

Housing Authority of the City of Milwaukee - 2019 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 2018 choices for health & dental plus statutory rates for FICA, plus other benefits based on 2018 existing rates.
3. Management will implement a performance based salary adjustment effective Pay Period 1 in January 2019. Approximately 3% of total salary is budgeted to cover for the 2019 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 2019 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 2018. 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) – 278
- Rental Assistance Demonstration (RAD) Project-based Vouchers – 488
 - o Convent Hill 42
 - o Cherry Court 70
 - o Highland Gardens 46
 - o Lapham Park 131
 - o Olga Village 37
 - o Scattered Sites I 24
 - o Scattered Sites II 12
 - o Victory Manor 44
 - o Westlawn Gardens 64
 - o Westlawn Gardens Scattered Sites 18
- Total Vouchers 6,708

2. Average Lease up – 92%

3. Administrative Fee Funding Level – 78%

4. Management Fee paid to COCC - \$700,000

5. Staffing Level:

- Total Head Count: 29

Budget Summary:	BUDGET		ACTUAL	BUDGET 2019 VARIANCE	
	2019	2018	2017	VS BUD '18	VS. ACT '17
	INCREASE (DECREASE)				
Total Revenues	3,552,829	3,401,247	3,331,682	151,582	221,147
Operating Expenditures:					
Administration	3,416,265	3,369,609	3,280,166	46,656	136,099
Tenant Services	300	300	300	0	0
Ordinary Maintenance	6,650	5,800	4,558	850	2,092
Protective Services	0	400	752	(400)	(752)
General Expenses	113,867	125,168	128,299	(11,301)	(14,432)
Total	3,537,082	3,501,277	3,414,075	35,805	123,007
				1.01%	3.48%
Net Income	15,747	(100,030)	(82,393)	115,778	98,140

Unsubsidized Housing - Berryland, Northlawn & Southlawn

1. Number of Rental Units: 980
 - Managed by Friends of Housing
2. Average Lease up: 95%
3. Rental revenue is based on current rents which is an increase of about 2% of 2018 projected rental revenue
4. The budget includes a line item for extraordinary maintenance of \$803,215 to continue work on improving units at these developments.

Budget Summary:	BUDGET		ACTUAL	BUDGET 2019 VARIANCE	
	2019	2018	2017	VS BUD '18	VS. ACT '17
	INCREASE (DECREASE)				
Total Revenues	7,774,400	7,648,271	7,351,688	126,130	422,712
Operating Expenditures:					
Administration	1,326,504	1,361,676	1,346,475	(35,172)	(19,971)
Utilities	868,046	872,837	851,026	(4,790)	17,020
Ordinary maintenance	1,484,795	1,480,850	1,753,815	3,945	(269,020)
Protective services	127,866	155,461	122,621	(27,595)	5,245
General expenses	1,584,127	1,586,653	1,505,388	(2,526)	78,739
Total	5,391,338	5,457,477	5,579,325	(66,139)	(187,987)
Income(Loss) from Operations	2,383,062	2,190,794	1,772,363	192,269	610,699
Extraordinary maintenance	803,215	698,910	371,243	104,305	431,972
Debt service	745,000	725,000	540,000	20,000	205,000
Replacement reserves	294,000	294,000	294,000	0	0
Net Cash Flow	540,847	472,884	567,120	67,964	(26,273)

Low Rent Public Housing (LRPH)

1. Number of ACC Units – 2,752
 - Housing Authority managed – 2,701
 - Friends of Housing managed - 51
2. Average Lease up – 98%
3. Funding Level – 90%
4. Operating Subsidy is calculated based on funding for 2018
5. Allocated Resident Services: Net Income - \$112,270
 - Total Resident Services Operating Expenses: \$529,810
 - Revenue Offsets: \$642,080
 - o Hope VI Endowment Funds: \$500,000
 - o Tax Credit Development: \$142,080
6. Staffing Level
 - Total Head Count: 76
7. Variances:
 - Revenue
 - o Compared to 2018 budget
 - CFP Management Fee grant increased by \$278,000
 - CFP Operations Income grant increased by \$697,000
 - o Compared to 2017 actuals
 - Westlawn revenue was included in 2017 actuals
 - Expenses
 - o All actuals in 2017 include expenses from Westlawn
 - o Ordinary maintenance line items increased in 2019 to address vacancies
 - o General expenses
 - Operating subsidy paid to Tax Credits decreased because of RAD conversions

