

Housing Authority of the City of Milwaukee - 2018 Budget Summary

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 2018. Approximately 3% of total salary is budgeted to cover for the 2018 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 2018 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) – 5,942
 - Veteran Affairs Supportive Housing (VASH) – 273
 - Rental Assistance Demonstration (RAD) Project-based Vouchers - 180
 - o Cherry Court - 70
 - o Highland Gardens – 46
 - o Westlawn Gardens - 64
 - Total Vouchers – 6,395
2. Average Lease up – 93.5%
3. Administrative Fee Funding Level – 77%
4. Management Fee paid to COCC - \$700,000
5. Staffing Level:
 - Total Head Count: 29.5 Employees

Budget Summary:	BUDGET		ACTUAL	BUDGET 2018 VARIANCE	
	2018	2017	2016	VS BUD '17	VS. ACT '16
	INCREASE (DECREASE)				
Total Revenues	3,401,247	3,316,640	3,243,151	84,607	158,096
Operating Expenditures:					
Administration	3,369,609	3,097,037	3,201,212	272,572	168,397
Tenant Services	300	0	300	300	0
Ordinary Maintenance	5,800	4,000	7,730	1,800	(1,930)
Protective Services	400	1,000	607	(600)	(207)
General Expenses	125,168	112,586	123,805	12,582	1,363
Total	3,501,277	3,214,623	3,333,654	286,654	167,623
				8.19%	4.79%
Net Income	(100,030)	102,017	(90,503)	(202,047)	(9,527)

Homeownership Program

1. For the 2018 operating budget, revenue projections are broken down into the following assumptions:
 - Sale of 1 NSP (Neighborhood Stabilization Program) homes earning \$10,000
 - Section 8(y) Administrative Fee: 10 homes x \$500 = \$5,000
 - Brokers Commission 3%: 3 homes for \$195,000 = \$5,850
 - Sale of 2 market rate homes earning \$10,000 per home = \$20,000
2. Staffing Level:
 - Total Head Count: 1.5 FTE

Budget Summary:	BUDGET		ACTUAL	BUDGET 2018 VARIANCE	
	2018	2017	2016	VS BUD '17	VS. ACT '16
				INCREASE (DECREASE)	
Total Revenues	40,850	168,800	175,684	(127,950)	(134,834)
				-313%	-330%
Operating Expenditures:					
Administration	173,438	130,059	119,766	43,379	53,672
Utilities		0	0	0	0
Ordinary Maintenance	710	4,700	17,206	(3,990)	(16,496)
Protective Services	0	0	433	0	(433)
General Expenses	4,407	3,398	6,506	1,009	(2,099)
Total	178,556	138,157	143,911	40,399	34,645
				22.63%	19.40%
Net Income	(137,706)	30,643	31,774	(168,349)	(169,479)

Unsubsidized Housing - Berryland, Northlawn & Southlawn

1. Number of Rental Units: 980
2. Average Lease up: 95%
3. The budget includes a line item for extraordinary maintenance of \$698,910 to continue work on improving units at these developments.
4. Staffing Level:
 - Managed by Friends of Housing

Budget Summary:	BUDGET		ACTUAL	BUDGET 2018 VARIANCE	
	2018	2017	2016	VS BUD '17	VS. ACT '16
				INCREASE	(DECREASE)
Total Revenues	7,648,271	7,528,514	7,294,738	119,756	353,533
Operating Expenditures:					
Administration	1,361,676	1,367,874	1,616,519	(6,198)	(254,843)
Utilities	872,837	797,200	855,722	75,637	17,115
Ordinary maintenance	1,480,850	1,222,516	1,754,914	258,334	(274,064)
Protective services	155,461	142,207	134,537	13,254	20,924
General expenses	1,586,653	1,559,850	1,535,289	26,803	51,364
Total	5,457,477	5,089,647	5,896,981	367,830	(439,504)
Income(Loss) from Operations	2,190,794	2,438,867	1,397,757	(248,074)	793,037
Extraordinary maintenance	698,910	753,235	262,250	(54,325)	436,660
Debt service	725,000	540,000	535,000	185,000	190,000
Replacement reserves	311,444	294,000	322,043	17,444	(10,599)
Net Cash Flow	455,440	851,632	278,464	(396,193)	176,976

Low Rent Public Housing (LRPH)

