

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS
Sitting/Acting as:
Board of Commissioners of the Housing Authority of Clackamas County

Policy Session Worksheet

Presentation Date: 6/13/2017 **Approx Start Time:** 2:00 PM **Approx Length:** 30 Minutes

Presentation Title: HACC FY 2017-2018 Budget

Department: H3S/Housing Authority of Clackamas County (HACC)

Presenters: Richard Swift, Chuck Robbins

Other Invitees: Jason Kirkpatrick, Housing Authority Deputy Director - Finance

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

We are seeking review of the Housing Authority 2017-2018 budget with a recommendation to approve it at the HACC Board of Commissioner's June 15th business meeting. Once approved, the budget will be submitted to the U.S. Department of Housing and Urban Development.

EXECUTIVE SUMMARY:

Background:

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 received ninety-seven percent (97%) of its funding from the U.S. Department of Housing and Urban Development (HUD). HUD's 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 Board of Commissioners is required by HUD.

This budget reflects anticipated decreases in HUD funding of approximately 3.22%. This is offset by Development revenues of about \$650,000.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO

The proposed budget of \$20,348,617 is for fiscal year 2017-2018 (July 1, 2017-June 30, 2018). The total operating deficit for this year is projected to be <\$727,383>. Of this deficit, <\$304,641> is Public Housing loss which will be covered by the Public Housing Reserve account. Vouchers, Local Projects, Central Office (Administration) and Development show a combined deficit of <\$422,742>. These losses are offset by \$350,000 generated by Easton Ridge Development Fees. The balance <\$72,742> will come from HACC Local Project Reserves.

What is the funding source?

U.S Department of Housing and Urban Development

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department's Strategic Business Plan goals?
 - Sustainable and Affordable Housing
- How does this item align with the County's Performance Clackamas goals?
 - Ensure safe, healthy and secure communities

LEGAL/POLICY REQUIREMENTS:

HUD requires that the Public Housing budget be approved by the HACC Board prior to submitting the budget to HUD for their approval.

PUBLIC/GOVERNMENTAL PARTICIPATION:

HUD does not require a public process however the budget must be approved by the HACC Board at a public business meeting.

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 Commissioner review the proposed budget and formally approve it at the June 15th, 2017 Housing Authority Board of Commissioners meeting as a consent agenda item.

Respectfully submitted,

Richard Swift
Director, Health, Housing, and Human Services

ATTACHMENTS:

- Housing Authority Fund Narrative
- Housing Authority Organizational Chart
- HACC FY 2017/2018 Agency Wide Budget
- HACC FY 2017/2018 Public Housing by Project Budget
- HACC FY Budget Graph
- Resolution 1920
- HUD form 52574

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Chuck Robbins @ 503-650-5666

Description of Fund

The Housing Authority provides affordable and safe housing to low income residents by owning and managing a portfolio of about 900 units, and by administering the Housing Choice Voucher program (1,651 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-seven (97%) 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 amount is \$19,621,234. While this is a 0.10% increase over last year's budget the majority of the increase is from projected revenues generated from the development of the Rosewood Terrace Apartments. Without these funds the Housing Authority would be looking at a <3.22%> decrease. This is a reflection of HUD's continued cuts in Public Housing support.

Of that total, other non-federal earned revenue includes: Local Projects housing portfolio totaling \$643,707 (including \$90,960 of county contribution).

Expenditure Summary

Total expenditures are estimated to be \$20,348,617. The total operating deficit for this year is projected to be <\$727,383>. Of this deficit, <\$304,641> is Public Housing loss which will be covered by the Public Housing Reserve account. Vouchers, Local Projects, Central Office (Administration) and Development show a combined deficit of <\$422,742>. These losses are offset by \$350,000 generated by Easton Ridge Development Fees. The balance <\$72,742> will come from HACC Local Project Reserves.

We continue to work diligently to identify and implement opportunities to reduce program delivery costs and streamline operations in program areas where expenditures exceed revenue.

