

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: June 12, 2024

Subject: Operating Budgets for Fiscal Year Ending June 30, 2025

Exhibits Attached: Resolution No. 04-24
Statement of Budgeted Revenues, Expenses and Changes in Net
Position FYE June 30, 2025; Supporting Schedule of Expenses

Recommendation: Adopt Resolution No. 04-24 Approving Budgets

Financial Statement: See below

BACKGROUND

HACA's 2024-2025 fiscal year (FY) starts on July 1, 2024, and will end on June 30, 2025. HUD funding, which is provided on a calendar year (CY) basis, is HACA's primary source of income. This requires staff to estimate HUD funding for January to June 2025, the second half of our fiscal year.

On May 22, 2024, a draft budget was presented to and reviewed in detail by your Commission's Budget/Audit/Negotiations (BAN) Committee. The Committee discussed the budget in detail and recommends that your Commission approve the budgets as presented.

DISCUSSION and ANALYSIS

A summary of four program budgets is presented--one each for the Housing Choice Voucher (HCV) Program, the Housing Development Fund, Park Terrace and Ocean Avenue. An agency-wide summary of changes to net positions is provided as well. Key assumptions and facts are shown under each program below, in bulleted form.

Housing Choice Voucher (HCV) Program

For CY 2024, the HCV Program HAP renewal funding is provided at 100% of renewal needs based on prior years HAP expense with an inflation factor of 1.028%. This is the funding used to make rental subsidy payments to landlords on behalf of tenants and cannot be used for administration. In CY 2023, it was at 100% proration with a 1.027% inflation factor.

The Administrative Fee funding for CY 2024 is at approximately 95% of formula fee eligibility. It was set at 97.3% for CY 2023. The FY 2024-2025 budget presented today assumes 95% funding levels for Administrative Fees for the second half of the fiscal year. We will not know the *actual* funding levels until Congress adopts a budget for federal fiscal year 2025 (October 1, 2024 - September 30, 2025). Note that if there is no final budget by October 1, Congress must adopt a continuing resolution until a budget is approved. If no continuing resolution is adopted the federal government shuts down.

HACA's FY 2024-2025 HCV budget projects an operating income of \$461,847. The FY 2023-2024 HCV budget projected a loss of \$261,014. However, HUD has funded administrative fees at 97% of fee eligibility (budget assumption of 89.5%) which will eliminate the budgeted loss. The budgeted surplus of \$639,165 will be required to fund the unfunded Net Pension and Other Post-Employment Benefits (OPEB) liability of \$11.4 million as of June 30, 2023.

Income

- Currently, HACA's Housing Assistance Payment (HAP) per unit cost (PUC) is \$1,841 per month. Staff anticipates that the increases in the PUC experienced in the current fiscal year will continue but at a slower pace. Higher rents and requested rent increases will exert upward pressure on the PUC. The proposed budget assumes an annual average 94% lease-up rate and an average HAP of \$1,855 PUC per month. By law, HAP funds are restricted to rental subsidy payments only and cannot be used for operating or administrative costs.
- HUD compensates housing authorities for the cost of administering the HCV program through Administrative Fees. Administrative Fees are the main source of funding to cover operating costs and are paid based on the number of units leased as of the first day of each month. Every housing authority's eligibility is pro-rated, if needed, to ensure that fees paid do not exceed the funds appropriated by Congress. For more than a decade, Congress has reduced Administrative Fee funding and many housing authorities, including HACA, have implemented cost cutting measures and used their UNP to balance the budget.

Due to proration, income from HCV program Administrative Fees is set at the current 95% of formula eligibility for the first six months of the fiscal year (July to December 2024) and staff is assuming the same for the balance of the fiscal year (January to June 2025). This 95% may end up being slightly higher or lower, depending on HUD's final reconciliation, which typically happens at the end of the calendar year.

- Other fees earned include: modest fees to administer the CHOICES/FACT, Moderate Rehabilitation, and Shelter Plus Care programs, and portability fees. The projection for our incoming portability reflects an average of 60 contracts that HACA will bill other housing authorities. HACA earns only 80% of the prorated Administrative Fees for these contracts. The average fee used in the budget is \$100.28 per portability unit per month, which is about \$25 less per unit than what HACA earns for its own voucher contracts. Staff projects an average of 100 contracts that will move into other housing authorities' jurisdictions (i.e., outgoing portability).
- Other income includes the HUD grant for the FSS Program, investment income and the fraud recovery income which, per HUD regulations, is split 50/50 between HACA and HUD.
- Total overall income increased by 11%, primarily due to the combined effect of the increase in the administrative fee rate, increased lease ups and increased FSS grant.

