset Manager, who oversees the operation of Low Rent Public Housing and Local Projects; and Finance Manager who supervises three staff in the oversight of the Agency's finances and associated reporting requirements.

Development

Staff oversees the creation and preservation of affordable housing. Staff consists of 2.0 FTE and is currently focused on the successful renovation of Easton Ridge.

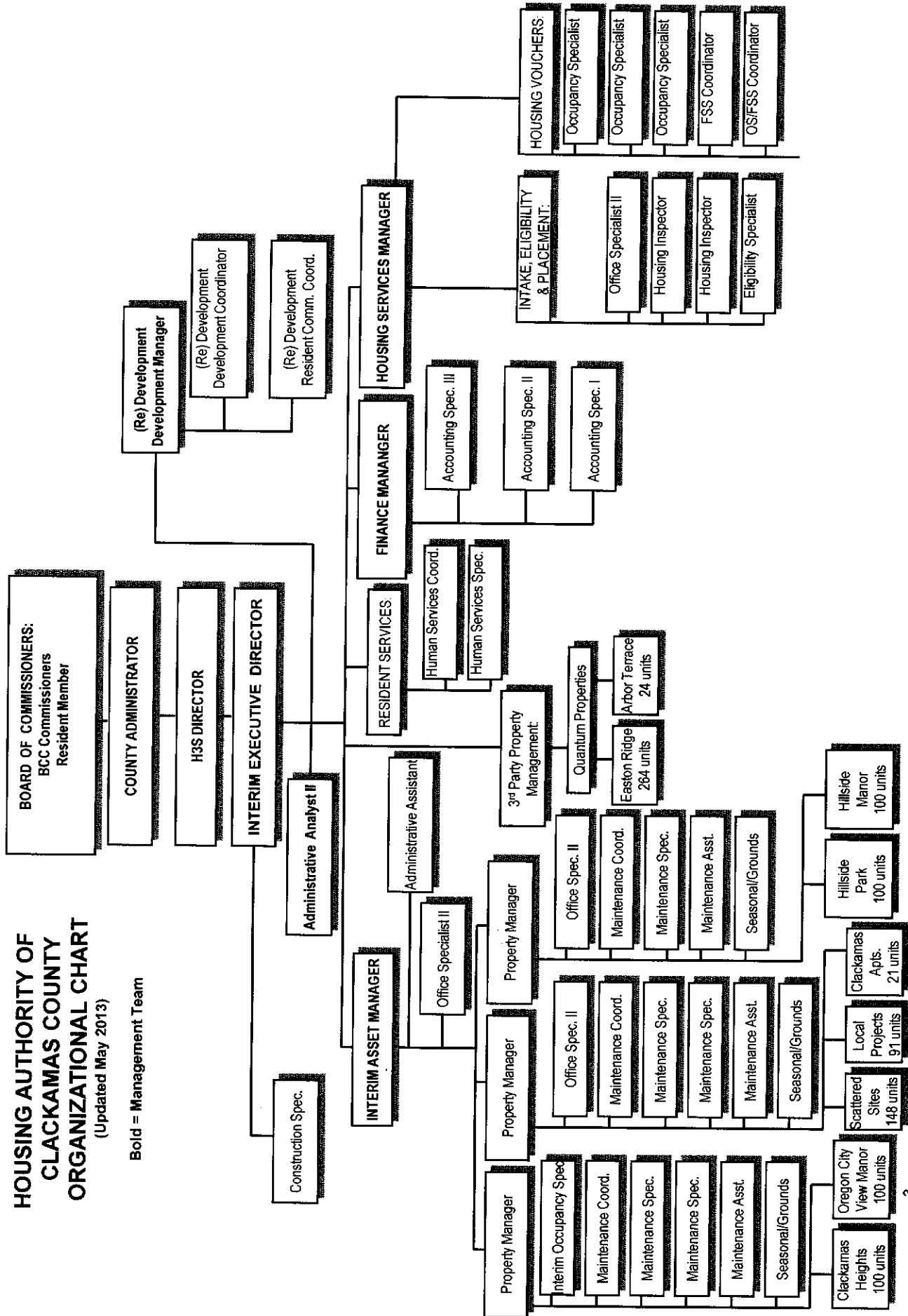
Grants

Grants are focused primarily in two areas. First, HUD provides an annual Capital Fund Program grant for Low Rent Public Housing for the renovation and modernization of public housing. Secondly, HUD provides two grants for supportive housing, a Shelter Plus Care grant for disabled homeless and a grant for domestic violence homeless transitional housing at Jantzen Road Apartments.