Significant Issues & Changes

HUD funding dramatically impacts HACC's budget. An example is the Voucher Program which continues to receive from HUD a proration between 70% and 80% of allowable administrative fees. HACC has reduced Voucher frontline FTE's in past budgets in response to these cuts. This has resulted in an increased workload of about 120% of the industry standard for Section 8 administration. The Capital Fund for public housing physical repairs has been reduced from past levels.

Ongoing development fees for Easton Ridge are expected to be in the range of \$250,000 – \$350,000 annually.

The most significant change to the HACC budget is the addition of Development revenue. As part of the construction of the Rosewood Terrace Apartments its development budget includes \$100,000 to cover HACC Financial Consultant Service expenses, \$100,000 for HACC Legal expenses and \$450,000 to be paid to HACC as the Revenue Bond Issuer.

Low Rent Public Housing (LRPH)

Three Property Managers are responsible for management of 545 units of federally subsidized public housing in five Asset Management Property groupings plus 66 units of self-manage local projects. Each property manager is responsible for a portfolio of housing ranging from 200 to 211 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 unit maintenance, oversight of landlord/tenant issues, provision of resident services, and annual recertification of resident income per HUD guidelines to establish housing eligibility.

Voucher Program

The Voucher staff oversees the issuance of 1,651 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 waiting list and preferences, performs on-site rental inspections to meet housing quality requirements, issues vouchers to clients once eligibility requirements are met, responds to landlord/client issues, and annually recertifies each resident's income per HUD guidelines to establish housing eligibility.

Local Projects

Local Projects includes HACC owned housing units that are self-managed or third-party managed that are not part of the Public Housing portfolio. Third-party managed units include Arbor Terrace in Molalla and Easton Ridge in Clackamas, managed by M.L.K. Property Management and Quantum Property Management, respectively. 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.

Resident Services

Resident Services programs promote the development of local strategies to assess the needs of Public Housing and Section 8 residents and then coordinate available resources in the community to meet those needs.

These services enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, and make progress toward achieving economic independence and housing self-sufficiency. For elderly or disabled residents, the program helps improve living conditions and enable residents to age-in-place. For low-income families the program provides opportunities for education, job training, counseling and other forms of social service assistance.

HACC received HUD grants for Resident Services in both major programs. In Public Housing this is the Resident Opportunities and Self Sufficiency (ROSS) Grant Program. In Section 8, it's the Family Self-Sufficiency (FSS) Program. The total budget for both grants is \$344,286.

Development

The Development Coordinator is responsible for overseeing all of the development activities that involve HACC funding or impact HACC properties. This includes project managing all new developments, and facilitating the planning and pre-development meetings associated with the potential sale and/or redevelopment of HACC Public Housing properties.

Central Office

The Central Office oversees the administrative operations of the agency. Functions include the Executive Director who provides general oversight; the Housing Asset Manager, who oversees LRP, Local Project, and Tax Credit property, the Finance Manager who oversees HACC's finances and financial reporting requirements, and the Administrative Services Supervisor who oversees office staff and is responsible for administering special HACC projects and activities.

