



## REPORT

**DATE:** January 19, 2001 **Item 104**  
**REPORT NO:** HCR00-005  
**SUBJECT:** Proposed FY01 Budget Revision (Citywide)

### SUMMARY

**Issue No. 1** - Should the Housing Commission recommend the following revisions in the Fiscal Year 2001 (FY01) Budget to the Housing Authority?

- (1) Additions/Deletions of new revenue sources netting \$4,538,159; and
- (2) Net Additions of carryover funds totaling \$8,106,787 including \$4.9 million of development funds from timing of project approvals and the balance in revenues that exceeded anticipated levels.

**Recommendation No. 1** - Approve the revisions as shown on Attachment 1 increasing the FY01 budget by \$12,644,946 as outlined in this report.

**Fiscal Impact No. 1** - Approval of this action will result in an overall increase of \$12,644,946 in the current budget from \$110,252,578 to \$122,897,524.

**Issue No. 2** - What Section 8 Operating Reserve expenditure thresholds should the Housing Commission recommend be incorporated in a HUD required authorizing resolution?

**Recommendation No. 2** - Recommend approval of a resolution (Attachment 7) that specifies thresholds for Section 8 Operating Reserves consistent with current Housing Commission authorization levels.

**Fiscal Impact No. 2** - None with this action.

**Previous Related Actions:** On June 6, 2000, the Housing Authority approved the FY01 Budget in the amount of \$107,099,201. Subsequent budget amendments detailed on Attachment 2 have increased the budget by \$3,153,377 to \$110,252,578.

## **BACKGROUND – ISSUE NO. 1**

The FY01 Housing Commission Budget as approved on June 6, 2000 included estimates of carryover since exact amounts would not be known until after the FY00 fiscal year closed on June 30, 2000. It was reported that these budget estimates would be adjusted upon final closeout of FY00 financial statements for each source.

Also, as the Housing Commission receives its funding from numerous federal, state and local sources, these revenues are subject to change and require periodic update to reflect these changes. Most outside funds are "restricted," i.e., funds are provided for a specific purpose and are not available for discretionary allocation.

## **DISCUSSION – ISSUE NO. 1**

This budget revision is primarily a reconciliation with current financial information. Carryover funds continue to be budgeted for their previously authorized use, and new funds are added in conformance with activities previously approved in grant applications.

Two policy decisions included in the revisions should be highlighted. First, the Commission has additional carryover of \$4.9 million in Housing Trust funds, HOME and HUD Development funds that resulted from the timing of project approvals and unexpected revenue from increased development activity. It is proposed that these funds be utilized as initially budgeted in FY00.

Second, it is recommended that \$3.3 million in revenues greater than anticipated from a variety of sources be placed in reserves. This is primarily due to the unanticipated income from the recapture of FY95 to FY99 port-out fees on the Section 8 programs, additional surplus fees on Section 8 programs in FY00, release of continuing appropriations, loan payoffs, bond fees, additional interest, surplus Maya income and FY00 administrative savings. While staff recognizes that some of these monies could be used for housing programs, in many cases the federal, state and local programs do not provide sufficient funding for the operation and administration required to continue current programs in future years. These programs must be supplemented with local funds to ensure implementation in compliance with program regulations and prudent business practices. Therefore, it is proposed that \$992,613 be set aside in Program Reserves for FY02 and FY03 for program operation and administration. In addition, it is proposed that \$765,673 be set aside in Contingency Reserves to address office space needs. The balance is primarily administrative savings from federal programs that will be utilized in FY02 and FY03. Attachment 3 reflects the detailed components of the Reserves.

The following table summarizes the changes in revenues for local, state and federal sources.

| <b>Revenues</b>  | <b>Current Budget</b> | <b>Revision Budget</b> | <b>Proposed Budget</b> | <b>% of Change</b> |
|------------------|-----------------------|------------------------|------------------------|--------------------|
| Local Revenues   | 18,191,471            | 3,661,979              | 21,853,450             | + 20%              |
| State Revenues   | 699,387               | 67,582                 | 766,969                | + 10%              |
| Federal Revenues | 91,361,720            | 8,915,385              | 100,277,105            | + 10%              |
| Total Revenues   | 110,252,578           | 12,644,946             | 122,897,524            | + 11%              |

Additional information concerning the changes for each source can be found on Attachment 4 and Attachment 5.

The following table summarizes the changes in expenditures by major activity.

| <b>Activities</b> | <b>Current Budget</b> | <b>Revision Budget</b> | <b>Proposed Budget</b> | <b>% of Change</b> |
|-------------------|-----------------------|------------------------|------------------------|--------------------|
| Housing Services  | 73,709,881            | 4,382,791              | 78,092,672             | + 6%               |
| Hsg Finance & Dev | 25,294,068            | 4,968,925              | 30,262,993             | + 20%              |
| Operations        | 6,106,500             | 35,563                 | 6,697,002              | + 1%               |
| Reserves          | 4,587,190             | 3,257,667              | 7,844,857              | + 71%              |
| Total Revenues    | 110,252,578           | 12,644,946             | 122,897,524            | + 11%              |

Additional information concerning the changes for each line item for the agency can be found on Attachment 6.

Approval of the staff recommendations by Housing Commission and Housing Authority will increase the FY01 Budget by \$12,644,946 from \$110,252,578 to \$122,897,524.

## **BACKGROUND – ISSUE NO. 2**

Rather than providing a fixed dollar amount of administrative funding, Section 8 programs earn an administrative fee for each unit leased to encourage Housing Authorities to maintain maximum leasing of units. This fee currently provides greater income than is required to provide for the direct cost of program staff and support activities. The surplus administrative fees must be placed in the Operating Reserve at the end of each year and in the past were able to be used for “general housing purposes” pursuant to the Board approved budget without a specific Board action. These funds have provided for a variety of other housing purposes in the past including administrative support for programs that do not provide sufficient administrative funding, loans and grants to a variety of non-profits and litigation and insurance reserves.

HUD now requires that Housing Authorities amend their administrative plan to include a “threshold for the amount of expenditures that may be made from the Operating Reserve for other housing purposes without approval of the board.”

