



## HOUSING AUTHORITY REPORT

**DATE ISSUED:** April 02, 2010

**REPORT NO:** HAR 10-026

**ATTENTION:** Members of the Housing Authority  
For the Agenda of May 11, 2010

**SUBJECT:** Proposed Fiscal Year 2011 Budget

**REQUESTED ACTION:**

Housing Authority adoption of the Proposed Fiscal Year 2011 (FY11) Budget and authority for the Housing Commission Board to amend the FY11 Budget under specific circumstances.

**STAFF RECOMMENDATION:**

1. Housing Authority adoption of the \$291.7 million FY11 Proposed Activity Based Budget (Attachment 1).
2. Housing Authority delegation to the Housing Commission to amend the FY11 Budget for amounts up to \$250,000 consistent with prior delegation of the Housing Authority and with adopted policies, programs and activities.

**SUMMARY:**

The proposed FY11 Budget totals \$291,746,283, a decrease of \$28.3 million from the current FY10 Budget of \$320,082,979. There are no City General Funds in this budget.

The \$28.3 million decrease in the FY11 Budget is due to the following factors: 1) A \$21.4 million decrease in Housing Programs primarily due to the expected obligation and/or completion of projects in loans and grants; site acquisition/housing development and relocation. 2) These decreases are offset by increases in mortgage payments to provide debt service for new acquisitions and rent to owners for the Section 8 programs. 3) There is a net reduction in Reserves of \$7.2 million as a result of transferring reserves to fund operating expenses and debt service for new acquisitions.

The budget for salaries and benefits includes the following: Salaries include anticipated movement along the seven-step pay plan, \$148,000 in overtime and a vacancy factor. The FY11 proposed budget does not include bonuses or any salary increases beyond movement in the seven-step pay plan. Benefits include a defined contribution pension (14% of salary); a deferred compensation plan (457) with a 1% employer contribution and a 1.5% employer match for participation; and a flexible spending reimbursement account for health and dependent care expenses. Also included in the benefits budget is a provision for Workers' Compensation, Medicare, life and long term disability insurance and State Unemployment Insurance. The \$806,998 increase in FY11 salaries and benefits provides for the factors previously described and the following additions: four new positions; the reclassification of eighteen positions; an increase in the flexible spending reimbursement account; and an increase in the State Unemployment Insurance (SUI) rate.

The \$620,524 decrease in services and supplies represents a decrease of \$1.6 million in contracts/consultants due to the obligation or completion of a variety of contracts in Rental Housing Development, Facilities Management, Rehabilitation and Rental Housing Finance. The increases in

services and supplies are for property management fees and audit fees related to the six new Limited Liability Companies; additional legal services for the acquisition program; and training and travel for new Board members and Housing Commission staff.

Authority to Amend the Budget

Each year, the Housing Authority delegates certain authority to the Board of Commissioners to amend the agency's budget. Currently that authority is \$250,000 and this report recommends a continuation of the same authority level. This will allow Commissioners to accept unexpected funds and move funds within the approved budget up to \$250,000. In addition, the Housing Authority has the right to request that any Commission action be brought before it for review. NOTE: The exception to the \$250,000 level is Policy 300.103, Real Estate Acquisition Policy. On March 24, 2009, the Housing Authority delegated authority to the Housing Commission Board and the President and CEO to finance, acquire and create additional affordable housing units, subject to Housing Authority review.

**FISCAL CONSIDERATIONS:**

The FY11 Proposed Budget anticipates revenues of \$291,746,283 from almost eighty sources (a net decrease of \$28.3 million from FY10). As in past years, the budget is expected to increase as new grants are approved and Federal and State allocations of funds are finalized. There are no City General Funds in this budget. Approval of the Proposed Budget will appropriate funds for the Agency to pursue the strategies and goals outlined in the proposed FY2011 Business Plan included on today's agenda for your review and approval.

**PREVIOUS COUNCIL and/or COMMITTEE ACTION:**

On June 16, 2009, the Housing Authority approved the FY10 Budget and approved the delegation of \$250,000 of approval authority to the Housing Commission to amend the budget. On March 19, 2010, the Housing Commission approved the Proposed Fiscal Year 2011 Budget.

**ENVIRONMENTAL REVIEW:**

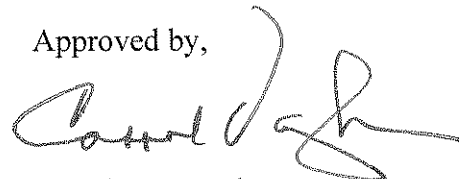
Formulation of the FY11 Housing Commission Budget is not a project as defined pursuant to Section 15378 of the California Environmental Quality Act. This activity is also exempt from the National Environmental Policy Act pursuant to 24 CFR 58.34(a)(3).

Respectfully submitted,



John Pfeiffer, CPA  
Vice President of Financial Services &  
Chief Financial Officer

Approved by,



Carrol M. Vaughan  
Executive Vice President &  
Chief Operating Officer

Attachments: Proposed FY11 Budget

Copies are available for review during business hours at the Housing Commission offices at 1122 Broadway, San Diego, CA 92101, Main Lobby and at the Office of the City Clerk, 202 C Street, San Diego, CA 92101.