

# Housing Authority of the City of Milwaukee - 2017 Budget Summary

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## Summary of Major HACM Entity-Wide Assumptions

1. Overtime is budgeted at 10% of Maintenance Salaries
2. Employee benefit projections are based on actual 2017 choices for health & dental plus statutory rates for FICA, plus other benefits based on 2017 existing rates.
3. Management will implement a performance based salary adjustment effective Pay Period 1 in January 2017. About 3% of total salary is budgeted to cover for the 2017 salary increase. A baseline adjustment has been assumed at 1% for all employees, additional percentage incentive increase will be based on individual performance and the maximum amount budgeted salary increase. The HACM's Performance Management & Appraisal System and the Variable Pay Incentive Plan Policy will govern the implementation.
4. Management will continue implementing an incentive payout. Though no dollar amount is built into the 2017 budget for lump-sum incentive payment, management plans to allocate incentive pay of up to 3% of the total salary budget subject to funding availability to be determined at the end of 2017. The incentive will be awarded based on the achievement of organizational goals and individual performance. The HACM's Performance Management & Appraisal System and the Variable Pay Incentive Plan Policy will govern the implementation of the incentive pay out.

## Section 8 Rent Assistance Program (RAP)

1. Number of Vouchers:
  - Housing Choice Vouchers (HCV) – 5,294
  - Project Based Vouchers – 548
  - Veteran Affairs Supportive Housing (VASH) – 273
  - Rental Assistance Vouchers for Non-Elderly (RANE) – 100
  - Westlawn Tenant Protection Vouchers – 150
  - Total Vouchers – 6,365
2. Average Lease up – 93%
3. Administrative Fee Funding Level – 80%
4. Management Fee paid to COCC - \$700,000
5. Staffing Level:
  - Total Head Count: 28 Employees
    - 26 FTEs
    - 2 PTEs
  - Direct HACM: 25
  - City Assigned: 3
  - Temporary Workers: 7
    - 5 Full-time Office Assistants
    - 1 Full-time Lease and Contract Specialist
    - 1 Part-time Hearing Officer

Budget Summary:	BUDGET		ACTUAL	BUDGET 2017 VARIANCE	
	2017	2016	2015	VS BUD '16	VS. ACT '15
				INCREASE	(DECREASE)
<b>Total Revenues</b>	<b>3,316,640</b>	<b>3,292,015</b>	<b>3,195,229</b>	<b>24,625</b>	<b>121,411</b>
<b>Operating Expenditures:</b>					
Administration	3,197,037	3,152,618	2,926,506	44,419	270,531
Tenant Services	0	0	36,527	0	(36,527)
Ordinary Maintenance	4,000	1,700	6,633	2,300	(2,633)
Protective Services	1,000	1,000	607	0	393
General Expenses	112,586	62,858	113,209	49,728	(623)
<b>Total</b>	<b>3,314,623</b>	<b>3,218,176</b>	<b>3,083,483</b>	<b>96,447</b>	<b>231,140</b>
				<b>2.91%</b>	<b>6.97%</b>
<b>Net Income</b>	<b>2,017</b>	<b>73,839</b>	<b>111,745</b>	<b>(71,822)</b>	<b>(109,729)</b>

## Homeownership Program

1. For the 2017 operating budget, revenues projections are broken down into the following assumptions:

- Sale of 5 NSP homes earning \$15,000 = \$75,000
- Section 8(Y) home sale fees: 10 homes @ \$500 = \$5,000
- Sale of 4 Section 32 homes earning \$10,000 = \$40,000
- Sale of 4 market rate homes @ an average profit of \$8,000 = \$32,000
- Brokers commission: 8 homes @\$2,100 (average) = \$16,800

