Housing
Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - TEL: (510) 747-4300 - FAX: (510) 522-7848 - TDD: (510) 522-8467

IF YOU WISH TO ADDRESS THE BOARD:

1. Please file a speaker's slip with the Executive Director, and upon recognition by the Chair, approach the rostrum and state your name; speakers are limited to 5 minutes per item.

2. If you need special assistance to participate in the meetings of the City of Alameda Housing Authority Board of Commissioners, please contact (510) 747-4325 (TDD: 510 522-8467) or dconnors@alamedahsg.org
Notification 48 hours prior to the meeting will enable the City of Alameda Housing Authority Board of Commissioners to make reasonable arrangements to ensure accessibility.

AGENDA **REGULAR MEETING OF THE BOARD OF COMMISSIONERS**

DATE & TIME **Wednesday May 18, 2016 7:00 pm - CLOSED SESSION 6:45pm**

LOCATION Independence Plaza, 703 Atlantic Avenue, Alameda, CA

Welcome to the Board of Commissioners of the Housing Authority of the City of Alameda meeting. Regular Board of Commissioners meetings are held on the third Wednesday of each month in the Ruth Rambeau Memorial Community Room at Independence Plaza.

Public Participation
Anyone wishing to address the Board on agenda items or business introduced by Commissioners may speak for a maximum of three minutes per agenda item when the subject is before the Board. Please file a speaker's slip with the Housing Authority Executive Director if you wish to address the Board of Commissioners.

PLEDGE OF ALLEGIANCE

1. ROLL CALL - Board of Commissioners

2. CLOSED SESSION – 6:45 p.m. - Adjournment to Closed Session to Consider:

2-A. Purpose: Conference with Legal Counsel – Anticipated Litigation.
Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(b):
One (1) potential case

3. Adjournment of Closed Session

4. RECONVENE REGULAR MEETING – 7:00 P.M.

5. Announcement of Action Taken in Closed Session, if any.

6. CONSENT CALENDAR
   - Consent Calendar items are considered routine and will be approved or accepted by one motion unless a request for removal for discussion or explanation is received from the Board of Commissioners or a member of the public.

7-A. Approve Minutes of the Board of Commissioners Regular Meeting held April 20, 2016. Acceptance is recommended - Page 4
7-B. Accept the Monthly Overview Report - Page 8
7-C. Accept the Budget Variance Report - Page 16
7-D. Accept the Quarterly Police Report - Page 31
7-E. Accept the Quarterly Investment Report - Page 36

8. AGENDA

8-A. Adopt the Resolution and Approval of the 2016-2018 Budget - Page 51

8-B. Approve the Capitalization Policy – Page 75

8-C. Amend the Administrative Plan Chapters 3, 6, 7, 9, 11, 15 and the Glossary to implement streamlining options and requirements including changing the verification deadlines for applicant families with newly added children under 6 years of age; updating the definition of extremely low-income families to match HUD's new definition; adding fees and other charges to tuition in the student rule; limiting the Earned Income Disallowance to 12 months at 100% and 12 months at 50%; allowing for reasonable accommodations in the use of payment standard and utility allowances; and implementing the optional streamlining with fixed income sources and assets under $5,000. These revisions also add language suggested by HUD in recently issued guidance for arrest records. Also, it include a streamlining effort by the Housing Authority to not collecting a Request for Tenancy Approval when not required by HUD. Amendment (2016-03) – Page 84

8-D. Eagle Avenue Project Update; Authorize the Executive Director to Execute Documents Necessary for a Tax Credit Application; Authorize a Housing Authority Loan of Up to $2.3 million for Project Development; Authorize an increase in Design Contract Costs from $600,000 to $650,000 – Page 99

9. ORAL COMMUNICATIONS, Non-Agenda (Public Comment)

10. COMMISSIONER COMMUNICATIONS, (Communications from the Commissioners)

11. ADJOURNMENT

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Note

- If you need special assistance to participate in the meetings of the Housing Authority of the City of Alameda Board of Commissioners, please contact 510-747-4325 (TDD: 510-522-8467) or dconnors@alamedahsg.org. Notification 48 hours prior to the meeting will enable the Housing Authority of the City of Alameda Board of Commissioners to make reasonable arrangements to ensure accessibility.

- Documents related to this agenda are available for public inspection and copying at the Office of the Housing Authority, 701 Atlantic Avenue, during normal business hours.

- KNOW YOUR RIGHTS UNDER THE Ralph M. Brown Act: Government's duty is to serve the public, reaching its decisions in full view of the public. The Board of Commissioners exists to conduct the business of its constituents. Deliberations are conducted before the people and are open for the people's review.

- In order to assist the Housing Authority's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the Housing Authority accommodate these individuals.

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DRAFT MINUTES

REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF THE HOUSING AUTHORITY OF THE CITY OF ALAMEDA
HELD WEDNESDAY, April 20, 2016

The Board of Commissioners meeting was called to order at 7:00 p.m.

1. ROLL CALL

Present: Commissioners Allen, Rickard, Shipe, Tamaoki and Chair Kurrasch

Absent: Commissioner McCahan (by phone)

2. CLOSED SESSION – 6:30 p.m. - Adjournment to Closed Session to Consider:

2-A. Purpose: Conference with Legal Counsel – Anticipated Litigation.
Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(b): Two Potential cases

3. Adjournment of Closed Session

4. RECONVENE REGULAR MEETING – 7:00 P.M.

5. Announcement of Action Taken in Closed Session, if any: The Board gave direction to Executive Director and legal counsel regarding Items under 2-A:

6. CONSENT CALENDAR
- Consent Calendar items are considered routine and will be approved or accepted by one motion unless a request for removal for discussion or explanation is received from the Board of Commissioners or a member of the public.