## **DISCUSSION – ISSUE NO. 2**

As shown on the attached resolution, it is recommended that the Housing Commission approve expenditures from the Section 8 program’s Operating Reserve greater than \$100,000 and that expenditures greater than \$250,000 be approved by the Housing Authority. The Chief Executive Officer would be authorized to approve such expenditures up to \$100,000. This threshold mirrors the current authorization levels.

Respectfully submitted,

Steve Mikelman  
Director of Operations

Approved by,

Elizabeth C. Morris  
Chief Executive Officer

**Signature on File  
With Original Document**

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- Attachment 1: Proposed FY01 Revised Budget by Activity
- Attachment 2: Previous FY01 Budget Revisions
- Attachment 3: Schedule of Agency Reserves
- Attachment 4: Agency Summary of Revenues
- Attachment 5: Detailed Explanation of Proposed Revenue Revisions
- Attachment 6: Agency Summary of Expenditures
- Attachment 7: Resolution Attachments

**PROPOSED FY01 BUDGET REVISION**

**ATTACHMENT 1**

**PROPOSED FY01 BUDGET BY ACTIVITY**

| Activities  | Current Budget     | Revision          | Proposed Budget    | % of Change |
|---|--------------------|-------------------|--------------------|-------------|
| <b>Housing Services</b>                               | <b>73,709,881</b>  | <b>4,382,791</b>  | <b>78,092,672</b>  | <b>6%</b>   |
| <b>Rental Assistance</b>                              | <b>60,902,046</b>  | <b>4,353,925</b>  | <b>65,255,971</b>  | <b>7%</b>   |
| <b>Property Management</b>                            | <b>10,270,968</b>  | <b>(183,154)</b>  | <b>10,087,814</b>  | <b>-2%</b>  |
| Management  | 2,938,909          | 0                 | 2,938,909          | 0%          |
| Routine Maintenance                                   | 3,980,327          | 7,009             | 3,987,336          | 0%          |
| Major Renovations                                     | 3,351,732          | (190,163)         | 3,161,569          | -6%         |
| <b>Resident Services</b>                              | <b>2,536,867</b>   | <b>212,020</b>    | <b>2,748,887</b>   | <b>8%</b>   |
| Operation of Self Sufficiency                         | 1,332,932          | 14,357            | 1,347,289          | 1%          |
| Operation of Youth, Family & Senior Prgs              | 1,203,935          | 197,663           | 1,401,598          | 16%         |
| <b>Housing Finance &amp; Development</b>              | <b>25,294,068</b>  | <b>4,968,925</b>  | <b>30,262,993</b>  | <b>20%</b>  |
| <b>Rental Housing Production</b>                      | <b>11,577,854</b>  | <b>3,264,890</b>  | <b>14,842,744</b>  | <b>28%</b>  |
| <b>Homeownership</b>                                  | <b>3,438,824</b>   | <b>1,027,320</b>  | <b>4,466,144</b>   | <b>30%</b>  |
| <b>Rehabilitation</b>                                 | <b>4,043,383</b>   | <b>188,219</b>    | <b>4,231,602</b>   | <b>5%</b>   |
| Rental Housing  | 241,657            | 56,261            | 297,918            | 23%         |
| Owner Occupied  | 3,801,726          | 131,958           | 3,933,684          | 3%          |
| <b>Portfolio Servicing &amp; Occupancy Monitoring</b> | <b>1,917,671</b>   | <b>238,496</b>    | <b>2,156,167</b>   | <b>12%</b>  |
| <b>Special Purpose Housing</b>                        | <b>4,316,336</b>   | <b>250,000</b>    | <b>4,566,336</b>   | <b>6%</b>   |
| <b>Operations</b>                                     | <b>6,661,439</b>   | <b>35,563</b>     | <b>6,697,002</b>   | <b>1%</b>   |
| <b>Board &amp; Executive Functions</b>                | <b>1,189,721</b>   | <b>0</b>          | <b>1,189,721</b>   | <b>0%</b>   |
| <b>Support Services</b>                               | <b>5,064,573</b>   | <b>35,563</b>     | <b>5,100,136</b>   | <b>1%</b>   |
| Human Resources                                       | 669,615            | 0                 | 669,615            | 0%          |
| Information Systems                                   | 1,211,449          | (10)              | 1,211,439          | 0%          |
| Financial Management                                  | 1,442,793          | 0                 | 1,442,793          | 0%          |
| Equal Opportunity                                     | 962,108            | 35,573            | 997,681            | 4%          |
| Resource Development                                  | 172,691            | 0                 | 172,691            | 0%          |
| Facilities Management                                 | 605,917            | 0                 | 605,917            | 0%          |
| <b>Community Relations</b>                            | <b>407,145</b>     | <b>0</b>          | <b>407,145</b>     | <b>0%</b>   |
| <b>Program &amp; Contingency Reserves</b>             | <b>4,587,190</b>   | <b>3,257,667</b>  | <b>7,844,857</b>   | <b>71%</b>  |
| <b>FY01 Proposed Activity Based Budget</b>            | <b>110,252,578</b> | <b>12,644,946</b> | <b>122,897,524</b> | <b>11%</b>  |

**EXPLANATION OF PROPOSED FY01 BUDGET REVISIONS BY ACTIVITY****Housing Services****1. Rental Assistance**

The increase of \$4,353,925 is due to the increase in rent payments in FY01 resulting from 899 additional units that will provide 7,916 additional monthly landlord payments in FY01. This increase includes net new awards of 648 additional Voucher units, 199 additional Vouchers that can be leased due to greater funding provided by HUD and 52 additional Mod Rehab units converted to the Voucher program.

**2. Property Management-Routine Maintenance**

The increase of \$7,000 is primarily an additional award of Capital funds and is proposed to provide for office equipment.

**3. Property Management-Major Renovations**

The decrease of \$190,163 is primarily due to not receiving the requested CDBG award of \$341,200 for the Otay Villas project. Also, due to additional COMP Grant contracts in FY00 for extraordinary maintenance, there was \$105,946 of less carryover than had been anticipated. These decreases were partially offset by an additional award of \$175,056 of Capital Funds and additional carryover of \$81,927 of CDBG, Local and LIHCO funds for Extraordinary Maintenance from FY00 for the University Canyon, Otay and Pulitzer projects.