2. Staffing Level:

Total Head Count: 1 FTE

Administrative Staff: 1

Maintenance Staff: 0

Budget Summary:	BUDGET		ACTUAL	BUDGET 2017 VARIANCE	
	2017	2016	2015	VS BUD '16	VS. ACT '15
				INCREASE (DECREASE)	
<b>Total Revenues</b>	<b>168,800</b>	<b>272,500</b>	<b>135,236</b>	<b>(103,700)</b>	<b>33,564</b>
				<b>-61%</b>	<b>20%</b>
<b>Operating Expenditures:</b>					
Administration	130,059	211,929	290,591	(81,870)	(160,532)
Utilities	0	8,400	0	(8,400)	0
Ordinary Maintenance	4,700	17,000	115,964	(12,300)	(111,264)
General Expenses	3,398	6,161	9,871	(2,763)	(6,473)
<b>Total</b>	<b>138,157</b>	<b>243,490</b>	<b>416,426</b>	<b>(105,333)</b>	<b>(278,269)</b>
				<b>-76.24%</b>	<b>-201.41%</b>
<b>Net Income</b>	<b>30,643</b>	<b>29,010</b>	<b>(281,190)</b>	<b>1,633</b>	<b>311,833</b>

## Nonsubsidized Affordable Housing - Berryland, Northlawn & Southlawn

1. Number of Rental Units: 978
2. Average Lease up: 94%
3. Rental Rate Increase for 2017: \$25 increase for all new tenants
4. The budget includes a line item for extraordinary maintenance of \$753,235 to continue work on improving units at these developments.

Budget Summary:	BUDGET		ACTUAL	BUDGET 2017 VARIANCE	
	2017	2016	2015	VS BUD '16	VS. ACT '15
	INCREASE (DECREASE)				
<b>Total Revenues</b>	<b>7,528,514</b>	<b>7,340,074</b>	<b>7,506,085</b>	<b>188,440</b>	<b>22,429</b>
<b>Operating Expenditures:</b>					
Administration	1,367,874	1,697,401	1,827,857	(329,527)	(459,983)
Tenant Services	0	0	100	0	(100)
Utilities	797,200	732,200	781,519	65,000	15,681
Ordinary maintenance	1,222,516	1,354,330	1,418,040	(131,814)	(195,524)
Protective services	142,207	156,484	128,743	(14,277)	13,464
General expenses	1,559,850	1,556,537	1,594,812	3,313	(34,962)
<b>Total</b>	<b>5,089,647</b>	<b>5,496,952</b>	<b>5,751,071</b>	<b>(407,305)</b>	<b>(661,424)</b>
<b>Income(Loss) from Operations</b>	<b>2,438,867</b>	<b>1,843,122</b>	<b>1,755,014</b>	<b>595,745</b>	<b>683,853</b>
<b>Extraordinary maintenance</b>	<b>753,235</b>	<b>470,310</b>	<b>646,502</b>	<b>282,925</b>	<b>106,733</b>
<b>Debt service</b>	<b>540,000</b>	<b>535,000</b>	<b>395,000</b>	<b>5,000</b>	<b>145,000</b>
<b>Replacement reserves</b>	<b>294,000</b>	<b>291,235</b>	<b>220,500</b>	<b>2,765</b>	<b>73,500</b>
<b>Net Cash Flow</b>	<b>851,632</b>	<b>546,577</b>	<b>493,012</b>	<b>305,055</b>	<b>358,620</b>

## Low Rent Public Housing (LRPH)

1. Number of ACC Units – 3,575
2. Average Lease up – 98%
3. Funding Level – 86%
4. Operating Subsidy is calculated based on funding for 2016
5. Allocated Resident Services: -\$155,613
  - Total Resident Services Operating Expenses: \$856,613
  - Revenue Offsets: \$701,000
    - o Hope VI Endowment Funds: \$400,000
    - o Tax Credit Development: \$163,000
    - o HUD Family Self Sufficiency Grant: \$138,000
6. Staffing Level
  - Total Head Count: 84 FTEs
  - Direct LRPH Employees 52
    - HACM 37
    - City 15
  - Allocated Staff 37
    - Housing Intake 6
    - Resident Services 9
    - Public Safety 18
    - Legal Pool 2
    - Rent Collection 2

