

REPORT

DATE ISSUED: June 6, 2007

REPORT NO: HCR 07-52

ATTENTION: Chair and Members of the Housing Commission  
For the Agenda of June 15, 2007

SUBJECT: Approval of FY08 Asset Management Project and Central Office Cost Center Budgets

REQUESTED ACTION

Approve the proposed FY08 Asset Management Project and Central Office Cost Center Budgets.

STAFF RECOMMENDATION

That the Housing Commission approve the proposed FY08 Asset Management Project (AMP) and Central Office Cost Center (COCC) Budgets prepared in accordance with Operating Fund Rule (24 CFR Part 990) and HUD Handbook 7475.1.

BACKGROUND

The Quality Housing & Work Responsibility Act of 1998 required that the U.S. Department of Housing and Urban Development (HUD) revise the method used to calculate and allocate operating subsidy to public housing authorities that manage public housing programs. In addition to developing the new methodology for subsidy calculation, HUD also proposed, and Congress approved, the requirement that all agencies that manage more than 250 units of public housing transition to an asset management model of property management. This transition includes identifying and managing public housing properties as cost centers. This change will provide useful information about the operating costs and performance levels of each public housing project or AMP.

DISCUSSION

The deadline for the Board approval of individual Asset Management Project (AMP) and Central Office Cost Center (COCC) budgets is June 30, 2007. In Fiscal Year 2008, housing agencies, such as the Housing Commission, with fiscal years beginning July 1, 2007, are required to begin project based budgeting/accounting and project based management. AMP groups for individual projects were previously determined based on geographic location and approved by HUD in Fall 2007 (Attachment 1).

For the transition year (FY2008), the Housing Commission will be able to transfer funds between AMPs and the COCC as needed. Beginning in Fiscal Year 2009 (July 1, 2008), each AMP grouping must be self supporting and have excess cash in order to pay asset management fees to the COCC. The entire transition to a full asset management model must be completed by Fiscal Year 2011.

AMP revenues include tenant rents and operating subsidy from HUD that is allocated specifically to the AMP. AMP operating expenses include, but are not limited to, direct administrative costs, utilities, maintenance, security, and non-routine or capital expenses that are paid from revenues. Also, individual AMP budgets include Capital Fund Grant funds to be awarded to the Commission in FY08. The COCC budget includes overhead costs including financial services, IT, and human resources management. Attachment 2 details AMP and COCC budgets.

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Approval of FY08 Asset Management Project and Central Office Cost Center Budgets

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The AMP budgets that are presented for Board approval were developed using a cost allocation method; that is, the amount of revenue and costs attributed to each AMP are based on the number of units in the AMP. The Asset Management Department staff will be collecting cost and performance data for the first six months of the budget year and will propose revisions to the AMP budgets once sufficient data is available to establish more realistic costs and revenue.

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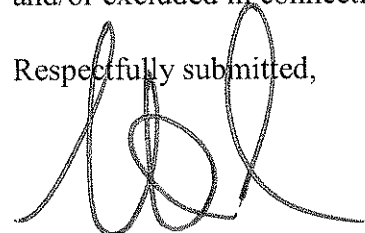
FISCAL CONSIDERATIONS

~~There will be no change to the overall Public Housing Program budget in FY08 and funds are fully transferable between AMPs and the COCC.~~

ENVIRONMENTAL REVIEW:

This action is categorically exempt from the provisions of CEQA pursuant to State CEQA Article 19 Guidelines Section 15301 (existing facilities). It is also categorically excluded from the provisions of NEPA under the provisions of 24 California Code of Regulations 58.35(b). This activity is exempted and/or excluded in connection with the actions on the approved Housing Commission FY 08 budget.

Respectfully submitted,



Steve Snyder  
Director of Facilities and Asset Management

Approved by,



Elizabeth C. Morris  
President & Chief Executive Officer

Attachments: 1 – SDHC Asset Management Project Listing  
2 – FY08 Project Based Budget for 1,366 Units of Public Housing

Distribution of these attachments may be limited. Copies available for review during business hours at the Housing Commission offices at 1122 Broadway, Main Lobby.