**4. Resident Services-Operation of Self Sufficiency**

The increase of \$14,357 is primarily due to a new award of \$41,404 for Ross Links I and Moving to Work. Also, there were small amounts of additional carryover of \$20,821 for Community College, MAAC CIOF Training, COMP Grant, Neighborhood and Community Works funds primarily for resident services contracts and recreation. These increases were partially offset by accelerated spending of \$47,868 resulting in less carryover than anticipated on the Enterprise Community and the Community Partnerships programs.

**5. Resident Services-Operation of Youth, Family & Senior Programs**

The increase of \$197,663 is primarily due to an additional new award of \$217,005 for the Public Housing Drug Elimination Program for resident services' contracts and recreation. This increase was partially offset by \$19,342 less carryover than anticipated for the current Public Housing Drug Elimination, COMP Grant, and Economic Development programs and primarily reduced resident services' contracts and recreation.

## **Housing Finance & Development**

### **6. Rental Housing Production**

The increase of \$3,264,890 is primarily due to the \$2,290,764 of additional carryover of Housing Trust and HOME funds for loans and grants due to timing of project approvals. Projects have since been approved. It is proposed that \$479,825 of the additional carryover of Linkage fees that resulted from higher non-residential local development activity than was anticipated be budgeted for rental housing development; projects in the pipeline are expected to absorb this infusion. In addition, there was \$874,739 of carryover of HUD Development funds due to the delay in HUD approval of the Boston Avenue project and an additional award of \$15,498 for this project. These increases were partially offset by not receiving anticipated awards of \$395,936 of CDBG funds for various projects to be monitored and administered by staff of the Housing Commission

### **7. Homeownership**

The increase of \$1,027,320 is due primarily to the additional carryover of \$536,266 of SEDC Redevelopment, HOME and Linda Vista Redevelopment funds due to the timing of project funding and these funds are proposed to be retained by Homeownership. The first time homebuyer programs generate funds as loans are paid off and it is proposed that the unanticipated \$392,442 of HOME loan repayments funds be recycled in Homeownership. Also, it is proposed that \$100,000 of the additional carryover of Linkage fees resulting from higher development activity than was anticipated be provided to Homeownership. These increases are partially offset by a small decrease of \$1,388 in CDBG funds for the CDC project.

### **8. Rehabilitation-Rental Housing**

The increase of \$56,261 is due to the additional carryover of HOME funds for loans and grants and is due to timing of project approvals. It is proposed that these funds remain with this activity to provide for pipeline projects.

### **9. Rehabilitation-Owner Occupied**

The increase of \$131,958 is primarily due to \$362,616 of additional carryover on HOME, Housing Trust and several Redevelopment funds. This increase was partially offset by not receiving anticipated awards of \$229,080 of CDBG funds for various projects to be monitored by the Housing Commission and a small decrease of \$1,578 in carryover of Rental Rehabilitation funds.

**Housing Finance & Development (continued)****10. Portfolio Servicing & Occupancy Monitoring**

The increase of \$238,496 is due to the additional carryover of CDBG and Local funds and is proposed to provide for site acquisitions in the event of foreclosures.

**11. Special Purpose Housing**

The increase of \$250,000 is primarily due to the \$150,000 of new funds expected from the City for the Women's Shelter. Also, it is proposed that \$100,000 of the additional carryover of Linkage fees resulting from higher development activity than was anticipated be provided for Special Purpose Housing.

**Operations****12. Equal Opportunity & Contracting**

The increase of \$35,573 is primarily for the carryover of \$25,573 of FY00 funds for a Credit Needs Study by the Reinvestment Task Force and administrative savings. The balance of the increase is a new City award of \$10,000 for the Reinvestment Task Force.

**Reserves****13. Reserves**

These anticipated revenues from various sources are proposed to be placed in Reserves. These revenues include \$1,604,188 of additional carryover of primarily Section 8, Local and HOME funds resulting from unanticipated income from the recapture of FY95 through FY99 port-out administrative fees on the Section 8 programs, surplus administrative Section 8 fees in FY00, bond fees, loan payments, loan payoffs, loan fees, SRO fees, surplus Maya income, lease payments and interest earnings. The administrative savings and canceled Auditor's Certificates in FY00 were \$303,193 and \$56,631 respectively. These sources of unanticipated income, administrative savings and canceled A/C's have been targeted to provide for the supplemental funding required in FY02 and FY03 for the administration and operation of programs that are not self-sustaining.

In addition, there was an increase of \$383,398 due to the new awards that will provide for the multi-year Moving to Work, Capital Fund, Drug Elimination, FSS Coordinator for Section 8 and Ross Links I programs. Also, the additional new 899 Voucher units will provide an increase of \$235,792 in surplus administrative fees in FY01. Finally, these increases were offset by a reduction of \$91,208 to provide for the loss of administration in the actual CDBG award of new funds.

The increase of \$765,673 in Contingency Reserves is due primarily to the unanticipated retroactive surplus fees on the Section 8 programs covering FY95 through FY99. It is proposed that these funds be set aside for costs associated with future office space needs.

