



Good Neighbors

San Diego
Housing Commission

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INFORMATIONAL REPORT

DATE ISSUED: May 11, 2006

REPORT NO: HCR06-37

SUBJECT: Third Quarter FY06 Budget Status Report

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

SUMMARY

In summary, the total amount available for expenditure in FY06 is \$255.5 million and this amount includes the current year budget of \$239.2 million plus the \$16.3 million of continuing appropriations from the previous years' balance of vendor/contractor commitments. The FY06 data indicates that the Housing Commission's overall expenditures and commitments are below pace with budget expectation primarily due to the timing of various housing projects and the multi-year nature of several programs. Overall revenues are on pace with budget expectation primarily due to the Section 8 funds; the carryover of Restricted Local, Affordable Housing Fund, Local funds and City School site sales; and the significant reserves of the various Property Management projects from FY05.

BACKGROUND

The purpose of the Quarterly Budget Status Report is to show expenditure and revenue trends and possible deviations from the FY06 Budget plan. If funds were expended and revenues received equally throughout the year, it would be expected that, at the end of the third quarter, approximately 75% of the expenditures/commitments and revenues would be achieved.

DISCUSSION

There are three attachments to this report that show the current status of expenditures and revenues for the third quarter of FY06. A summary of the Agency's Expenditures and Commitments by activity as of March 31, 2006 is provided in Attachment 1. This attachment includes a chart that identifies the FY06 Original Approved Budget, Revisions, the FY06 Current Budget, prior year commitments for each Activity and reflects the third quarter expenditure and commitment levels and the remaining balance of uncommitted budget authority. An overview of this attachment shows the balance remaining for Housing Services is slightly greater than budget expectation primarily due to multi-year programs for renovation of State and HUD Conventional units. Operations' balance is greater than expectation primarily due to computer equipment purchases that will occur in the fourth quarter and less contract/consultants and extraordinary maintenance on the new and existing office facilities.



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Housing Finance & Development's balance is significantly greater than expectation as pipeline projects are expected to receive approvals in the next two quarters. The Agency's expenditures and commitments for all activities are \$131.6 million, or 52% of the \$255.5 million Total Budget plus Continuing Appropriations. Of this amount, expenditures are \$115.4 million and commitments are \$16.2 million.

Attachment 2 is a summary of the Agency's Expenditures and Commitments by Major Account as of March 31, 2006. This attachment includes a chart that identifies the FY06 Original Approved Budget, Revisions, the FY06 Current Budget, prior year commitments for each Major Account and reflects the third quarter expenditure and commitment levels and the remaining balance of uncommitted budget authority. An overview of this attachment shows that the balance remaining in Rent to Owners is on pace with budget expectation. Salaries & Benefits are slightly greater than budget expectation due to position vacancies. Supplies & Services are also slightly greater than budget expectation due to computer equipment that will be purchased towards year end, audit costs are incurred at year end and there is rent savings from not executing the sale and leaseback agreement with the original buyer of the Newton office facility. The balance of Loans & Grants is greater than budget expectation as pipeline projects are expected to receive approvals in the next two quarters. Other Housing programs are greater than expectation due to the inclusion of recent sale proceeds for development, new awards and multi-year programs.

Attachment 3 is a summary of the Agency's revenues as of March 31, 2006 by major revenue classification. This attachment includes a chart that identifies the FY06 Original Approved Budget, Revisions, the FY06 Current Budget, prior year commitments for each major revenue source and reflects the third quarter revenues received. An overview of this attachment shows Restricted Revenues are on pace with budget expectations as Other HUD funds and Restricted Local funds include the carryover of significant reserves on the Conventional Public Housing Program, City School site sale funds and Redevelopment funds. Section 8 funds are very close to budget expectation. The contract for CDBG funds is pending approval at the City of San Diego and substantial funds will be received upon contract execution. Also, the State funds are less than expected due pending approval of several housing projects and to the delay in State approval of annuity funds for the two housing management projects. Unrestricted Revenues are higher than budget expectation except for HOME funds that are only received as loans are funded. This will change as commitments for HOME projects are funded over the next two quarters. There was significant carryover of Rental Rehabilitation, Local and Affordable Housing funds and these additional funds have been incorporated in the fall budget revision. The Agency's revenues were \$178.0 million or 70% of the \$255.5 million Total Budget plus Continuing Appropriations.

Since the Second Quarter Budget Status Report, the FY06 Budget has been revised from \$237,254,543 to \$239,216,190. The increase in the FY06 Budget of \$1,916,647 is due to the addition of Coastal Housing funds and the recent award of HUD Economic Development Initiative funds. Attachment 4 reflects the two revisions that increased/decreased the FY06 Budget and eight revisions that transferred funds among activities and/or major line items.