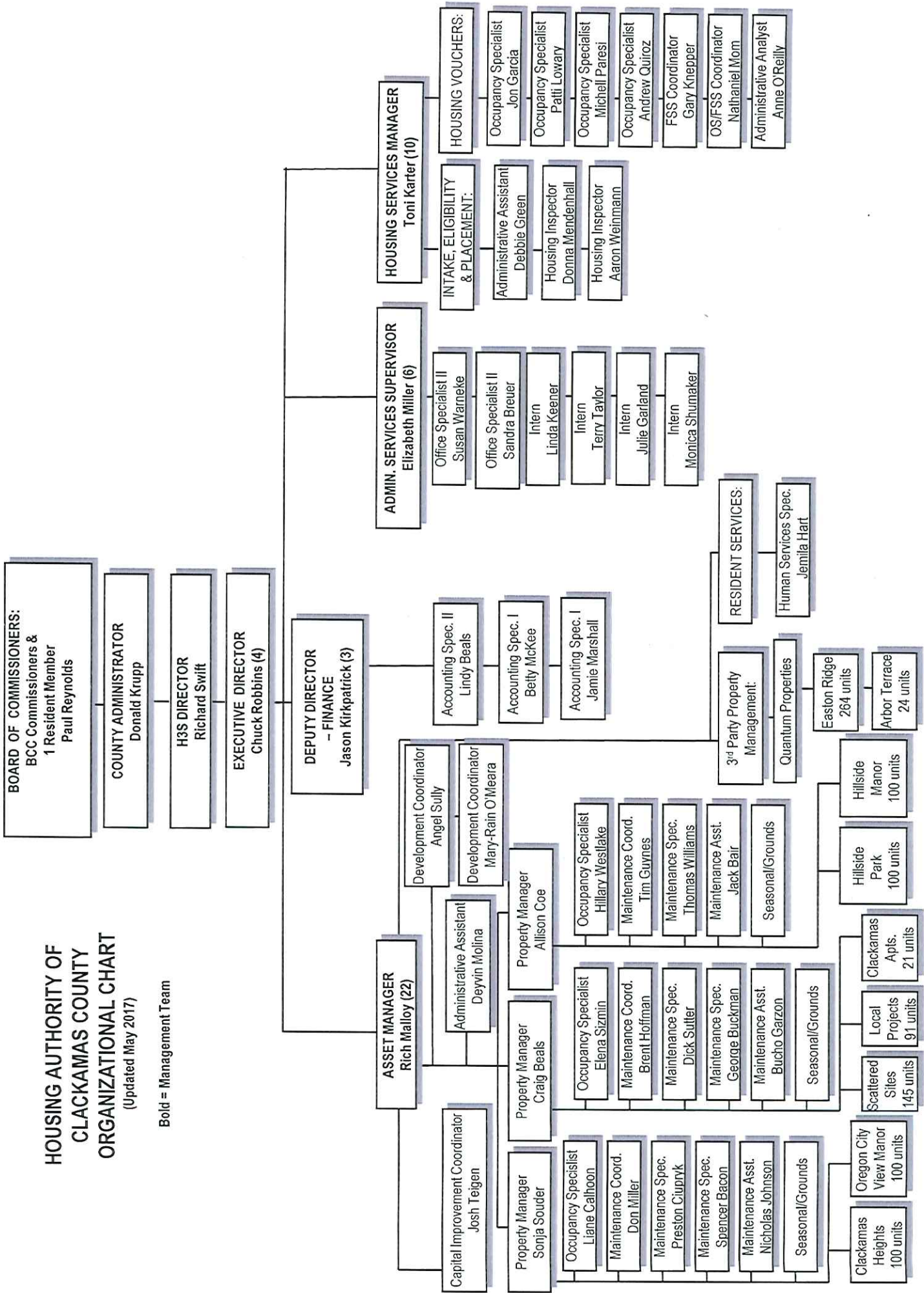
Grants

Grants are focused primarily in two areas. First, HUD provides an annual Low Rent Public Housing Capital Fund grant for the renovation and modernization of public housing. Second, 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 Jannsen Road Apartments.

HOUSING AUTHORITY OF CLACKAMAS COUNTY ORGANIZATIONAL CHART

(Updated May 2017)

Bold = Management Team



Housing Authority of Clackamas County
 All Programs Budget
 Fiscal Year 2017/2018