Budget Summary:	BUDGET		ACTUAL	BUDGET 2017 VARIANCE	
	2017	2016	2015	VS BUD '16	VS. ACT '15
				INCREASE (DECREASE)	
<b>Total Revenues</b>	<b>21,858,344</b>	<b>21,486,632</b>	<b>21,932,519</b>	<b>371,712</b>	<b>(74,174)</b>
				<b>1.70%</b>	<b>-0.34%</b>
<b>Operating Expenditures:</b>					
Administration	6,096,716	5,891,082	6,144,763	205,634	(48,047)
Tenant Services	432,229	484,798	741,053	(52,569)	(308,824)
Utilities	3,888,400	4,867,300	4,202,040	(978,900)	(313,640)
Ordinary maintenance	6,427,302	5,974,212	7,505,522	453,090	(1,078,220)
Protective services	1,381,224	1,328,769	1,174,764	52,455	206,461
General expenses	3,239,901	2,977,800	2,770,447	262,101	469,454
<b>Total</b>	<b>21,465,772</b>	<b>21,523,961</b>	<b>22,538,588</b>	<b>(58,189)</b>	<b>(1,072,816)</b>
				<b>-0.27%</b>	<b>-5.00%</b>
<b>Income(Loss) from operations</b>	<b>392,572</b>	<b>(37,329)</b>	<b>(606,070)</b>	<b>429,901</b>	<b>998,642</b>
<b>Transfer from Reserve</b>	<b>0</b>	<b>37,329</b>	<b>606,070</b>		
<b>Net Cash Flow</b>	<b>392,572</b>	<b>0</b>	<b>0</b>		
<b>Extraordinary Maintenance*</b>	<b>485,381</b>	<b>1,500,619</b>	<b>2,065,179</b>	<b>(1,015,238)</b>	<b>(1,579,798)</b>

\*Paid through Capital Fund Grant

## Central Office Cost Center (COCC)

1. Housing Portfolio:  
Total Housing Units: 4,553  
Low Rent Public Housing – ACC Units: 3,575  
Market Rate Housing (BNS): 978
2. Property management fees were charged based on occupancy rate. They are being charged at a rate of \$50.95. Bookkeeping and asset management fees were charged based on the ACC or baseline units.
3. RAP Management Fee: \$700,000
4. Maintenance Operations revenue:  
Low Rent Public Housing: \$2,363,661  
Tax Credit Developments: \$123,295  
BNS: \$82,075
5. Total Headcount: 71 (includes 2 City Assigned employees in Maintenance Operations)  

Executive/Housing Management:	18
Accounting:	7
Procurement:	5
Human Resources:	3
Information Technology:	3
Modernization & Development:	5
Maintenance Operations:	30
6. Employees' Salaries & Benefits budgeted under Grants ( \$825,000): 13.5 FTEs  

Executive	2.5
Modernization & Development	4
Homeownership	1
Resident Services	6
7. Resident Initiatives Funded out of COCC:
  - Milwaukee Fatherhood Initiative: \$40,000
    - Total Cost: \$115,000
    - Grant Revenue: \$75,000
  - Scholarship Grants: \$50,000
  - Youth Build: \$20,000
    - Total Cost: \$80,000
    - Grant Revenue: \$60,000
  - Make Your Money Talk: \$60,000

Budget Summary:	BUDGET		ACTUAL	BUDGET 2017 VARIANCE	
	2017	2016	2015	VS BUD '16	VS. ACT '15
	INCREASE (DECREASE)				
<b>Total Revenues</b>	<b>8,858,094</b>	<b>8,840,857</b>	<b>7,764,345</b>	<b>17,237</b>	<b>1,093,749</b>
				<b>0%</b>	<b>12%</b>
<b>Operating Expenditures:</b>					
Administration	5,883,125	5,650,290	6,579,623	232,835	(696,498)
Tenant Services	479,177	270,100	69,750	209,077	409,427
Utilities	89,000	100,200	87,307	(11,200)	1,693
Ordinary maintenance	2,696,685	3,265,980	3,237,741	(569,295)	(541,057)
Protection services	0	0	15,472	0	(15,472)
General expenses	165,205	160,131	184,170	5,074	(18,966)
<b>Total</b>	<b>9,313,191</b>	<b>9,446,701</b>	<b>10,174,063</b>	<b>(133,510)</b>	<b>(860,872)</b>
				<b>-1%</b>	<b>-9%</b>
<b>Income(Loss) from Operations</b>	<b>(455,098)</b>	<b>(605,844)</b>	<b>(2,409,719)</b>	<b>150,746</b>	<b>1,954,621</b>
<b>Transfer from Reserve</b>	455,098	605,844	2,409,719		
<b>Net Cash Flow</b>	<b>0</b>	<b>0</b>	<b>0</b>		