# HOUSING AUTHORITY OF CLACKAMAS COUNTY ORGANIZATIONAL CHART

(Updated May 2013)

Bold = Management Team



Housing Authority Proposed Budget by Funding Mix  
Funding Source (\$)

Program Offer	Federal Operating Subsidy	Federal PI Grant	Federal Landlord Housing Subsidy	Operating Reserves	Other Grants	Rents and Property Revenue	Management Fees	County General Fund	Interest and Other	Development Fees	Totals
Public Housing	1,636,596	167,320		326,613	121,374	1,410,644			23,957		3,565,130
Property Management & Maintenance		974,476									121,374
Resident Services											974,476
Capital Improvements	978,833		10,642,710	210,488					65,146		1,254,467
Housing Choice Voucher Administration											10,642,710
Housing Assistance Payments											
Central Office Administration		83,660		245,696			426,553				755,909
Local Project Administration				(52,868)		274,116	4,567	90,960	14,998		951,773
Asset and Property Management Development Administration				237,095							237,095
<b>Totals</b>	<b>2,615,429</b>	<b>1,225,456</b>	<b>10,642,710</b>	<b>967,024</b>	<b>141,374</b>	<b>1,684,760</b>	<b>431,120</b>	<b>90,960</b>	<b>104,101</b>	<b>-</b>	<b>17,902,934</b>

Department: Housing Authority  
Fund: Housing Authority  
Org: Housing Authority

Revenue Assumptions	Est. Yr End FY 12-13	1 Year FY 13-14	5 Years FY 17-18
Public Housing:			
Rents	\$ 1,318,095	\$ 1,314,427	\$ 1,472,158
Operating Subsidy (HUD)	\$ 1,607,098	\$ 1,636,596	\$ 1,783,890
Other	\$ 260,600	\$ 287,494	\$ 310,494
Public Housing Total	\$ 3,185,793	\$ 3,238,517	\$ 3,566,541
Housing Choice Voucher:			
Admin Fee (HUD)	\$ 1,108,355	\$ 978,833	\$ 1,066,928
Housing Assistance Payment (HUD)	\$ 10,861,439	\$ 10,642,710	\$ 11,600,554
Other	\$ 65,146	\$ 65,146	\$ 71,009
HCV Total	\$ 12,034,940	\$ 11,686,689	\$ 12,738,491
Local Project:			
Rents	\$ 265,242	\$ 270,547	\$ 292,191
County General Fund	\$ 90,960	\$ 90,960	\$ 90,960
Other	\$ 22,807	\$ 43,134	\$ 46,585
Local Project Total	\$ 379,009	\$ 404,641	\$ 429,735
Central Office			
Management Fees	\$ 405,301	\$ 426,553	\$ 443,615
Grant Revenue	\$ 89,000	\$ 83,660	\$ 91,189
Other	\$ 500	\$ -	\$ -
Central Office Total	\$ 494,801	\$ 510,213	\$ 534,805
Housing Development:			
Developer/Management Fees	\$ 400,000	\$ -	\$ 335,000
Development Total	\$ 400,000	\$ -	\$ 335,000
All other revenues combined (grants)	\$ 1,085,097	\$ 1,095,850	\$ 1,194,477
Total	\$ 17,579,640	\$ 16,935,910	\$ 18,799,049
Local Project/Development Unrestricted Cash Reserves Estimate (Assumes sequestration base plus 3% growth)	\$3,465,787	\$2,825,376	\$1,711,716

Using your best current information, estimate current year, 1 year and 5 year funding levels for major programs and revenue sources. Only significant revenue streams should be itemized. Aggregate all smaller revenues in one line (see below). Assume General Fund support for FY13-14 will continue at FY12-13 level. Revenue assumptions for FY12-13 and FY13-14 form the basis for (and must agree with) Brass entry totals.