**PROPOSED FY01 BUDGET REVISION****ATTACHMENT 2****PREVIOUS FY01 BUDGET REVISIONS**

| <u>DATE OF REVISION</u> | <u>AMOUNT</u> | <u>APPROVING AUTHORITY</u> | <u>COMMENTS:</u>  |
|-------------------------|---------------|----------------------------|---|
|                         | \$107,099,201 |                            | Approved Original Budget  |
| June 22, 2000           | 0             | CEO                        | Transfer funds from Reserves to Rental Assistance for Equipment   |
| June 30, 2000           | 100,000       | CEO                        | Incorporate additional HOME funds for Rehabilitation Loans and Grants   |
| July 24, 2000           | 0             | CEO                        | Transfer funds from Reserves to Rental Assistance for Temporary Employees and Equipment   |
| August 4, 2000          | 7,354         | CEO                        | Incorporate additional Drug Elimination funds for Equipment and Resident Services activities  |
| August 8, 2000          | 69,900        | CEO                        | Incorporate additional funding for actual CDBG awards for Loans and Grants in Rental Housing Production and Owner Occupied Rehabilitation |
| August 11, 2000         | 0             | CEO                        | Transfer funds between activities for Resident Services activities  |
| August 11, 2000         | 0             | CEO                        | Transfer funds between activities for Resident Services activities  |
| August 18, 2000         | 8,500         | CEO                        | Incorporate additional Enterprise Community funds for Resident Services activities  |
| August 22, 2000         | 0             | CEO                        | Transfer funds from Reserves to Rental Assistance for Equipment   |
| August 24, 2000         | 0             | CEO                        | Transfer funds from Facilities Management to Rental Assistance for Equipment  |
| August 29, 2000         | 0             | CEO                        | Transfer funds from Sundry to Temporary Employees in Resident Services  |
| August 30, 2000         | 0             | CEO                        | Transfer funds from Sundry to Equipment in LM Portfolio Servicing & Occupancy Monitoring  |
| September 14, 2000      | 0             | CEO                        | Transfer funds from Reserves to Equal Opportunity Special Purpose Housing for Contract Consultants  |
| September 14, 2000      | 14,600        | CEO                        | Incorporate additional COMP Grant funds for Resident Services activities  |
| September 14, 2000      | 0             | CEO                        | Transfer funds from Reserves to Fiscal Services for Temporary Employees   |

**PROPOSED FY01 BUDGET REVISION****ATTACHMENT 2****PREVIOUS FY01 BUDGET REVISIONS**

| <u>DATE OF REVISION</u> | <u>AMOUNT</u> | <u>APPROVING AUTHORITY</u> | <u>COMMENTS:</u>   |
|-------------------------|---------------|----------------------------|--|
| September 14, 2000      | 0             | CEO                        | Transfer funds from Reserves to LM Portfolio Servicing & Occupancy Monitoring for Travel   |
| September 19, 2000      | 749           | CEO                        | Incorporate additional Drug Elimination funds into Construction Services for Extraordinary Maintenance                                 |
| September 27, 2000      | 0             | CEO                        | Transfer funds between activities for Resident Services activities   |
| October 3, 2000         | 947,052       | Housing Authority          | Incorporate additional Supportive Housing funds for Special Purpose Housing Loans and Grants   |
| October 5, 2000         | 18,956        | CEO                        | Incorporate additional COMP Grant funds for Resident Services activities   |
| October 5, 2000         | 0             | CEO                        | Transfer funds between activities for Resident Services activities   |
| October 18, 2000        | 0             | CEO                        | Transfer funds from Reserves to Equal Opportunity & Compliance for Insurance and to Rental Assistance for Contract Consultants         |
| October 19, 2000        | 0             | CEO                        | Transfer funds from Reserves to Human Resources for Temporary Employees  |
| October 19, 2000        | 0             | CEO                        | Transfer funds from Reserves to Equal Opportunity and Contracting for Contract Consultants and to Special Purpose for Loans and Grants |
| October 19, 2000        | 0             | CEO                        | Transfer funds from Reserves to HF Rental Housing Production for Contract Consultants and maintenance district assessments             |
| October 25, 2000        | 0             | CEO                        | Transfer funds from Reserves to Board & Executive Functions for Salaries and Benefits  |
| October 26, 2000        | 0             | CEO                        | Transfer funds between activities for Rehabilitation Loans and Grants  |
| November 14, 2000       | 988,564       | Housing Authority          | Incorporate additional Trust Fund Redevelopment funds into HF Rental Housing Production for Loans and Grants                           |
| November 21, 2000       | 24,900        | CEO                        | Incorporate additional Drug Elimination funds for Resident Services activities and Equipment   |

**PROPOSED FY01 BUDGET REVISION**

**ATTACHMENT 2**

**PREVIOUS FY01 BUDGET REVISIONS**

| <u>DATE OF REVISION</u> | <u>AMOUNT</u> | <u>APPROVING AUTHORITY</u> | <u>COMMENTS:</u>   |
|-------------------------|---------------|----------------------------|--|
| November 29, 2000       | 0             | CEO                        | Transfer funds from Reserves to Construction Services for Litigation   |
| December 5, 2000        | 0             | CEO                        | Transfer funds from Sundry to Equipment in Board & Executive Functions   |
| December 12, 2000       | 137,786       | Housing Authority          | Incorporate additional Trust Fund Redevelopment funds into HF Special Purpose Housing for Loans and Grants                                       |
| December 12, 2000       | 625,000       | Housing Authority          | Incorporate ROSS Links II and Drug Elimination funds for Resident Services activities  |
| December 12, 2000       | 110,016       | Housing Authority          | Incorporate additional Section 8 Voucher funds into Rental Assistance for Salaries and Benefits and into Reserves for future Temporary Employees |
|                         | <hr/>         |                            |  |
|                         | \$110,252,578 |                            |  |