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Respectfully submitted,

Tim Sturtevant
Budget Officer

**Signature on File
With Original Document**

Approved by,

Elizabeth C. Morris
President & Chief Executive Officer

STURTEVANT/MONTAGUE/SILSBEE (578-7731)
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Attachments:

1. FY06 Summary of Expenditures and Remaining Commitments by Activity as of March 31, 2006.
2. FY06 Summary of Expenditures and Remaining Commitments by Account as of March 31, 2006.
3. FY06 Summary of Revenues Received as of March 31, 2006
4. FY06 Third Quarter Budget Amendments

THIRD QUARTER BUDGET STATUS REPORT

FY06 EXPENDITURES AND CONTINUING APPROPRIATIONS BY ACTIVITY AS OF 03/31/06

ACTIVITY GROUPS	FY06 ORIGINAL BUDGET (A)	FY06 REVISIONS (B)	FY06 CURRENT BUDGET (C) (A+B=C)	PRIOR YEARS CONTINUING APPROPRIATIONS (D)	TOTAL BUDGET & CONTINUING APPROPRIATIONS (E) (C+D=E)	FY06 EXPENSES AS OF 03/31/06 (F)	FY06 COMMITMENTS AS OF 03/31/06 (G)	FY06 BALANCE AS OF 03/31/06 (H) (E-F-G=H)	% REMAINING BALANCE (I) (H/E=I)
HOUSING SERVICES	144,332,539	5,518,847	149,851,386	3,146,602	152,997,988	98,368,427	2,459,333	52,170,228	34%
Rental Assistance	120,727,262	6,277,367	127,004,629	81,156	127,085,785	88,918,343	75,255	38,092,187	30%
Property Management	21,716,820	(982,882)	20,733,938	2,947,677	23,681,615	8,262,237	2,317,847	13,101,531	55%
Resident Services	1,888,457	224,362	2,112,819	117,769	2,230,588	1,187,847	66,231	976,510	44%
HOUSING FINANCE & DEVELOPMENT	50,968,970	8,033,030	59,002,000	12,765,021	71,767,021	12,363,157	12,923,712	46,480,152	65%
Rental Housing Production	29,933,473	5,676,374	35,609,847	4,765,917	40,375,764	5,183,415	4,600,392	30,591,957	76%
Homeownership	6,791,225	192,566	6,983,791	2,988,785	9,972,576	1,235,513	2,980,748	5,756,315	58%
Rehabilitation	6,175,146	776,649	6,951,795	688,885	7,640,680	2,943,863	861,951	3,834,866	50%
Portfolio Servicing & Occupancy Monitoring	2,632,852	(93,853)	2,538,999	0	2,538,999	507,486	45,000	1,986,513	78%
Special Purpose Housing	5,436,274	1,481,294	6,917,568	4,321,434	11,239,002	2,492,880	4,435,621	4,310,501	38%
OPERATIONS	8,220,464	292,220	8,512,684	379,885	8,892,569	4,715,943	768,359	3,408,267	38%
Board & Executive Functions	1,103,366	16,791	1,120,157	61,801	1,181,958	791,999	61,302	328,657	28%
Support Services	6,689,273	267,684	6,956,957	317,204	7,274,161	3,639,425	706,645	2,928,091	40%
Communication & Strategy	427,825	7,745	435,570	880	436,450	284,519	412	151,519	35%
PROGRAM & CONTINGENCY RESERVES	17,825,158	4,024,962	21,850,120	0	21,850,120	0	0	21,850,120	100%
TOTAL	221,347,131	17,869,059	239,216,190	16,291,508	255,507,698	115,447,527	16,151,404	123,908,767	48%

THIRD QUARTER BUDGET STATUS REPORT

FY06 EXPENDITURES & CONTINUING APPROPRIATIONS BY ACCOUNT AS OF 03/31/06

EXPENSE CATEGORY	FY06 ORIGINAL BUDGET (A)	FY06 REVISIONS (B)	FY06 CURRENT BUDGET (C) (A+B=C)	PRIOR YEARS CONTINUING APPROPRIATIONS (D)	TOTAL BUDGET & CONTINUING APPROPRIATIONS (E) (C+D=E)	FY06 EXPENSES AS OF 03/31/06 (F)	FY06 COMMITMENTS AS OF 03/31/06 (G)	FY06 BALANCE AS OF 03/31/06 (H) (E-F-G=H)	% REMAINING BALANCE (I) (H/E=K)
SALARIES & BENEFITS	16,515,683	162,936	16,678,619	0	16,678,619	11,356,897	0	5,321,722	32%
SERVICES & SUPPLIES	7,190,199	493,217	7,683,416	440,926	8,124,342	4,042,440	1,037,112	3,044,790	37%
HOUSING PROGRAMS									
RENT TO OWNERS	116,953,977	6,097,715	123,051,692	1,862,509	124,914,201	85,142,038	1,908,248	37,863,915	30%
LOANS & GRANTS	32,299,258	5,948,316	38,247,574	10,881,483	49,129,057	9,059,285	10,891,869	29,177,903	59%
OTHER HOUSING PROGRAMS	30,562,856	1,141,913	31,704,769	3,106,590	34,811,359	5,846,867	2,314,175	26,650,317	77%
HOUSING PROGRAM TOTAL	179,816,091	13,187,944	193,004,035	15,850,582	208,854,617	100,048,190	15,114,292	93,692,135	45%
PROGRAM CONTINGENCY & RESERVES	17,825,158	4,024,962	21,850,120	0	21,850,120	0	0	21,850,120	100%
TOTAL	221,347,131	17,869,059	239,216,190	16,291,508	255,507,698	115,447,527	16,151,404	123,908,767	48%