Attachment 1  
San Diego Housing Commission Asset Management Project Listing

Project No.	Address	Zip	No. Units
<b>AMP Project 1</b>			
1	1st Ave (3501)	92103	22
1	Maryland St (4131)	92103	24
1	32 <sup>nd</sup> St (4729)	92104	5
1	36 <sup>th</sup> St 4254	92104	5
1	Alabama St (3755-3761)	92104	8
1	Arizona St (4080)	92104	4
1	Bancroft St (3974 #2-#7)	92104	6
1	Bancroft St (3984 #2-#7)	92104	6
1	Cherokee Ave 4360	92104	5
1	Florida St (4081)	92104	8
1	Louisiana St (4381)	92104	8
1	Oregon St (4352)	92104	8
1	38 <sup>th</sup> St 4343	92105	5
1	33 <sup>rd</sup> St (4541)	92116	8
1	33 <sup>rd</sup> St (4632)	92116	5
1	33 <sup>rd</sup> St. (4751)	92116	8
1	34 <sup>th</sup> St (4720-22)	92116	3
1	35 <sup>th</sup> St (4756-58)	92116	4
1	38 <sup>th</sup> St (4575-79)	92116	8
1	Georgia St (4450)	92116	8
1	Hamilton St (4637)	92116	8
1	Meade Ave (2727)	92116	6
1	Golfcrest Dr (7891)	92119	9
1	Mira Mesa Blvd (8792-8816)	92123	10
1	El Camino Real (12643-87)	92130	45
<b>Total</b>			<b>236</b>
<b>AMP Project 2</b>			
2	Muir Ave 5071-5077 1/2	92107	8
2	Figueroa Ave (2701)	92109	6
2	Grand Ave (2045)	92109	6
2	Hornblend St (2644)	92109	5
2	Naples St (4890)	92110	4
2	E. Jewett St (2326)	92111	4
2	Eastman St (7105-7120)	92111	36
2	Fulton St (7526-80)	92111	31
2	Genesee Ave (2615-2665)	92111	11
2	Levant St (7085-7095)	92111	14
2	Tait St (6511)	92111	4

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2	Pulitzer Place (4055-4083)	92122	50
2	Cardinal Rd (2766)	92123	2
2	Glenhaven St (8637-8641)	92123	4
2	Glenhaven St (8649-8655)	92123	4
2	Glenhaven St (8661-8667)	92123	4
2	Glenhaven St (8701-8707)	92123	4
2	Hurlbut St (8714-8720)	92123	4
2	Hurlbut St (8726-8732)	92123	4
		<b>Total</b>	<b>205</b>

**AMP Project 3**

3	Belden St (7777 #1-121)	92111	121
3	Belden St (7777 #122-243)	92111	122
		<b>Total</b>	<b>243</b>

**AMP Project 4**

4	A St 3280	92102	2
4	Market St 4451-4459	92102	20
4	30 <sup>th</sup> St 2932	92104	5
4	30 <sup>th</sup> St 3012	92104	5
4	30 <sup>th</sup> St 3030	92104	5
4	30 <sup>th</sup> St 3217	92104	5
4	Cherokee 4054-4060 1/2	92104	8
4	Cherokee Ave 3850	92104	5
4	Grim Ave 3350-56 1/2	92104	8
4	Hawthorn St 3081-3083	92104	4
4	Ivy St 3125	92104	5
4	Swift Ave 3755-57	92104	4
4	Wilson Ave 4043	92104	5
4	37 <sup>th</sup> St 4164	92105	8
4	39 <sup>th</sup> St 3010	92105	2
4	42 <sup>nd</sup> St 3617-3619	92105	4
4	44 <sup>th</sup> St 2628-2630	92105	8
4	44 <sup>th</sup> St 2716-2718	92105	4
4	44 <sup>th</sup> St 2734-2736	92105	4
4	47 <sup>th</sup> St 4078	92105	4
4	Altadena Ave 4164	92105	6
4	Chamone Ave 4147-4157	92105	6
4	Fairmount Ave 2477-2481	92105	4
4	Juniper St 4205-4215	92105	20
4	Maple St 4390	92105	6
4	Oakcrest Dr 4050-4056	92105	4
4	Poplar St 4180-4182	92105	9
4	Van Dyke 3630-32	92105	4
4	Boston Ave 2883	92113	5