Expenses

Housing Choice Voucher Program

- Indirect costs associated with more than one program are allocated using the percentage of total program unit method. Indirect salaries are allocated using the percentage of payroll method.
- Total overall expenses increased by 5%, due to increases in salaries and benefits expenses caused by the addition of 2 new funded positions (Administrative Analyst I/II and Eligibility Technician) as well as wage inflation. This was offset by charging costs for direct support to PACH. Banking charges are net of interest earned on balances. They are based on current experience and listed as a separate line item. The increase in interest earnings due to higher interest rates has substantially offset banking costs. They are offset by interest income. Legal fees include fees for HACA's general counsel, employment counsel, and additional counsel for HUD program and housing-related matters. HACA anticipates increases in employment counsel fees related to an assessment of personnel policies and upcoming labor negotiations as well as increased fees for housing-related matters to ensure compliance with new HUD regulations. Estimated expenses also include the contingency for unanticipated legal matters during the fiscal year. Legal fees related to litigation are generally reimbursed by insurance and both reimbursements as well as expenses are accounted for on a gross basis.
- For FY 23-24, HACA budgeted projected expenses for multiple wait list openings but only proceeded with a portion of the openings in the fiscal year. The projected wait list expenses for FY 24-25 are for the remaining wait list openings that will occur in the coming fiscal year.
- The budget includes an addition of 2(two) new positions. An additional Administrative Analyst I/II and an Eligibility Technician position are necessary to ensure operational capacity given the incremental growth of the HCV program through Special Purpose Voucher awards (VASH/Mainstream), Emergency Housing Vouchers, and additional issuance of vouchers to ensure full program utilization. The Administrative Analyst I/II position is responsible for ensuring HACA's program operations are compliant with HUD regulations, performing HUD reporting and data submission requirements, as well as administering Project Based Voucher (PBV) contracts and HACA's waitlists. The Eligibility Technician processes annual and interim recertifications for current program participants, for which the number continues to increase with program growth.
- The budget assumes modest increases in health care premiums as well as HACA's employer retirement contributions to ACERA. Additional retirement expenses may be incurred due to ACERA's asset performance vs assumed rate of return depending on ACERA's actuarial study and the employer contribution rate set for HACA by the ACERA Board.
- The budget projects an income of \$461,847, which will be used to cover the unfunded Pension and OPEB liability. The projected unrestricted reserve balance at the end of the budget year is \$1.2 million.

Housing Development Fund, Park Terrace, and Ocean Avenue

- HACA maintains a Housing Development Fund (HDF-Local) for low-income housing development and rehabilitation and management improvements.

- The HDF-Local Fund funds salaries, benefits and other indirect costs not allocated to the HCV program in its budget. These expenses will be charged to non-HCV projects (PACH, Ocean Avenue, Park Terrace) as property management fees.
- HDF-Local Fund also has the net pension liability balance pertaining to employees whose salaries are not directly allocated to the HCV program. While the amount is unknown at this time, additional retirement expenses are expected to be incurred based on the results of the actuarial valuation at end of the calendar year 2023 shared by ACERA with the employers.
- The HDF-Local Fund budget projects an income of \$1,070,550 as compared to \$1,098,158 in FY2023-2024. The projected reserve balance at the end of the budget year is \$7.19 million.
- Park Terrace consists of nine units in the City of Hayward that are rented to low-income families. Park Terrace's budget projects a net income of \$139,212. The projected reserve balance at the end of the budget year is \$1.63 million.
- Ocean Avenue consists of six units in the City of Emeryville that were developed using a variety of funding sources, including HUD's HOME program. There are no rental subsidies unless a Section 8 voucher holder chooses to move in. All units are rented to low-income families at rents required by the HOME program, which range from \$1,003 to \$1,280 per month. Ocean Avenue's budget projects a net income of \$23,660. The projected reserve balance at the end of the budget year is \$490,830.

RECOMMENDATION

The Budget/Audit/Negotiating Committee has reviewed the budget with staff in detail and recommends that your Commission adopt the Resolution approving the proposed operating budget and budgeted positions for the fiscal year ending June 30, 2025, as presented.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

RESOLUTION NO.: 04-24

**APPROVING THE OPERATING BUDGET AND BUDGETED POSITIONS
FOR THE JULY 1, 2024 – JUNE 30, 2025 FISCAL YEAR**

WHEREAS, the Housing Authority of the County of Alameda operates on a July 1 – June 30 fiscal year and HUD funding is provided on a calendar year basis; and

WHEREAS, operating budgets for the Housing Authority’s various programs must be adopted prior to the beginning of the fiscal year July 1, 2024 – June 30, 2025; and

WHEREAS, the Commission’s Budget/Audit/Negotiations Committee has reviewed the proposed budgets developed by staff and recommends approval; and

WHEREAS, the fiscal year 2024-2025 has continuing challenges, including rising costs of operations and the uncertainty of future federal funding;

NOW, THEREFORE, BE IT RESOLVED, that the Housing Commission does hereby approve the proposed budgets, budgeted positions and supporting schedules for the various programs as presented with a total expenditure authority of \$142,101,544 for Housing Assistance Payments and \$12,422,627 for operating expenses.