Housing Authority of Clackamas County  
Agency Wide  
Budget FY 2013/2014

	Low Rent Public Housing	Vouchers	Local Projects	Central Office Development	Grants	Total	FY 2013 6/30/2013 Projected
<b>INCOME:</b>							
Dwelling rent	1,355,079		277,562			1,632,641	1,630,981
Vacancy loss (3%)	(40,652)		(7,015)			(47,667)	(47,644)
Other tenant income	96,217		3,569			99,786	66,079
Operating subsidy	1,636,596	978,833			98,381	2,713,810	2,802,834
Housing assistance payments		10,642,710				10,642,710	10,861,439
Mgmt fees/Developer fees			4,567	426,553	0	431,120	809,868
Interest income	10,880	0	14,998	0		25,878	22,031
County contribution			90,960			90,960	90,960
Building rental income	13,077					13,077	13,229
Grant revenue	167,320		20,000	83,660	974,476	1,245,456	1,241,723
Other/in-kind	0	65,146	0	0	22,993	88,139	88,139
<b>TOTAL REVENUE</b>	<b>3,238,517</b>	<b>11,686,689</b>	<b>404,641</b>	<b>510,213</b>	<b>1,095,850</b>	<b>16,935,910</b>	<b>17,579,639</b>
<b>ADMINISTRATIVE EXPENSE:</b>							
Salaries	401,751	519,387	76,031	306,075	33,022	1,457,096	1,436,649
Employee benefits	247,382	321,771	43,307	173,055	20,318	871,158	823,426
Legal fees	8,187	10,320	1,030	13,547	1,917	35,001	17,001
Staff training/travel	8,332	5,012	500	2,224	931	16,999	35,000
Auditing fees	20,943	17,268	1,323	3,000	2,465	44,999	42,000
Other administrative expenses (4)	126,161	187,904	10,770	183,460	44,705	553,000	521,000
Consultant fees (performance audit)		0	0	45,000	0	45,000	-
Management fee expense	426,553	0	0	0	0	426,553	405,301
<b>TOTAL ADMINISTRATIVE</b>	<b>1,239,309</b>	<b>1,061,662</b>	<b>132,961</b>	<b>726,361</b>	<b>53,340</b>	<b>3,449,806</b>	<b>3,280,377</b>
<b>TENANT SERVICES:</b>							
Salaries	30,510	70,954			77,735	179,199	172,017
Benefits	21,535	36,988			52,474	110,997	103,346
Other	18,500	0	0	0	1,836	20,336	55,033
<b>TOTAL TENANT SERVICES</b>	<b>70,545</b>	<b>107,942</b>	<b>0</b>	<b>0</b>	<b>132,045</b>	<b>310,532</b>	<b>330,396</b>
<b>UTILITIES:</b>							
Water	139,769		2,628		1,697	144,094	144,482
Sewer	280,309		4,246		803	285,358	273,510
Electricity	109,183		2,684	6,915	1,720	120,502	113,900
Gas	41,683	0	785	2,113	0	44,581	43,271
<b>TOTAL UTILITIES</b>	<b>570,944</b>	<b>0</b>	<b>10,343</b>	<b>9,028</b>	<b>4,220</b>	<b>594,535</b>	<b>575,163</b>

Housing Authority of Clackamas County  
 Agency Wide  
 Budget FY 2013/2014

	Low Rent Public Housing	Vouchers	Local Projects	Central Office Development	Grants	Total	FY 2013 6/30/2013 Projected
<b>MAINTENANCE:</b>							
Labor	545,676		29,656	7,912	1,000	584,244	576,116
Benefits	381,153		23,136	4,117	500	408,906	382,050
Materials	165,229		11,290	0	441	176,960	144,938
Garbage contracts	165,539	0	0	0	0	165,539	181,720
Other contracts	191,700	0	50,037	4,606	12,528	258,871	232,049
<b>TOTAL MAINTENANCE</b>	<b>1,449,297</b>	<b>0</b>	<b>114,119</b>	<b>16,635</b>	<b>14,469</b>	<b>1,594,520</b>	<b>1,516,873</b>
<b>GENERAL EXPENSES:</b>							
Insurance	91,557						
Payment in Lieu of Taxes	70,837	11,555	8,271	1,922	100	113,405	105,522
Other/Extraord. Maint.	65,289	68,885	42,454		73,685	250,313	80,320
OPEB Accrual	7,352	4,423	441	1,963	0	15,001	210,323
<b>TOTAL GENERAL EXPENSES</b>	<b>235,035</b>	<b>84,863</b>	<b>51,166</b>	<b>3,885</b>	<b>922</b>	<b>449,556</b>	<b>463,165</b>
<b>OTHER EXPENSES:</b>							
Housing Assistance Payments		10,642,710			306,600	10,949,310	11,107,514
Mortgage Payments	0	0	43,184	0	0	43,184	43,184
Capital Expenditures	0	0	0	0	511,491	511,491	523,363
<b>TOTAL OTHER EXPENSES</b>	<b>0</b>	<b>10,642,710</b>	<b>43,184</b>	<b>0</b>	<b>818,091</b>	<b>11,503,985</b>	<b>11,674,061</b>
<b>TOTAL EXPENSES</b>	<b>3,565,130</b>	<b>11,897,177</b>	<b>351,773</b>	<b>755,909</b>	<b>1,095,850</b>	<b>17,902,934</b>	<b>17,840,035</b>
<b>OPERATING SURPLUS(DEFICIT)</b>	<b>(326,613) (2)</b>	<b>(210,488) (2)</b>	<b>52,868</b>	<b>(245,686)</b>	<b>(237,095) (3)</b>	<b>(967,024)</b>	<b>(260,396)</b>
Estimated Unrestricted Reserves at 06/30/2013	2,062,788 (1)	0	3,272,454	0	193,333	5,528,574	
Less Deficit	(326,613)		(640,411)			(967,024)	
Reserves at 6/30/2014	1,736,175		2,632,043		193,333	4,561,550	
Estimated Restricted Reserves at 06/30/2013	2,678,532	522,197	0	0	0	3,200,729	
FTE's at 2/28/2013	19.0	12.0	2.0	5.0	2.0	41.5	