1. Number of ACC Units – 2,998
 - Housing Authority managed – 2,701
 - Friends of Housing managed - 297
2. Average Lease up – 98%
3. Funding Level – 86%
4. Operating Subsidy is calculated based on funding for 2017
5. Allocated Resident Services: -\$254,288
 - Total Resident Services Operating Expenses: \$896,368
 - Revenue Offsets: \$642,080
 - o Hope VI Endowment Funds: \$500,000
 - o Tax Credit Development: \$142,080
6. Staffing Level:
 - Total Head Count: 76 FTEs

Budget Summary:	BUDGET		ACTUAL	BUDGET 2018 VARIANCE	
	2018	2017	2016	VS BUD '17	VS. ACT '16
				INCREASE (DECREASE)	
Total Revenues	18,769,818	21,858,344	22,080,020	(3,088,526)	(3,310,202)
				-16.45%	-17.64%
Operating Expenditures:					
Administration	5,359,453	6,096,716	6,215,856	(737,262)	(856,403)
Tenant Services	530,807	432,229	542,205	98,578	(11,398)
Utilities	3,346,273	3,888,400	4,056,045	(542,127)	(709,772)
Ordinary maintenance	6,567,491	6,427,302	6,025,431	140,189	542,060
Protective services	1,433,563	1,381,224	1,273,615	52,339	159,948
General expenses	2,509,696	3,239,901	2,906,086	(730,205)	(396,390)
Total	19,747,283	21,465,772	21,019,238	(1,718,489)	(1,271,955)
				-8.70%	-6.44%
Extraordinary Maintenance	527,000	485,381	1,568,511	41,619	(1,041,511)
Program Income	0	(485,381)	(1,568,511)	485,381	1,568,511
Income(Loss) from operations	(1,504,465)	392,572	1,060,782	(1,897,036)	(2,565,247)
Transfer from Reserve	1,504,465	0	0		
Net Cash Flow	0	392,572	1,060,782		

Central Office Cost Center (COCC)

1. Housing Portfolio:
 - Total Housing Units: 3,978
 - o Low Rent Public Housing – ACC Units: 2,998
 - o Unsubsidized Housing (BNS): 980
 - Total Section 8 Vouchers: 6,395
2. Management fees and bookkeeping fees are charged based on the units occupied at \$50.95 and \$7.50 per unit respectively. Asset management fees are charged at the end of the year to each development that has excess cash at a rate of \$10.00 per unit.
3. Section 8 Rent Assistance Program Management Fee: \$700,000
4. Maintenance Operations Revenue: \$2,609,521
 - Low Rent Public Housing: \$2,395,781
 - Tax Credit Developments: \$154,950
 - Affordable Market Rate (BNS): \$56,290
 - Section 8: \$2,500
5. Staffing Level:
 - Total Headcount: 71.5
6. Resident Initiatives Funded out of COCC:
 - Milwaukee Fatherhood Initiative: \$40,000
 - o Total Cost: \$115,000
 - o Grant Revenue: \$75,000
 - Scholarship Grants: \$50,000
 - Youth Build: \$40,000
 - o Total Cost: \$100,000
 - o Grant Revenue: \$60,000
 - Make Your Money Talk: \$60,000

Budget Summary:	BUDGET		ACTUAL	BUDGET 2018 VARIANCE	
	2018	2017	2016	VS BUD '17	VS. ACT '16
				INCREASE (DECREASE)	
Total Revenues	9,313,258	8,858,094	8,282,388	455,165	1,030,870
				5%	11%
Operating Expenditures:					
Administration	6,527,414	5,883,125	7,044,981	644,289	(517,567)
Tenant Services	512,786	479,177	210,802	33,609	301,984
Utilities	85,859	89,000	84,175	(3,141)	1,684
Ordinary maintenance	2,573,325	2,696,685	3,324,584	(123,360)	(751,259)
Protection services	0	0	15,513	0	(15,513)
General expenses	174,587	165,205	179,805	9,382	(5,218)
Total	9,873,970	9,313,191	10,859,860	560,779	(985,890)
				6%	-10%
Income(Loss) from Operations	(560,712)	(455,098)	(2,577,472)	(105,614)	2,016,760
Transfer from Reserve	560,712	455,098	2,577,472		
Net Cash Flow	0	0	0		