SCHEDULE OF AGENCY RESERVES

| Type of Reserve   | FY01 Proposed Use                 | FY00<br>Amount   | FY01<br>Original | FY01<br>Current  | FY01<br>Proposed |
|---|-----------------------------------|------------------|------------------|------------------|------------------|
| <b>I Program Reserves</b>   |                                   |                  |                  |                  |                  |
| The Program Reserves provide for future personnel, services and supplies and/or housing programs on specific multi-year housing programs and decrease over time unless new resources are awarded.   |                                   |                  |                  |                  |                  |
| California Wellness Foundation  | Administration for FY02           | 120,000          | -                | -                | 8,473            |
| Capital Fund 501-00   | Admin & Hsg Prog for FY02 & FY03  | -                | 368,828          | 368,828          | 389,389          |
| CDBG  | Administration for FY01           | -                | -                | 13,650           | -                |
| City Property Management  | Administration for FY02           | 105              | -                | -                | 1,399            |
| City Enterprise Community Prgrm   | Admin & Housing Programs for FY01 | 3,756            | -                | -                | -                |
| Community Partnerships RU&ED  | Admin & Housing Programs for FY01 | 23,117           | -                | -                | -                |
| Comprehensive Grant   | Admin & Hsg Prog for FY02         | 385,710          | 167,221          | 167,221          | 165,209          |
| Conventional  | Administration for FY02           | -                | -                | -                | 4,780            |
| EDD Community Works   | Administration for FY02           | 24,761           | -                | -                | 1,436            |
| FSS Coordinator - Section 8   | Administration for FY02           | 45,000           | -                | -                | 71,550           |
| HOME  | Admin & Hsg Prog for FY02 & FY03  | 1,097,686        | 780,450          | 780,450          | 915,432          |
| Housing Counseling  | Administration for FY02           | 330,731          | 148,122          | 148,122          | 192,950          |
| Housing Rehab Trust Fund  | Administration for FY01           | 47,506           | -                | -                | -                |
| Knox Glen   | Administration for FY02           | -                | -                | -                | 29,960           |
| Linda Vista Redevelopment   | Administration for FY02           | 558              | 706              | 706              | 618              |
| Market Street Redevelopment   | Administration for FY02           | 245              | 245              | 245              | 245              |
| MT. Hope Redevelopment  | Administration for FY02           | 54,796           | 160              | 160              | 160              |
| Moving to Work Tech Asst  | Administration for FY02           | -                | -                | -                | 71,096           |
| PH Drug Elimination   | Admin & Hsg Prog for FY02 & FY03  | 100,630          | -                | -                | 105,970          |
| Rental Rehabilitation   | Administration for FY01           | 6,229            | -                | -                | -                |
| ROSS Links I&II   | Administration for FY02 & FY03    | -                | -                | 386,456          | 498,956          |
| Service Coordinators for PHA  | Administration for FY01           | 54,888           | -                | -                | -                |
| Shelter Plus Care   | Administration for FY02 to FY07   | 140,292          | 123,131          | 123,131          | 139,732          |
| Southcrest Redevelopment  | Administration for FY02           | 11,350           | 10,282           | 10,282           | 10,587           |
| Southeast Economic Dev Corp   | Admin & Housing Programs for FY02 | 49,965           | 69,857           | 69,857           | 69,857           |
| Supportive Housing  | Administration for FY01           | 22,592           | -                | -                | -                |
| UC Drug Elimination   | Administration for FY01           | -                | -                | 11,900           | 11,900           |
| WP - Neighborhood Works   | Administration for FY01           | 43,977           | -                | -                | 54,287           |
| Local Funds   | Administration for FY02 & FY03    | 1,725,276        | 991,094          | 838,332          | 1,830,945        |
| Section 8 Surplus Admin Fees  | Administration for FY02 & FY03    | 206,391          | 779,318          | 667,078          | 1,503,481        |
| Maya Apartments   | Future Extraordinary Maintenance  | 78,750           | 179,000          | 179,000          | 179,000          |
| State Rental Housing  | Future Extraordinary Maintenance  | 21,772           | 21,772           | 21,772           | 21,772           |
| University Canyon   | Future Extraordinary Maintenance  | 6,133            | -                | -                | -                |
|   |                                   | 4,602,216        | 3,640,186        | 3,787,190        | 6,279,184        |
| <b>II Contingency Reserves</b>  |                                   |                  |                  |                  |                  |
| The Contingency Reserves include amounts to provide for potential litigation, uninsured losses, unallocated reserves and other sources dependent on future actions. The unexpended Contingency Reserves will be rebudgeted in the following year. |                                   |                  |                  |                  |                  |
| Local Funds   | Provide for potential litigation  | 300,000          | 300,000          | 250,000          | 250,000          |
| Local Funds   | Provide for uninsured losses      | 300,000          | 300,000          | 300,000          | 300,000          |
| Local Funds   | Provide for office facility       | -                | 250,000          | 250,000          | 1,015,673        |
|   | Subtotal                          | 600,000          | 850,000          | 800,000          | 1,565,673        |
| <b>Total Program &amp; Contingency Reserves</b>   |                                   | <b>5,202,216</b> | <b>4,490,186</b> | <b>4,587,190</b> | <b>7,844,857</b> |