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4	Boston Ave 2955	92113	5
4	44 <sup>th</sup> St 4225 #1	92115	1
4	44 <sup>th</sup> St 4225 #3-#6	92115	4
4	45 <sup>th</sup> St 4261 #1	92115	1
4	45 <sup>th</sup> St 4261 #3-#6	92115	4
4	48 <sup>th</sup> St 4286-4292	92115	4
4	Altadena Ave 4207-4209	92115	2
4	Highland Ave 4416	92115	8
4	Juniper St 4273-4283	92154	24
<b>Total</b>			<b>232</b>

**AMP Project 5**

5	54 <sup>th</sup> St 3051	92105	7
5	Rex Ave 5326-5328	92105	4
5	Rex Ave 5330-5332 1/2	92105	4
5	Streamview Dr 5955	92105	4
5	Noeline Ave 8505	92114	1
5	Old Memory Lane 5974	92114	1
5	Santa Margarita St 5359-5389	92114	32
5	51 <sup>st</sup> St 4566	92115	5
5	Altadena Ave 4479-4481	92115	8
5	Altadena Ave 4560	92115	8
5	Saranac St (7281-89)	92115	7
5	Meade Ave 5316 #1	92116	1
5	Meade Ave 5316 #2-#30	92116	29
5	Rachael Ave 2325	92139	3
5	Arey Dr 4123	92154	1
5	Darwin Way 4314	92154	1
5	Ebersole Dr 4334	92154	1
5	Enero St 4181	92154	1
5	Ilexey Ave 1170	92154	1
5	Ilexey Ave 1366	92154	1
5	Kimsue Way 4230	92154	1
5	Kostner Dr 1255	92154	1
5	Layala Ct 4259	92154	1
5	Layla Ct 4276	92154	1
5	Layla Way 4256	92154	1
5	Layla Way 4269	92154	1
5	Layla Way 4274	92154	1
5	Marcia Ct 4339	92154	1
5	Marcwade Dr 4074	92154	1
5	Marcwade Dr 4150	92154	1
5	Marcwade Dr 4186	92154	1
5	Marcwade Dr 4293	92154	1
5	Marge Way 4331	92154	1

Attachment 1  
San Diego Housing Commission Asset Management Project Listing

5	Marge Way 4334	92154	1
5	Nevin St 1152	92154	1
5	Peterlynn Ct 4034	92154	1
5	Peterlynn Dr 1232	92154	1
5	Peterlynn Dr 1327	92154	1
5	Peterlynn Dr 1405	92154	1
5	Peterlynn Dr 1506	92154	1
5	Peterlynn Dr 1530	92154	1
5	Peterlynn Way 4024	92154	1
5	Ransom St 1128	92154	1
5	Ransom St 1169	92154	1
5	Ransom St 145	92154	1
5	Stu Ct 4233	92154	1
5	Twining Ave 1041	92154	1
5	Twining Ave 1144	92154	1
5	Twining Ave 1250	92154	1
5	Twining Ave 1317	92154	1
5	Alaquinas Dr 2005-2065	92173	66
5	Averil Rd 121-125	92173	14
<b>Total</b>			<b>230</b>
<b>AMP Project 6</b>			
6	Grove Ave 2381-2389	92154	41
6	Hollister St 1351-1359	92154	20
6	Calle Primera 178-190	92173	70
6	Sycamore Rd 281-289	92173	24
6	Sycamore Rd 391-417	92173	41
6	Sycamore Rd 402-412	92173	24
<b>Total</b>			<b>220</b>
<b>ALL AMP Total</b>			<b>1366</b>