(1) Restricted to Public Housing Operations  
 (2) Primarily due to sequestration  
 (3) Due to no cash development fee this year  
 (4) i.e. phone, postage, office supplies, county allocations

Housing Authority of Clackamas County  
Public Housing by Project  
Budget FY 2013/2014

	<u>Clack Hghts</u>	<u>OCVM</u>	<u>Scattrd Sites</u>	<u>Hillsd Park</u>	<u>Hillsd Manor</u>	<u>Total</u>
<b>INCOME:</b>						
Dwelling rent	200,742	183,593	411,837	255,320	303,588	1,355,080
Vacancy loss (3%)	(6,022)	(5,508)	(12,355)	(7,660)	(9,108)	(40,653)
Other tenant income	17,519	19,035	23,293	23,351	13,018	96,216
Operating subsidy	325,722	335,036	483,046	261,260	231,533	1,636,597
Interest income	1,898	1,840	3,590	1,745	1,807	10,880
Building rental income					13,077	13,077
Capital fund transfer	<u>30,620</u>	<u>30,620</u>	<u>44,842</u>	<u>30,620</u>	<u>30,620</u>	<u>167,322</u>
<b>TOTAL REVENUE</b>	<u>570,479</u>	<u>564,616</u>	<u>954,253</u>	<u>564,636</u>	<u>584,535</u>	<u>3,238,519</u>
<b>ADMINISTRATIVE EXPENSE:</b>						
Salaries	71,221	71,290	108,983	75,129	75,129	401,752
Employee benefits	44,592	44,640	68,873	44,639	44,639	247,383
Legal fees	1,498	1,498	2,194	1,498	1,498	8,186
Staff training/travel	1,570	1,570	2,465	1,364	1,364	8,333
Auditing fees	3,833	3,833	5,613	3,833	3,833	20,945
Other administrative expenses	23,214	23,238	33,234	23,238	23,238	126,162
Management fees	<u>78,091</u>	<u>78,091</u>	<u>114,189</u>	<u>78,091</u>	<u>78,091</u>	<u>426,553</u>
<b>TOTAL ADMINISTRATIVE</b>	<u>224,019</u>	<u>224,160</u>	<u>335,551</u>	<u>227,792</u>	<u>227,792</u>	<u>1,239,314</u>
<b>TENANT SERVICES:</b>						
Salaries	5,609	5,609	8,076	5,609	5,609	30,512
Benefits	3,959	3,959	5,700	3,959	3,959	21,536
Other	<u>4,000</u>	<u>4,000</u>	<u>2,500</u>	<u>4,000</u>	<u>4,000</u>	<u>18,500</u>
<b>TOTAL TENANT SERVICES</b>	<u>13,568</u>	<u>13,568</u>	<u>16,276</u>	<u>13,568</u>	<u>13,568</u>	<u>70,548</u>
<b>UTILITIES:</b>						
Water	31,939	33,634	43,460	18,925	11,811	139,769
Sewer	56,988	57,588	71,465	50,787	43,481	280,309
Electricity	15,550	7,619	2,617	6,281	77,116	109,183
Gas	<u>1,492</u>	<u>902</u>	<u>3,293</u>	<u>1,499</u>	<u>34,497</u>	<u>41,683</u>
<b>TOTAL UTILITIES</b>	<u>105,969</u>	<u>99,743</u>	<u>120,835</u>	<u>77,492</u>	<u>166,905</u>	<u>570,944</u>
<b>MAINTENANCE:</b>						
Labor	96,150	103,984	181,454	82,678	81,401	545,667
Benefits	70,168	74,245	133,412	53,208	50,120	381,153
Materials	34,037	25,776	55,021	32,715	17,680	165,229
Garbage contracts	36,074	31,734	57,765	31,537	8,429	165,539
Other contracts	<u>16,103</u>	<u>19,745</u>	<u>86,648</u>	<u>26,071</u>	<u>43,132</u>	<u>191,699</u>
<b>TOTAL MAINTENANCE</b>	<u>252,532</u>	<u>255,484</u>	<u>514,300</u>	<u>226,209</u>	<u>200,762</u>	<u>1,449,287</u>
<b>GENERAL EXPENSES:</b>						
Insurance	16,269	15,395	27,711	14,220	17,962	91,557
PILOT	9,450	8,758	24,420	15,190	13,019	70,837
Extraordinary Maintenance	0	0	0	0	0	0
Collection loss/other	11,968	11,458	13,245	13,591	15,032	65,294