## Agency Summary of Revenues

|                                     | Current<br>FY01<br>Budget<br>(Column A) | Proposed<br>FY01<br>Revisions<br>(Column B) | Revised<br>FY01<br>Budget<br>(Column C) | % of Chg<br>Rev/Curr<br>(Column D) |
|-------------------------------------|---|---|---|------------------------------------|
| <b>Revenues</b>                     |   |   |   |                                    |
| Bond Program                        | 2,390,191                               | 612,259                                     | 3,002,450                               | 26%                                |
| CA Wellness Foundation              | 119,012                                 | 11,096                                      | 130,108                                 | 9%                                 |
| Capital Fund                        | 2,162,815                               | 222,826                                     | 2,385,641                               | 10%                                |
| CDBG                                | 4,314,439                               | (925,369)                                   | 3,389,070                               | -21%                               |
| City's Enterprise Community Program | 20,500                                  | (587)                                       | 19,913                                  | -3%                                |
| City's Properties Management        | 5,637                                   | 1,399                                       | 7,036                                   | 25%                                |
| City's Women's Shelter              | 0                                       | 150,000                                     | 150,000                                 | ---                                |
| Coastal Housing                     | 54,752                                  | 18,431                                      | 73,183                                  | 34%                                |
| Community Partnerships RU&ED        | 55,541                                  | (24,180)                                    | 31,361                                  | -44%                               |
| Comprehensive Grant Program         | 1,484,276                               | (66,531)                                    | 1,417,745                               | -4%                                |
| Condo Conversion                    | 36,043                                  | 46,509                                      | 82,552                                  | 129%                               |
| Conventional Operating Management   | 6,637,767                               | 0   | 6,637,767                               | 0%                                 |
| County CDBG RTF                     | 55,000                                  | 3,396                                       | 58,396                                  | 6%                                 |
| Discretionary                       | 2,520,207                               | 1,159,415                                   | 3,679,622                               | 46%                                |
| Economic Development & Support Svcs | 13,277                                  | (10,182)                                    | 3,095                                   | -77%                               |
| EDD Community Works                 | 51,043                                  | (8,058)                                     | 42,985                                  | -16%                               |
| FSS Coordinator Section 8           | 22,500                                  | 71,550                                      | 94,050                                  | 318%                               |
| HOME                                | 9,382,686                               | 3,034,811                                   | 12,417,497                              | 32%                                |
| Housing Rehabilitation Trust Fund   | 336,212                                 | 88,764                                      | 424,976                                 | 26%                                |
| HTF - CDBG                          | 392,392                                 | (109,971)                                   | 282,421                                 | -28%                               |
| HTF - Fay Avenue                    | 45,620                                  | 7,206                                       | 52,826                                  | 16%                                |
| HTF - Linkage Fees                  | 5,637,361                               | 956,332                                     | 6,593,693                               | 17%                                |
| HTF - Redevelopment Agency          | 2,225,736                               | 97,944                                      | 2,323,680                               | 4%                                 |
| HTF - Transient Occupancy Tax       | 28,340                                  | (6,399)                                     | 21,941                                  | -23%                               |
| HUD Development Project             | 774,739                                 | 874,739                                     | 1,649,478                               | 113%                               |
| Knox Glen                           | 0                                       | 29,960                                      | 29,960                                  | ---                                |
| Lease Sale Proceeds                 | 1,265,352                               | 151,193                                     | 1,416,545                               | 12%                                |
| Low Income Capital Outlay           | 35,825                                  | 12,540                                      | 48,365                                  | 35%                                |
| MAAC CIOF Youth Training            | 0                                       | 3,417                                       | 3,417                                   | ---                                |
| Market Street Redevelopment         | 210,719                                 | 38,619                                      | 249,338                                 | 18%                                |
| Maya Apartments                     | 1,108,340                               | 0   | 1,108,340                               | 0%                                 |
| Moving to Work Technical Assistance | 0                                       | 75,000                                      | 75,000                                  | ---                                |
| Mt Hope Rehabilitation Project      | 123,005                                 | 27,834                                      | 150,839                                 | 23%                                |
| Public Housing Drug Elimination     | 280,543                                 | 268,622                                     | 549,165                                 | 96%                                |
| Redevelopment Agency - Linda Vista  | 2,040                                   | 21,400                                      | 23,440                                  | 1049%                              |
| Rental Rehabilitation               | 471,545                                 | (10,744)                                    | 460,801                                 | -2%                                |
| ROSSLinks I                         | 100,000                                 | 150,000                                     | 250,000                                 | 150%                               |
| ROSSLinks II                        | 500,000                                 | 0   | 500,000                                 | 0%                                 |
| SDCCD ICAN Implementation Programs  | 20,000                                  | (14,451)                                    | 5,549                                   | -72%                               |
| Section 8 Existing                  | 15,019,686                              | 0   | 15,019,686                              | 0%                                 |
| Section 8 Housing Counseling        | 535,582                                 | 44,828                                      | 580,410                                 | 8%                                 |
| Section 8 Mariner's Cove            | 624,098                                 | 0   | 624,098                                 | 0%                                 |
| Section 8 Moderate Rehabilitation   | 2,921,055                               | 0   | 2,921,055                               | 0%                                 |
| Section 8 Move to Work              | 301,001                                 | 14,592                                      | 315,593                                 | 5%                                 |
| Section 8 University Canyon         | 585,072                                 | 0   | 585,072                                 | 0%                                 |
| Section 8 Voucher                   | 43,704,212                              | 5,175,125                                   | 48,879,337                              | 12%                                |
| Senior Economic Dev & Support Svcs  | 2,190                                   | 3,697                                       | 5,887                                   | 169%                               |
| Service Coordinators for PHA        | 54,888                                  | 0   | 54,888                                  | 0%                                 |
| Shea Homes                          | 483,300                                 | 0   | 483,300                                 | 0%                                 |
| Shelter Plus Care                   | 171,204                                 | 16,601                                      | 187,805                                 | 10%                                |
| Southcrest Redevelopment Agency     | 113,289                                 | 673   | 113,962                                 | 1%                                 |
| Southeast Economic Development Corp | 69,857                                  | 355,000                                     | 424,857                                 | 508%                               |
| State Rental                        | 555,530                                 | 0   | 555,530                                 | 0%                                 |
| Supportive Housing Program          | 992,743                                 | 0   | 992,743                                 | 0%                                 |
| University Canyon Drug Elimination  | 249,861                                 | 0   | 249,861                                 | 0%                                 |
| University Canyon Management        | 892,741                                 | 0   | 892,741                                 | 0%                                 |
| WP Neighborhood Works               | 92,814                                  | 75,640                                      | 168,454                                 | 81%                                |
| <b>Total Budget</b>                 | <b>110,252,578</b>                      | <b>12,644,946</b>                           | <b>122,897,524</b>                      | <b>11%</b>                         |

**DETAILED EXPLANATION OF PROPOSED REVENUE REVISIONS**

The following chart details the \$12,644,946 Budget Revision by each major component of restricted and non-restricted revenue.

| Revenues                       | Current Budget     | Revision Budget   | Proposed Budget    | % of Change  |
|--------------------------------|--------------------|-------------------|--------------------|--------------|
| <b>Restricted Revenues</b>     |                    |                   |                    |              |
| Section 8                      | 63,713,206         | 5,306,095         | 69,019,301         | + 8%         |
| Other HUD                      | 13,479,844         | 1,510,592         | 14,990,436         | + 11%        |
| State                          | 699,387            | 67,582            | 766,969            | + 10%        |
| CDBG                           | 4,314,439          | -925,369          | 3,389,070          | - 21%        |
| Categorical Local              | <u>3,595,477</u>   | <u>729,060</u>    | <u>4,324,537</u>   | + 20%        |
| Sub-Total                      | 85,802,353         | 6,687,960         | 92,490,313         | + 8%         |
| <b>Non-Restricted Revenues</b> |                    |                   |                    |              |
| Rental Rehabilitation          | 471,545            | -10,744           | 460,801            | + 7%         |
| Local                          | 6,266,545          | 1,987,807         | 8,254,352          | + 32%        |
| Housing Trust Fund             | 8,329,449          | 945,112           | 9,274,561          | + 11%        |
| HOME                           | <u>9,382,686</u>   | <u>3,034,811</u>  | <u>12,417,497</u>  | <u>+ 32%</u> |
| Sub-Total                      | 24,450,225         | 5,956,986         | 30,407,211         | + 24%        |
| <b>Total Revenues</b>          | <b>110,252,578</b> | <b>12,644,946</b> | <b>122,897,524</b> | <b>+ 11%</b> |

For ease of review, this budget revision has been divided into four sections which are:

1. Restricted Carryover Funding adjustments (+ \$2,149,801)
2. Restricted New Funding adjustments (+ \$4,538,159)
3. Non-Restricted Carryover Funding adjustments (+ \$5,356,986)
4. Non-Restricted New Funding Adjustments (+ \$0)

Each of these sections is explained on the following pages.