Attachment 2  
FY08 Project Based Budget for 1,366 Units of Public Housing

FY08 Project Based Budget for 1,366 Units of Public Housing								
Prorate		0.1729	0.1495	0.1780	0.1700	0.1685	0.1611	1.0000
Units		236	205	243	232	230	220	1,366
INCOME	COCC	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	Total AMP
Rent		\$1,032,537	\$892,532	\$1,063,163	\$1,015,036	\$1,006,286	\$962,534	\$5,972,089
Subsidy		\$286,769	\$247,885	\$295,275	\$281,909	\$279,479	\$267,327	\$1,658,645
Interest		\$20,747	\$17,934	\$21,363	\$20,396	\$20,220	\$19,341	\$120,000
Other		\$31,220	\$26,987	\$32,146	\$30,691	\$30,426	\$29,104	\$180,574
Capital Fund 501-07 (RS Admin)		\$34,407	\$29,751	\$35,422	\$33,830	\$33,532	\$32,059	\$199,000
Capital Fund 501-07 (CF Programs)		\$396,500	\$477,000	\$218,700	\$192,400	\$434,580	\$70,520	\$1,789,700
Capital Fund Fee 501-07 (MR)	\$64,253							
Management Fee - \$49.82 PUM	\$816,649							
Asset Management Fee -\$10 PUM	\$163,920							
Bookkeeping Fee - \$7.50 PUM	\$122,940							
COCC Construction Services Billing	\$338,028							
<b>Total Income</b>	<b>\$1,505,790</b>	<b>\$1,802,181</b>	<b>\$1,692,089</b>	<b>\$1,666,069</b>	<b>\$1,574,262</b>	<b>\$1,804,522</b>	<b>\$1,380,885</b>	<b>\$9,920,008</b>
EXPENSE	COCC	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	AMP 6	Total AMP
Property Management	\$1,044,303	\$210,740	\$195,505	\$257,928	\$214,415	\$204,906	\$253,584	\$1,337,078
Routine Maintenance	\$966,224	\$773,044	\$687,429	\$787,284	\$758,495	\$755,114	\$726,371	\$4,487,737
Eligibility	\$91,427	\$46,196	\$40,128	\$47,566	\$45,413	\$45,021	\$43,064	\$267,388
Resident Services	\$200,735	\$72,978	\$63,373	\$75,141	\$71,740	\$71,122	\$68,030	\$422,384
Construction Services	\$5,000	\$16,413	\$14,257	\$16,900	\$16,135	\$15,996	\$15,300	\$95,001
Capital Funds	\$455,408	\$396,500	\$477,000	\$218,700	\$192,400	\$434,580	\$70,520	\$1,789,700
Management Fee - \$49.82 PUM		\$141,090	\$122,557	\$145,275	\$138,699	\$137,503	\$131,525	\$816,649

Attachment 2  
 FY08 Project Based Budget for 1,366 Units of Public Housing

Asset Management Fee -\$10 PUM		\$28,320	\$24,600	\$29,160	\$27,840	\$27,600	\$26,400	\$163,920
Bookkeeping Fee - \$7.50 PUM		\$21,240	\$18,450	\$21,870	\$20,880	\$20,700	\$19,800	\$122,940
Capital Fund Fee 501-07 (MR)		\$11,109	\$9,606	\$11,437	\$10,923	\$10,827	\$10,351	\$64,253
COCC Construction Services Billing		\$58,445	\$50,535	\$60,169	\$57,465	\$56,958	\$54,456	\$338,028
<b>Total Expense</b>	<b>\$2,763,097</b>	<b>\$1,776,076</b>	<b>\$1,703,440</b>	<b>\$1,671,430</b>	<b>\$1,554,405</b>	<b>\$1,780,327</b>	<b>\$1,419,401</b>	<b>\$9,905,078</b>
Balance	(\$1,257,307)	\$26,105	(\$11,351)	(\$5,361)	\$19,857	\$24,196	(\$38,516)	\$14,930
Estimated FY07 Reserve		\$530,078	\$458,203	\$545,801	\$521,094	\$516,602	\$494,141	\$3,065,918
Estimated FY08 Reserve	(\$1,257,307)	\$556,183	\$446,852	\$540,440	\$540,951	\$540,797	\$455,624	\$3,080,848
Transfer from AMP's	\$1,257,307	(\$226,981)	(\$182,362)	(\$220,556)	(\$220,764)	(\$220,702)	(\$185,942)	(\$1,257,307)
<b>Estimated FY08 Ending Reserve</b>								
<b>Balance</b>	<b>\$0</b>	<b>\$329,203</b>	<b>\$264,490</b>	<b>\$319,884</b>	<b>\$320,187</b>	<b>\$320,096</b>	<b>\$269,682</b>	<b>\$1,823,541</b>