	Low Rent Public Housing	Vouchers	Local Projects	Central Office	Development	Grants	FY18 Total	FY 2017 6/30/2017 Budget	FY 2016 6/30/2016 Budget	\$ Change from Prior Year Budget	% Change from Prior Year Budget
INCOME:											
Dwelling rent	1,385,438		511,458				1,896,896	1,837,567	1,721,411	69,339	3.23%
Vacancy loss (3%)	(55,940)		(2,200)				(58,140)	(51,464)	(50,455)	(6,676)	12.97%
Other tenant income	121,973	5,000	2,530				129,503	130,161	113,303	(1,549)	-1.19%
Operating subsidy	1,802,752	1,007,681		160,036		218,575	3,289,044	3,227,915	3,091,882	61,129	1.89%
Housing assistance payments		11,826,642				387,744	12,214,566	12,764,281	11,987,646	(549,695)	-4.31%
Mgmt fees				453,708			453,708	431,738	437,088	21,970	5.09%
Interest income	4,295		19,000				23,295	28,980	29,087	(5,686)	-19.62%
County contribution			90,960				90,960	90,960	90,960	-	0.00%
Grant revenue	173,500	92,700			650,000	622,223	888,423	1,106,000	970,000	(217,577)	-19.67%
Other/in-kind	16,152		21,960			5,750	63,862	56,070	41,292	657,792	1823.65%
TOTAL REVENUE	3,547,269	12,932,223	643,707	613,744	650,000	1,234,292	19,621,234	19,602,188	18,432,192	19,046	0.10%
ADMINISTRATIVE EXPENSE:											
Salaries	453,342	643,865	60,451	407,600	127,360	8,401	1,701,018	1,580,682	1,464,533	110,336	6.94%
Employee benefits	266,652	407,221	27,929	233,200	77,609	5,063	1,007,673	886,518	826,798	121,155	13.67%
Legal fees	21,078	2,250	1,087	500	5,000		29,866	30,602	30,001	(706)	-2.31%
Self insuring/travel	5,750	4,260	185	7,500	5,000		22,685	18,217	11,001	4,468	24.53%
Auditing fees	22,170	13,433	1,185	7,112	500		44,400	48,957	48,000	(4,557)	-9.31%
Other administrative expenses (2)	188,768	214,389	112,204	221,277	486,400		1,223,059	726,335	560,000	496,724	68.39%
Management fee expense	453,708						453,708	361,163	431,881	92,555	25.63%
TOTAL ADMINISTRATIVE	1,401,489	1,285,408	203,022	877,189	701,868	13,464	4,482,439	3,662,464	3,372,214	819,976.43	22.39%
TENANT SERVICES:											
Salaries	9,518	52,027		46,471			108,016	106,939	155,364	1,077	1.01%
Benefits	6,501	36,818		31,741			75,060	69,680	80,144	6,480	9.45%
Other	31,000						31,000	150,738	70,648	(119,736)	-79.03%
TOTAL TENANT SERVICES	47,019	88,845	0	78,212	0	0	214,076	326,267	306,166	(112,181)	-34.38%
UTILITIES:											
Water	164,345		6,842			502	171,689	160,994	167,840	10,695	6.64%
Sewer	388,365		23,622			1,163	413,170	354,952	348,000	58,218	16.40%
Electricity	102,698		9,544	6,450		398	119,090	127,922	125,414	(8,832)	-6.90%
Gas	31,975			1,898			33,871	44,965	44,083	(11,084)	-24.67%
TOTAL UTILITIES	687,383	0	40,008	8,346	0	2,063	737,820	688,833	676,337	48,987	7.11%