**1. Restricted Carryover Funding Adjustments + \$2,149,801**

The following is a detailed listing of all Restricted carryover funding adjustments.

- A. + \$ 874,739 HUD Development carryover funds resulting from HUD delays in approval of the Boston Avenue project. These funds will increase site acquisition/housing development in Rental Housing Production.
- B. + \$ 600,000 Additional carryover of Section 8 Voucher funds that HUD recommends maintaining as an administrative reserve in the program.
- C. + \$ 532,290 Additional carryover of Linda Vista, Market Street, Mt. Hope, SEDC, Southcrest Redevelopment funds and Rehabilitation Trust Funds primarily for Homeownership and Rehabilitation loans and grants.
- D. + \$ 96,089 Additional carryover of CDBG funds resulting from lower activity than expected primarily on Major Renovation projects administered by staff, additional unanticipated foreclosure income from a loan payoff and administrative savings. It is proposed that these funds be utilized as budgeted in FY00. The carryover of administrative funds is proposed to substitute for local funds and increase the program reserves.
- E. + \$ 62,497 Additional carryover of RTF County CDBG, Low Income Housing Capital Outlay, Knox Glen and Shelter Plus Care funds. The additional carryover funding ranged from \$3,396 to \$29,960 and these funds have been incorporated primarily in Property Management for various repairs at the University Canyon project, Reinvestment Task Force in Equal Opportunity and Compliance and Reserves.

F. + \$ 50,717 Additional carryover of several Resident Services funds including the California Wellness, Enterprise Community, Community Partnership, Community and Neighborhood Works, Economic Development and Support Services, MAAC CIOF Youth Training, ICAN Implementation, Drug Elimination, Housing Counseling and Senior Economic Development and Support Services. The additional carryover funding ranged from -\$54,353 to \$75,640. These funds have been incorporated primarily in service contracts and in other line items as they were approved in FY00 in Resident Services.

G. - \$ 59,739 The decrease in carryover of COMP Grant funds is due primarily to the unanticipated completion of Extraordinary Maintenance in FY00. This was partially offset by additional carryover of funds for Dwelling Equipment, Relocation and Resident contracts and it is proposed that these funds be utilized as budgeted in FY00 in Major Renovations and Resident Services.

**2. Restricted New Funding Adjustments + \$4,538,159**

The following is a detailed listing of all Restricted new funding adjustments.

A. + \$4,589,717 New award of approximately 900 additional Voucher units will increase rent to owners by \$4,353,925. The balance of administrative funds would be used for Reserves for administrative costs in FY02.

B. + \$ 745,675 New awards of funds for the City's Women's Shelter, Drug Elimination, Family Self Sufficiency Coordinator for Section 8, Moving to Work Technical Assistance and Ross Links I. These funds will be utilized primarily for service contracts in Resident Services and Special Purpose Housing. The balance of administrative funds would be used for Reserves for administrative costs in FY02 and FY03.

- C. + \$ 222,826 Additional HUD award of Capital funds which are proposed to be used primarily for Extraordinary Maintenance in Major Renovations. The balance of administrative funds would be used for Reserves for administrative costs in FY02 and FY03.
  
- D. - \$1,020,059 The decrease in CDBG funds is due primarily to the actual award from the City of San Diego did not include \$833,204 of estimated projects for Major Renovations, Rental Housing Production, Homeownership and Rehabilitation. The balance of the decrease of \$186,855 was due to less administrative funds awarded and carryover CDBG, HOME and Local carryover funds have been substituted for this shortfall.

**3. Non-Categorical Carryover Funding Adjustments + \$5,956,986**

The following is a detailed listing of all Non-categorical carryover funding adjustments.

- A. + \$3,034,811 Additional carryover of HOME funds is due primarily to the timing of project approvals resulting from the standing notice of funding availability. It is anticipated that pipeline project approvals expected in FY00, will occur in the first two quarters of FY01. These funds have been incorporated in loans and grants in Rental Housing Production, Homeownership, and Rehabilitation as they were approved in FY00. The balance of carryover is administrative funds and these funds are proposed to substitute for the decrease in CDBG administrative funds.

B. + \$1,987,807

Additional carryover of Local funds resulting primarily from greater than anticipated income from retroactive Section 8 fees from FY95 to FY99 for port out tenants, bond fees, lease payments, SRO fees, loan fees and payoffs, interest earnings and a surplus of Maya income. In addition, there was administrative savings and the release of some continuing appropriations. This amount is proposed primarily to increase Program Reserves to provide for FY02 administration for federal, state and local programs that do not provide sufficient administrative funding. In addition, Contingency Reserves are proposed to increase by \$765,673 to provide for future office facility renovation or purchase. Finally, \$200,000 funds set aside for foreclosure activity were not utilized in FY00 but are proposed to remain for that activity in FY01.

C. + \$945,112

Additional carryover of Housing Trust Funds resulting primarily from greater than expected revenue from Linkage fees due to increased building activity and greater interest earnings. Also, due to timing of project approvals resulting from the standing notice of funding availability, anticipated pipeline project approvals expected in FY00, will occur in the first two quarters of FY01. It is proposed that this additional carryover provide primarily for loans and grants in Rental Housing Production, Special Purpose Housing, Homeownership and Rehabilitation. The balance of carryover is administrative funds and these funds are proposed to substitute for the decrease in CDBG administrative funds.

D. - \$ 10,744

Slightly less carryover of Rental Rehabilitation funds than anticipated due to higher loan activity in FY00. This amount is proposed to primarily decrease Special Purpose and Rehabilitation loans.