Budget Summary:	BUDGET		ACTUAL	BUDGET 2019 VARIANCE	
	2019	2018	2017	VS BUD '18	VS. ACT '17
	INCREASE (DECREASE)				
Total Revenues	19,902,681	18,769,818	20,857,682	1,132,862	(955,001)
				5.69%	-4.80%
Operating Expenditures:					
Administration	5,699,267	5,359,453	6,165,870	339,813	(466,603)
Tenant Services	197,191	530,807	589,230	(333,616)	(392,039)
Utilities	3,398,748	3,346,273	3,852,494	52,476	(453,746)
Ordinary maintenance	7,402,330	6,567,491	5,974,438	834,839	1,427,892
Protective services	1,351,175	1,433,563	1,334,030	(82,388)	17,145
General expenses	1,740,390	2,509,696	3,110,072	(769,306)	(1,369,682)
Total	19,789,101	19,747,283	21,026,134	41,818	(1,237,033)
				0.21%	-6.25%
Income(Loss) from operations	113,580	(977,465)	(168,452)	1,091,044	282,032
Transfer from Reserve	0	977,465	168,452		
Net Cash Flow	113,580	0	0		
Extraordinary Maintenance*	1,478,400	527,000	1,568,511	951,400	(90,111)

*Long term vacancy reduction paid through Capital Fund Grant

Central Office Cost Center (COCC)

1. Housing Portfolio:
 - Total Housing Units: 3,732
 - o Low Rent Public Housing – ACC Units: 2,752
 - o Unsubsidized Housing (BNS): 980
 - Total Section 8 Vouchers: 6,708
2. Management fees and bookkeeping fees are charged based on the units occupied at \$53.21 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: \$3,422,659
 - Low Rent Public Housing: \$3,230,654
 - Tax Credit Developments: \$150,260
 - Unsubsidized Housing (BNS): \$40,695
 - Section 8: \$200
 - Special Projects: \$850
5. Special Projects Revenue:
 - Sale of 8 Section 8(Y) Homes: 8 homes x \$500 = \$4,000
 - Sale of 3 Section 32 properties: 3 homes x \$10,000 = \$30,000
6. Total Headcount: 81
7. Resident Initiatives Funded out of COCC:
 - Scholarship Grants: \$50,000
 - Youth Build: \$40,000
 - o Total Cost: \$100,000
 - o Grant Revenue: \$60,000
 - @Promise Program: \$240,000
8. Variances:
 - Revenue
 - o Compared to 2018 budget
 - Developer fees decreased
 - o Compared to 2017 actuals
 - Maintenance Operations revenue increased due to the need to address vacancies
 - Expenses
 - o Compared to 2017 actuals

- M & D expenses and salaries and benefits for Travaux employees were included in 2017 actuals
- The 2019 budget does not include any expenses for Travaux and only includes the salaries and benefits for 3 M & D employees

Budget Summary:	<i>BUDGET</i>		<i>ACTUAL</i>	<i>BUDGET 2019 VARIANCE</i>	
	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>VS BUD '18</i>	<i>VS. ACT '17</i>
	<i>INCREASE (DECREASE)</i>				
Total Revenues	9,139,091	9,354,108	8,320,405	(215,018)	818,686
				-2%	9%
Operating Expenditures:					
Administration	6,352,103	6,700,852	7,528,619	(348,749)	(1,176,516)
Tenant Services	541,212	512,786	129,908	28,426	411,304
Utilities	86,505	85,859	84,809	646	1,696
Ordinary maintenance	2,547,147	2,574,035	2,616,870	(26,888)	(69,723)
Protection services	0	0	10,330	0	(10,330)
General expenses	132,181	178,994	183,998	(46,813)	(51,817)
Total	9,659,147	10,052,526	10,554,534	(393,379)	(895,387)
				-4%	-9%
Income(Loss) from Operations	(520,057)	(698,418)	(2,234,129)	178,361	1,714,072
Transfer from Reserve	520,057	698,418	2,234,129		
Net Cash Flow	0	0	0		

Grants

1. Resident Initiatives funded from grants
 - Milwaukee Fatherhood Initiative: \$150,000
 - o Grant Revenue: \$100,000
 - o \$50,000 contribution from the Housing Authority of the City of Milwaukee
 - Make your money talk: \$60,000