PASSED, APPROVED AND ADOPTED by the Housing Commission of the Housing Authority of the County of Alameda on this 12th day of June 2024 by the following vote:

AYES: Commissioners Chawla, Gerry, Goldstein, Hannon, McCorriston, McQuaid, Sakakihara, Shao, and Welch.

NOES: None.

ABSTAIN: None.

EXCUSED: Commissioners Ballew, Finley, and Mayfield.

ABSENT: None.

Attest:

Laura Broussard Rosen
Executive Director/Housing Commission Secretary

Yang Shao
Housing Commission Chairperson

Adopted: June 12, 2024

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
Budget Statement of Revenues, Expenses and Changes in Assets
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

	Housing Choice Voucher		Housing Development Fund		Park Terrace		Ocean Avenue		Totals	
	Approved 2024	Proposed 2025	Approved 2024	Proposed 2025	Approved 2024	Proposed 2025	Approved 2024	Proposed 2025	Approved 2024	Proposed 2025
Housing Assistance Payments (HAP)										
Est. HUD PHA grants-HAP	142,397,836	142,101,544							142,397,836	142,101,544
Less: Est. HAP expenses	142,397,836	142,101,544							142,397,836	142,101,544
									-	-
Operating Income										
Rental revenue - tenants	-	-	156,000	168,000	198,387	228,444	81,996	90,660	436,383	487,104
Other revenue -tenants	-	-	-	-	-	-	50	50	50	50
HUD PHA grants	10,038,998	11,237,302	-	-	-	-	-	-	10,038,998	11,237,302
Other revenue	280,518	378,000	42,500	5,000	-	-	1,000	-	324,018	383,000
Property management fees	-	-	1,780,440	1,780,440	-	-	-	-	1,780,440	1,780,440
Investment income	-	-	200,000	175,000	20,000	40,000	1,000	15,000	221,000	230,000
Total	10,319,516	11,615,302	2,178,940	2,128,440	218,387	268,444	84,046	105,710	12,800,889	14,117,896
		11%		-2%		19%		20%		9%
Operating Expenses										
Administrative salaries	(5,327,155)	(5,779,848)	(345,427)	(358,716)	-	-	-	-	(5,672,582)	(6,138,564)
Administrative expenses	(2,040,080)	(1,956,100)	(153,840)	(146,950)	(66,550)	(68,050)	(46,200)	(48,500)	(2,306,670)	(2,219,600)
Utilities	-	-	(70,232)	(69,800)	(500)	(500)	(7,500)	(10,950)	(78,232)	(81,250)
Maintenance services	-	-	(196,926)	(136,900)	(53,882)	(55,182)	(21,250)	(19,000)	(272,058)	(211,082)
General expenses	(176,817)	(180,793)	(18,129)	(18,129)	(5,100)	(5,500)	(3,570)	(3,600)	(203,616)	(208,022)
Employee benefits	(3,036,478)	(3,236,714)	(296,228)	(327,395)	-	-	-	-	(3,332,706)	(3,564,109)
Total	(10,580,530)	(11,153,455)	(1,080,782)	(1,057,890)	(126,032)	(129,232)	(78,520)	(82,050)	(11,865,864)	(12,422,627)
		5%		-2%		2%		4%		4%
Budgeted Income (Loss)	(261,014)	461,847	1,098,158	1,070,550	92,355	139,212	5,525	23,660	935,025	1,695,269
Unrestricted Net Position (UNP) - est. balance at 7/1/2023	**	(1,037,114)		4,949,334		1,535,997		544,470		5,992,687
Unrestricted Net Position - budgeted bal. at 6/30/2025		1,027,941		7,194,134		1,631,709		490,830		10,344,614
Capital Expenditures per schedule		-		40,600		43,500		77,300		161,400

UNP @ 7/1/23

(1,037,114)

4,949,334

Est. UNP @ 7/1/24 (Excluding NPL)