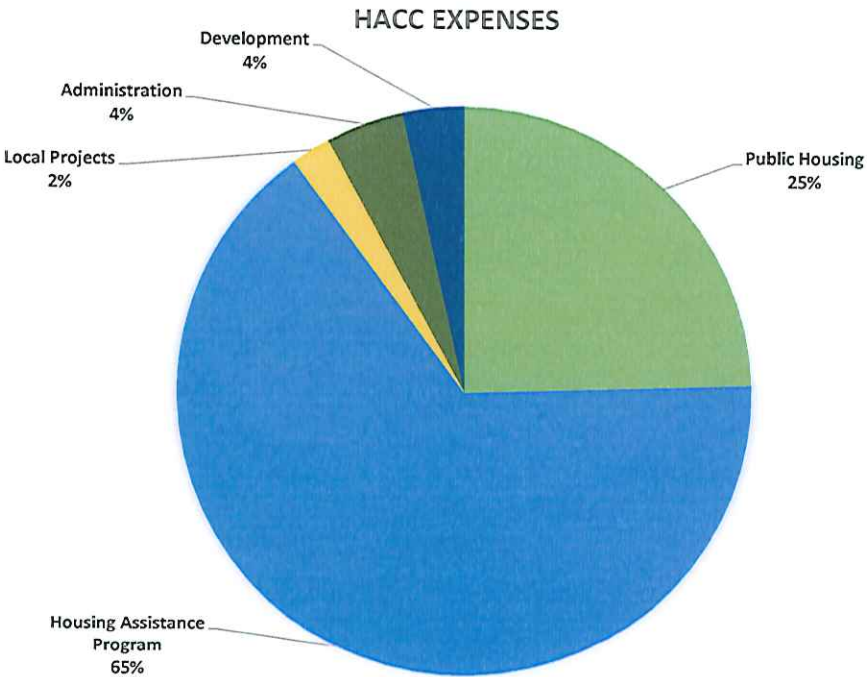
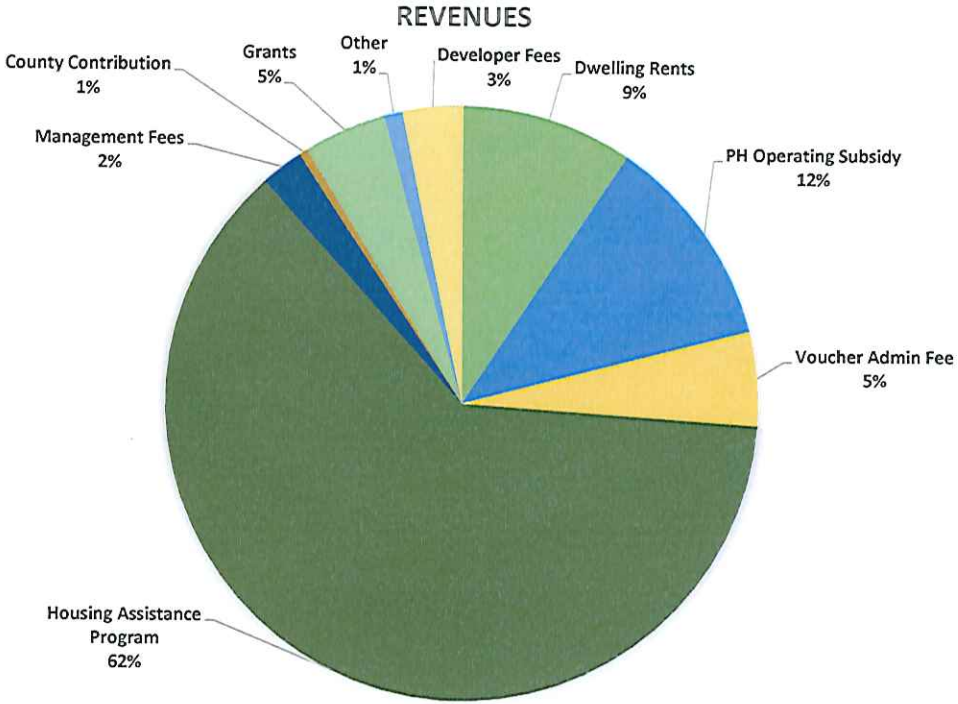
Housing Authority of Clackamas County
 All Programs Budget
 Fiscal Year 2017/2018

	Low Rent Public Housing	Vouchers	Local Projects	Central Office	Development	Grants	FY18 Total	FY 2017 6/30/2017 Budget	FY 2016 6/30/2016 Budget	\$ Change from Prior Year Budget	% Change from Prior Year Budget
Estimated unrestricted cash at 6/30/18											
Public Housing	1,648,838										
	(304,641)										
	<u>1,342,197</u>										
Local Project Funds	2,373,731										
	(72,742)										
	<u>2,300,989</u>										
Estimated restricted cash at 6/30/18											
BB PH Disposition Funds	2,232,691										
Pecor Dispo Loan	(1,100,000)										
	<u>1,132,691</u>										
Ending Balance PH Disposition Funds											
Total Personnel Services	1,808,117	1,139,930	151,513	640,800	204,968	91,676	4,037,004				