**4. Non-Categorical New Funding Adjustments + \$0**

**Agency Summary of Expenditures**

|   | Current<br>FY01<br>Budget<br>(Column A) | Proposed<br>FY01<br>Revisions<br>(Column B) | Revised<br>FY01<br>Budget<br>(Column C) | % of Chg<br>Rev/Curr<br>(Column D) |
|---|---|---|---|------------------------------------|
| Staffing                                  | 246.00                                  | 0.00  | 246.00                                  | 0%                                 |
| <b>Expenditures</b>                       |   |   |   |                                    |
| <b>1 Salaries &amp; Benefits</b>          | 13,749,543                              | 0   | 13,749,543                              | 0%                                 |
| <b>Services &amp; Supplies</b>            |   |   |   |                                    |
| 2 Legal                                   | 384,765                                 | 15,620                                      | 400,385                                 | 4%                                 |
| 3 Training                                | 207,625                                 | (750)                                       | 206,875                                 | 0%                                 |
| 4 Travel                                  | 98,703                                  | 1,250                                       | 99,953                                  | 1%                                 |
| 5 Audit                                   | 48,196                                  |   | 48,196                                  | 0%                                 |
| 6 Contract/Consultant                     | 1,802,988                               | 11,241                                      | 1,814,229                               | 1%                                 |
| 7 Office Rent                             | 681,192                                 | 0   | 681,192                                 | 0%                                 |
| 8 Facility Expenses                       | 564,101                                 | 0   | 564,101                                 | 0%                                 |
| 9 Data Processing                         | 131,963                                 | 0   | 131,963                                 | 0%                                 |
| 10 Sundry                                 | 1,403,383                               | 9,830                                       | 1,413,213                               | 1%                                 |
| 11 Insurance                              | 177,867                                 | 0   | 177,867                                 | 0%                                 |
| 12 Equipment                              | 626,613                                 | 8,299                                       | 634,912                                 | 1%                                 |
| <b>Total Services &amp; Supplies</b>      | 6,127,396                               | 45,490                                      | 6,172,886                               | 1%                                 |
| <b>Housing Programs</b>                   |   |   |   |                                    |
| 13 Resident Services Contracts            | 1,127,880                               | 209,102                                     | 1,336,982                               | 19%                                |
| 14 Maintenance Contract Costs             | 1,523,474                               | 0   | 1,523,474                               | 0%                                 |
| 15 Utilities                              | 1,118,826                               | 0   | 1,118,826                               | 0%                                 |
| 16 PILOT & Property Taxes                 | 17,367                                  | 0   | 17,367                                  | 0%                                 |
| 17 Collection Loss                        | 64,731                                  | 0   | 64,731                                  | 0%                                 |
| 18 Mortgage Payments                      | 784,620                                 | 0   | 784,620                                 | 0%                                 |
| 19 Protective Services                    | 141,051                                 | 0   | 141,051                                 | 0%                                 |
| 20 Rent to Owners                         | 56,304,732                              | 4,353,925                                   | 60,658,657                              | 8%                                 |
| 21 Loans & Grants                         | 19,782,266                              | 3,840,192                                   | 23,622,458                              | 19%                                |
| 22 Relocation                             | 149,440                                 | 6,462                                       | 155,902                                 | 4%                                 |
| 23 Site Acquisition & Housing Developmen  | 2,080,638                               | 1,128,733                                   | 3,209,371                               | 54%                                |
| 24 Extraordinary Maintenance              | 2,630,074                               | (277,247)                                   | 2,352,827                               | -11%                               |
| 25 Dwelling Equipment                     | 63,350                                  | 80,622                                      | 143,972                                 | 127%                               |
| <b>Total Housing Programs</b>             | 85,788,449                              | 9,341,789                                   | 95,130,238                              | 11%                                |
| <b>Program &amp; Contingency Reserves</b> | 4,587,190                               | 3,257,667                                   | 7,844,857                               | 71%                                |
| <b>Total Budget</b>                       | 110,252,578                             | 12,644,946                                  | 122,897,524                             | 11%                                |

HOUSING AUTHORITY OF  
THE CITY OF SAN DIEGO

RESOLUTION NO.

ADOPTED ON

WHEREAS, on June 6, 2000, the Housing Authority of the City of San Diego approved the Housing Commission budget for Fiscal Year 2001: and

WHEREAS, Report No. HCR01-005 itemizes the overall increase of \$12,644,946 in revenues and expenditures as shown on Attachment 1 of the Report; and

WHEREAS, the Housing Commission approved the proposed budget revisions on January 19, 2001; NOW, THEREFORE,

BE IT RESOLVED, by the Housing Authority of the City of San Diego, that the proposed revision to the FY01 operating budget, as described in Report No. HCR01-005 to the Housing Commission, is approved and the Executive Director or his or her designee is authorized and empowered to execute the budget revision, a copy of which is on file with the Deputy Secretary as Document No.

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APPROVED: CASEY GWINN, General Counsel

By

Prescilla Dugard  
Deputy Counsel

PD:cdk  
12/17/98  
Or:Dept:Hsg.Comm.  
HA

HOUSING AUTHORITY OF  
THE CITY OF SAN DIEGO

RESOLUTION NO.

ADOPTED ON

WHEREAS, the Department of Housing and Urban Development has changed the guidelines relative to the authorized use for the Section 8 Operating Reserve; and

Whereas, the Department of Housing and Urban Development (HUD) requires Housing Authorities to amend their administrative plan to include a threshold for the amount of expenditures which may be made from the Operating Reserve for other housing purposes without approval of the Board; and

WHEREAS, the Housing Commission approved the proposed thresholds concerning the amount of expenditures which may be made from the Operating Reserve for other housing purposes without approval of the Board on January 19, 2001; NOW, THEREFORE,

BE IT RESOLVED, by the Housing Authority of the City of San Diego, that the proposed threshold of expenditures in excess of \$100,000 from the Section 8 Operating Reserve will require approval by the Housing Commission and expenditures in excess of \$250,000 from the Section 8 Operating Reserve will require approval by the Housing Authority

BE IT FURTHER RESOLVED, by the Housing Authority of the City of San Diego that the administrative plan will be amended to reflect this change and the Executive Director or his or her designee is authorized and empowered to submit this plan to HUD

for approval, a copy of which is on file with the Deputy Secretary  
as Document No. \_\_\_\_\_

APPROVED: CASEY GWINN, General Counsel

By

Prescilla Dugard  
Deputy Counsel

PD:cdk

12/17/98

Or:Dept:Hsg.Comm.

HA