11,987,518

7,479,420

Budgeted Income (loss) @ 6/30/25

461,847

1,070,550

Subtotal @ 6/30/25

12,449,365

8,549,970

Estimated NPL & OPEB @ 06/30/2025

(11,421,424)

(1,355,836)

Est. UNP @ 6/30/25

1,027,941

7,194,134

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
Schedule of Maintenance Expenses
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

Maintenance Expenses	Housing Choice Voucher		Housing Development Fund		Park Terrace		Ocean Avenue		Totals	
	Approved 2024	Proposed 2025	Approved 2024	Proposed 2025	Approved 2024	Proposed 2025	Approved 2024	Proposed 2025	Approved 2024	Proposed 2025
Materials										
Repair Parts	-	-	1,645	1,000	1,500	1,000	1,500	1,000	4,645	3,000
Appliances & Fixtures	-	-	-	-	2,000	2,000	2,000	2,000	4,000	4,000
Locks and Keys	-	-	-	-	-	-	-	-	-	-
Maintenance & Contracts										
Garbage Service	-	-	28,573	22,000	-	-	3,000	3,000	31,573	25,000
Repair Contractors	-	-	41,660	18,000	5,000	7,500	5,000	7,000	51,660	32,500
Other Maintenance	-	-	53,737	64,500	-	-	2,500	1,000	56,237	65,500
Equipment Repair/Rental	-	-	3,464	1,000	-	-	-	-	3,464	1,000
Window Coverings	-	-	-	-	1,200	750	750	500	1,950	1,250
Condo Fees	-	-	-	-	43,432	43,432	-	-	43,432	43,432
Landscape Services	-	-	8,158	8,000	-	-	6,000	4,000	14,158	12,000
Contract cost- 10th St.			20,000	10,000					20,000	10,000
Contract cost-Atherton Bldg.	-	-	43,000	12,400	-	-	-	-	43,000	12,400
Miscellaneous	-	-	-	-	750	500	500	500	1,250	1,000
TOTAL	-	-	200,237	136,900	53,882	55,182	21,250	19,000	275,369	211,082
				-46%		2%		-12%		-30%

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
Schedule of General Expenses

FOR THE FISCAL YEAR ENDING JUNE 30, 2025	Housing Choice Voucher		Housing Development Fund		Park Terrace		Ocean Avenue		Totals	
	Approved 2024	Proposed 2025	Approved 2024	Proposed 2025	Approved 2024	Proposed 2025	Approved 2024	Proposed 2025	Approved 2024	Proposed 2025
General Expenses										
General Liability Insurance	30,000	40,000	-	-	-	-	-	-	30,000	40,000
Auto Insurance	5,000	5,000	-	-	-	-	-	-	5,000	5,000
Worker's Compensation	114,817	125,793	-	-	-	-	-	-	114,817	125,793
Unemployment	27,000	10,000	-	-	-	-	-	-	27,000	10,000
Property Insurance	-	-	18,129	18,129	4,100	4,500	2,700	2,700	24,929	25,329
Collection Loss	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	1,000	1,000	870	900	1,870	1,900
TOTAL	176,817	180,793	18,129	18,129	5,100	5,500	3,570	3,600	203,616	208,022
		2%		0%		7%		1%		2%

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
Schedule of Capital Expenditures
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

Description	Housing	Park Terrace	Ocean	Totals
	Development		Avenue	
	Fund			
Gutters			3500	3,500
Fence			12,500	12,500
Windows			15,000	15,000
Unit Rehab		37,500	37,500	75,000
Roof Replacements				-
Appliance replacements		2,500	2,500	5,000
Kitchen cabinet replacements		3,500	3,500	7,000
Tree Trimming	5,600		2,800	8,400
HVAC	25,000	-		25,000
Workstations	10,000			10,000
TOTAL	40,600	43,500	77,300	161,400

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
Budgeted Positions
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