Housing Authority of Clackamas County
Public Housing Budget

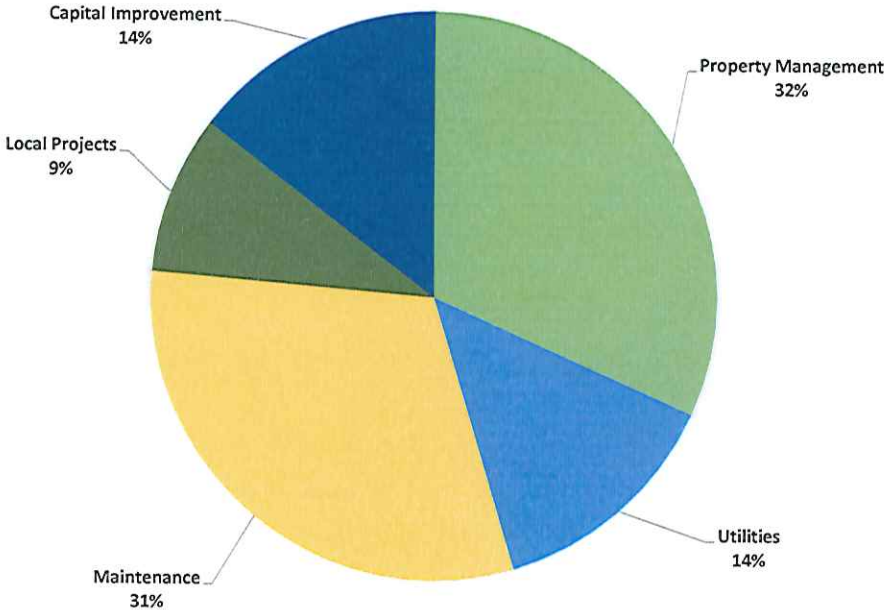
	Clackamas Heights (501)	Scattered Sites (502)	Hillside Park (503)	OCVM (504)	Hillside Manor (505)	Public Housing FY18 Total
INCOME:						
Dwelling rent	220,748	517,568	237,549	111,233	298,341	1,385,438
Vacancy loss (3%)	(20,340)	(15,000)	(6,600)	(4,500)	(9,500)	(55,940)
Other tenant income	17,805	35,184	18,323	30,341	19,421	121,073
Operating subsidy	370,980	528,231	317,676	409,394	276,471	1,902,752
Interest income	326	2,492	758	231	489	4,295
Grant revenue	31,835	46,160	31,835	31,835	31,835	173,500
Other/Inkind	-	-	-	-	16,152	16,152
TOTAL REVENUE	621,353	1,114,634	599,540	578,533	633,209	3,547,269
ADMINISTRATIVE EXPENSE:						
Salaries	82,794	123,657	82,013	82,865	82,013	453,342
Employee benefits	47,260	66,668	47,705	47,314	47,705	256,652
Legal fees	3,000	5,500	1,923	5,655	5,001	21,079
Staff training/travel	1,250	1,500	1,000	1,000	1,000	5,750
Auditing fees	4,171	6,541	3,644	4,171	3,644	22,170
Other administrative expenses (2)	32,643	52,830	28,629	37,109	37,579	188,788
Management fee expense	83,112	120,372	84,600	80,904	84,720	453,708
TOTAL ADMINISTRATIVE	254,228	377,068	249,513	259,018	261,661	1,401,489
TENANT SERVICES:						
Salaries	1,752	2,508	1,752	1,752	1,752	9,518
Benefits	1,197	1,713	1,197	1,197	1,197	6,501
Other	10,000	4,500	6,000	5,000	5,500	31,000
TOTAL TENANT SERVICES	12,949	8,722	8,949	7,949	8,449	47,019
UTILITIES:						
Water	32,000	57,664	21,499	36,643	16,539	164,345
Sewer	91,980	91,024	56,447	96,802	52,113	388,365
Electricity	14,000	4,544	6,906	8,100	69,148	102,698
Gas	1,517	2,364	918	834	26,342	31,975
TOTAL UTILITIES	139,497	155,595	85,769	142,379	164,142	687,383
MAINTENANCE:						
Labor	120,963	216,844	97,526	120,963	93,590	649,886
Benefits	72,294	159,923	66,156	72,294	61,551	432,217
Materials	18,000	73,899	14,110	20,303	16,875	143,187
Garbage contracts	34,702	53,921	28,181	30,352	7,442	154,597
Other contracts	36,150	87,825	16,494	13,956	29,805	184,230
TOTAL MAINTENANCE	282,109	592,411	222,468	209,264	209,264	1,564,119
GENERAL EXPENSES:						
Insurance	14,900	23,000	12,300	15,700	14,500	80,400
Payment in Lieu of Taxes	7,500	32,000	13,500	4,500	14,000	71,500
TOTAL GENERAL EXPENSES	22,400	55,000	25,800	20,200	28,500	151,900
OTHER EXPENSES:						
TOTAL OTHER EXPENSES	-	-	-	-	-	-
TOTAL EXPENSES	711,183	1,188,796	592,500	429,547	672,017	3,851,909
OPERATING SURPLUS (DEFICIT)	(89,830)	(74,162)	7,040	148,986	(38,808)	(304,641)