THIRD QUARTER BUDGET STATUS REPORT

FY06 SUMMARY OF REVENUES RECEIVED AS OF 3/31/06

	FY06 ORIGINAL BUDGET (A)	FY06 REVISIONS (B)	FY06 CURRENT BUDGET (C) (A+B=C)	PRIOR YEARS CONTINUING APPROPRIATIONS (D)	TOTAL BUDGET & CONTINUING APPROPRIATIONS (E) (C+D=E)	ACTUAL REVENUE RECEIVED (F)	% RECEIVED (G) (F/E=G)
REVENUES							
Restricted Revenues							
Section 8	124,574,182	7,135,283	131,709,465	96,257	131,805,722	100,600,137	76%
Other HUD	27,217,459	1,105,226	28,322,685	4,694,610	33,017,295	23,545,462	71%
State	5,568,323	(404,140)	5,164,183	2,264,533	7,428,716	2,193,934	30%
CDBG	3,236,603	34,898	3,271,501	64,386	3,335,887	1,034,722	31%
Restricted Local	14,669,604	2,162,273	16,831,877	1,842,012	18,673,889	13,223,982	71%
Restricted Revenues Sub-total	175,266,171	10,033,540	185,299,711	8,961,798	194,261,509	140,598,237	72%
Unrestricted Revenues							
Rental Rehabilitation	286,968	297,864	584,832	0	584,832	447,401	77%
Local	15,030,788	1,293,026	16,323,814	812,917	17,136,731	15,896,129	93%
Affordable Housing Fund	11,596,832	1,890,683	13,487,515	2,744,239	16,231,754	13,527,281	83%
HOME	19,166,372	4,353,946	23,520,318	3,772,554	27,292,872	7,566,585	28%
Unrestricted Revenues Sub-total	46,080,960	7,835,519	53,916,479	7,329,710	61,246,189	37,437,396	61%
TOTAL REVENUES	\$221,347,131	\$17,869,059	\$239,216,190	\$16,291,508	\$255,507,698	\$178,035,633	70%

Third Quarter FY06 Budget Amendments

I. Budget Revisions

	<u>Amount</u>	<u>Source</u>	<u>Activity</u>	<u>Expense</u>	<u>Approved by</u>
1	1,216,072	Coastal Housing	Rental Housing Production	Loans & Grants	Housing Authority
2	745,575	HUD Econ Dev Initiative	Resident Services	Resident Contracts etc	President & C.E.O.
	1,961,647	Total Budget Revisions			

II. Budget Transfers

	<u>Amount</u>	<u>Source</u>	<u>Activity</u>	<u>Expense</u>	<u>Approved by</u>
3	(297,864)	Local Funds	Reserves	Reserves	President & C.E.O.
	297,864	Local Funds	Special Purpose Housing	Loans & Grants	President & C.E.O.
4	(297,864)	Rental Rehabilitation	Special Purpose Housing	Loans & Grants	President & C.E.O.
	297,864	Rental Rehabilitation	Reserves	Reserves	President & C.E.O.
5	(750)	Local Funds	Communication & Strategy	Sundry	President & C.E.O.
	750	Local Funds	Communication & Strategy	Office Equipment	President & C.E.O.
6	(200,000)	Local Funds	Facilities Management	Contract/Consultant	President & C.E.O.
	200,000	Local Funds	Facilities Management	Office Equipment	President & C.E.O.
7	(88,260)	Local Funds	Asset Management	Extraordinary Maintenance	President & C.E.O.
	88,260	Local Funds	Asset Management	Contract/Consultant	President & C.E.O.
8	(20,000)	Local Funds	Asset Management	Extraordinary Maintenance	President & C.E.O.
	20,000	Local Funds	Asset Management	Contract/Consultant	President & C.E.O.
9	(75,000)	Local Funds	Asset Management	Extraordinary Maintenance	President & C.E.O.
	75,000	Local Funds	Asset Management	Contract/Consultant	President & C.E.O.
10	(10,000)	Local Funds	Reserves	Reserves	President & C.E.O.
	10,000	Local Funds	Special Purpose Housing	Loans & Grants	President & C.E.O.
	0	Total Budget Transfers			

1,961,647

Grand Total Budget Revisions & Transfers