Classification	Full-Time Equivalent (FTE)	Monthly Salary Range		Annual Salary Range		Annual Estimated Benefit Range		Total Annual Salary plus Benefit Range	
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Account Specialist**	5	\$ 4,625	\$ 5,497	\$ 55,500	\$ 65,969	\$ 32,190	\$ 38,262	\$ 87,690	\$104,230
Accountant	1	\$ 7,358	\$10,927	\$ 88,296	\$ 131,124	\$ 51,212	\$ 76,052	\$139,508	\$207,176
Financial Accounting Manager	1	\$10,397	\$15,440	\$ 124,764	\$ 185,280	\$ 72,363	\$107,462	\$197,127	\$292,742
Administrative Analyst I/II*	3	\$ 7,358	\$11,767	\$ 88,296	\$ 141,204	\$ 51,212	\$ 81,898	\$139,508	\$223,102
Administrative Clerk **	9	\$ 4,612	\$ 5,239	\$ 55,341	\$ 62,868	\$ 32,098	\$ 36,463	\$ 87,439	\$ 99,331
Deputy Executive Director **	1	\$12,062	\$17,905	\$ 144,744	\$ 214,860	\$ 83,952	\$124,619	\$228,696	\$339,479
Eligibility Leadworker	2	\$ 6,253	\$ 7,594	\$ 75,036	\$ 91,128	\$ 43,521	\$ 52,854	\$118,557	\$143,982
Eligibility Technician	14	\$ 4,906	\$ 5,831	\$ 58,872	\$ 69,972	\$ 34,146	\$ 40,584	\$ 93,018	\$110,556
Executive Assistant	1	\$ 6,039	\$ 8,968	\$ 72,468	\$ 107,616	\$ 42,031	\$ 62,417	\$114,499	\$170,033
Executive Director	1	\$15,058	\$22,361	\$ 180,696	\$ 268,332	\$104,804	\$155,633	\$285,500	\$423,965
Facilities Manager	1	\$ 8,747	\$12,989	\$ 104,964	\$ 155,868	\$ 60,879	\$ 90,403	\$165,843	\$246,271
Finance Director	1	\$11,476	\$17,043	\$ 137,712	\$ 204,516	\$ 79,873	\$118,619	\$217,585	\$323,135
FSS Coordinator	3	\$ 5,220	\$ 6,258	\$ 62,640	\$ 75,095	\$ 36,331	\$ 43,555	\$ 98,971	\$118,649
FSS Leadworker	1	\$ 6,253	\$ 7,594	\$ 75,036	\$ 91,128	\$ 43,521	\$ 52,854	\$118,557	\$143,982
Housing Inspector**	2	\$ 5,054	\$ 6,060	\$ 60,648	\$ 72,716	\$ 35,176	\$ 42,175	\$ 95,824	\$114,891
Housing Specialist**	10	\$ 5,796	\$ 6,955	\$ 69,552	\$ 83,460	\$ 40,340	\$ 48,407	\$109,892	\$131,867
Housing Technician	2	\$ 4,726	\$ 5,740	\$ 56,712	\$ 68,874	\$ 32,893	\$ 39,947	\$ 89,605	\$108,821
Human Resources Manager	1	\$ 9,419	\$13,988	\$ 113,028	\$ 167,856	\$ 65,556	\$ 97,356	\$178,584	\$265,212
Information Technology Manager	1	\$10,397	\$15,440	\$ 124,764	\$ 185,280	\$ 72,363	\$107,462	\$197,127	\$292,742
Leasing Services Leadworker	3	\$ 6,253	\$ 7,594	\$ 75,036	\$ 91,124	\$ 43,521	\$ 52,852	\$118,557	\$143,975
Maintenance Worker II	3	\$ 6,732	\$ 6,732	\$ 80,787	\$ 80,787	\$ 46,857	\$ 46,857	\$127,644	\$127,644
Procurement Manager**	1	\$ 7,924	\$11,767	\$ 95,088	\$ 141,204	\$ 55,151	\$ 81,898	\$150,239	\$223,102
Housing Programs Manager	2	\$10,397	\$15,440	\$ 124,764	\$ 185,280	\$ 72,363	\$107,462	\$197,127	\$292,742
Property Aide (Part Time)	4								
Property Management Administrator	1	\$ 7,004	\$10,401	\$ 69,849	\$ 103,726	\$ 40,512	\$ 60,161	\$110,361	\$163,887
Property Management Assistant	1	\$ 5,220	\$ 6,258	\$ 62,640	\$ 75,095	\$ 36,331	\$ 43,555	\$ 98,971	\$118,649
Secretary	1	\$ 4,529	\$ 5,519	\$ 54,348	\$ 66,222	\$ 31,522	\$ 38,409	\$ 85,870	\$104,631
Senior Administrative Analyst	1	\$ 8,533	\$12,672	\$ 102,396	\$ 152,064	\$ 59,390	\$ 88,197	\$161,786	\$240,261
Special Programs Manager	1	\$ 9,419	\$13,988	\$ 113,028	\$ 167,856	\$ 65,556	\$ 97,356	\$178,584	\$265,212
Total	78								
* New positions:		Administrative Analyst I/II(1), Eligibility Technician (1)						Management position	
** Vacant positions:		Administrative Clerk (1), Account Specialist (1), Eligibility Technician (1) Housing Specialist (1), Housing Inspector (1), Housing Programs Manager (1) Procurement Manager (1), Deputy Executive Director (1)							