HACC 2017-2018 Budget



HACC 2017-2018 Budget

PUBLIC HOUSING EXPENSES



BEFORE THE BOARD OF COMMISSIONERS
OF THE HOUSING AUTHORITY OF THE COUNTY OF CLACKAMAS, OREGON

In the Matter of Approving the Housing
Authority's 2017-2018 public Housing
Operating Budget by Project

RESOLUTION NO. 1920

WHEREAS, the Housing Authority Board of Commissioners has reviewed the Public Housing Operating Budget by Project for Fiscal Year ending June 30, 2018 and

WHEREAS, they certify that all regulatory and statutory requirements have been met and that the Housing Authority has sufficient operating reserves to meet the working capital needs of its developments, that the budget expenditures are necessary in the efficient and economical operation of its housing for the purposes of serving low-income residents, and

WHEREAS, the budget indicates a source of funds adequate to cover all proposed expenditures, and

WHEREAS, the calculation of eligibility for federal funding is in accordance with the provisions of the regulations and that all proposed rental charges and expenditures will be consistent with provisions of the law, and

WHEREAS, the Housing Authority will comply with the wage requirements under 24 CFR 968.11 (e) or (f) or 24 CFR 905.120 (c) and (d), and

WHEREAS, the Housing Authority will comply with requirements for the reexamination of family income and composition,

NOW THEREFORE, BE IT RESOLVED that the Housing Authority of Clackamas County, Oregon Public Housing Operating Budget by Project is hereby approved for submittal to the U.S. Department of Housing and Urban Development.

DATED this 15th day of June, 2017

BOARD OF COMMISSIONERS OF THE HOUSING
AUTHORITY OF CLACKAMAS COUNTY, OREGON

Chair

Recording Secretary

PHA Board Resolution
Approving Operating Budget

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 07/31/2019)

Public reporting burden for this collection of information is estimated to average 10 minutes 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. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority of Clackamas County PHA Code: OR001

PHA Fiscal Year Beginning: 7/1/2017 Board Resolution Number: 1920

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

	<u>DATE</u>
<input checked="" type="checkbox"/> Operating Budget approved by Board resolution on:	06/15/2017
<input checked="" type="checkbox"/> Operating Budget submitted to HUD, if applicable, on:	06/22/2017
<input type="checkbox"/> Operating Budget revision approved by Board resolution on:	
<input type="checkbox"/> Operating Budget revision submitted to HUD, if applicable, on:	

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name: Jim Bernard	Signature:	Date:
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