PLEDGE OF ALLEGIANCE

Commissioner Rickard asked for clarification on the Budget Variance Report. Ms. Cooper and Finance Director Marie Wang responded. Commissioner Rickard recused himself from the consent calendar vote due to a conflict on item 6-D.

Commissioner Shipe moved to approve the Consent Calendar and Commissioner Tamaoki seconded. The motion carried unanimously with one recusal. Items accepted or adopted are indicated by an asterisk.

*6-A. Approve Minutes of the Board of Commissioners Regular Meeting held March 16, 2016. Acceptance is recommended (page 4)
*6-B. Accept the Monthly Overview Report (page 8)
*6-C. Accept the Budget Variance Report (page 15)
*6-D. Authorize the Executive Director to Negotiate and Execute a Contract for Construction Manager at Risk with Arbor Building Group for the Section 504 Accessibility Upgrades at Anne B. Diament Plaza (page 31)

7. AGENDA

7-A. Award a Contract with Life Skills Training and Education Programs, Inc. ("LifeSTEPS") up to $435,000 and Authorize the Executive Director to Execute the Contract (page 36)

Executive Director Vanessa Cooper gave some background information on the need for social services for our senior residents and Management Analyst ZeeLaura Page provide further details about the contract. In 2013 we issued a RFP for resident services. That contract was awarded to Synergy HomeCare and it has now expired. In order to expand resident services to all AHA-owned properties AHA issued a second RFP for social services in December 2015. Life Skills Training and Education Programs, Inc. "LifeSTEPS" was selected. Ms. Cooper introduced LifeSTEPS Executive Director, Beth Southorn. Ms. Southorn introduced, Director of Operations, Kelly McGillis and Belinda Lee who will be overseeing the social work here in Alameda. Ms. Southorn gave some background information and talked about her goals.

Commissioners commented on the presentation. Commissioner Tamaoki asked if about the transition to the LifeSTEPS program for our tenants from our prior providers. Ms. Cooper responded on what AHA provided previously and what AHA is currently providing and how this would carry forward with LifeSteps. Ms. Cooper said that AHA property management and LifeSTEPS will have monthly meetings that cover various topics.

Commissioner Rickard moved to accept the staff recommendation on page 38 and Commissioner Allen seconded. The motion carried unanimously.

7-B. Update on the 2015-2017 Two Year Plan (page 51)

Ms. Cooper said that the last update to the Board was at the September 2015 Board Meeting.

Ms. Cooper reviewed the Two Year Plan with the Board and invited questions from the Board. This is an informational item only. Ms. Cooper also introduced Jeff Cook, new Maintenance Supervisor at AHA.

7-C. Rosefield Project Update; Authorize the Executive Director to Execute Funding Application and Related Documents Associated with Board Approved Redevelopment Plan (page 57)

Chair Kurrasch commented on the tour of Rosefield Village. Ms. Johnson, Director of Housing and Community Development, updated the Board on the Rosefield Village Project. Staff have been working on collecting information from our financial consultant and the various options are summarized in the packet. Ms. Johnson discussed the options. Ms. Johnson updated the Board on information received this week regarding the structure and how this may impact the best method to proceed.

Commissioner Rickard asked staff to return with a comparison of the incremental cost for a new project that provides additional units versus a rehab project. Commissioner Rickard also asked for information on the cash needed for other pending projects.

There was no vote on this the item as staff already have approvals from the Board meetings in November 2015 and February 2016 to proceed with a bond application and the AHSC application if the redevelopment option is determined to be feasible.

7-D. Appoint Nominating Committee for Board Officers (page 62)

Chair Kurrasch asked that Board members contact him directly if they would like to be on the Ad Hoc Committee to appoint a nominating committee for Board officers.

Ms. Cooper said that once she hears from the Board an Ad Hoc Committee meeting would be scheduled.

8. <u>ORAL COMMUNICATIONS, Non-Agenda (Public Comment)</u>

None

9. <u>COMMISSIONER COMMUNICATIONS, (Communications from the Commissioners)</u>

Chair Kurrasch thanked our officers for attending. Chair Kurrasch thanked Ms. Cooper for the Wifii password that he will now be using with his new tablet for the Board meetings. Chair Kurrasch gave an update on the NAHRO Conference in Washington, DC.

10. <u>ADJOURNMENT</u>

There being no further business, Chair Kurrasch adjourned the meeting at approximately 8:03 pm.

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Arthur Kurrasch, Chair

____
Vanessa M. Cooper
Executive Director/Secretary

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To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Date: May 18, 2016

Re: Monthly Overview Report to the Board

BACKGROUND

This memo provides a high level overview of agency activities in the prior month. Data is submitted by each of the key areas of operation.

POLICY/IT

The Laserfiche server was upgraded to allow staff access to additional features and the online Forms portal was installed onto the server. Training for the forms module will be scheduled soon.

New computer equipment was purchased under the Services Agreement with the City of Alameda for the Rental Programs staff, and an additional laptop and projector for the workshops are also being purchased.

SEMAP audits are underway for rent calculation, rent reasonableness tests, wait list admissions, and enforcement of the Housing Quality Standards.

OPERATIONS/HR

We have filled the Senior Project Manager position approved by the Board in February, and Tobias Liebermann will be starting in mid-May. Claudia Young accepted the Director of Rental and Community Programs position effective May 2, following an internal and external recruitment. Recruiting is underway for the Program Assistant and Rent and Community Programs Specialist positions to support the rent ordinance work with the City. We also received retirement notices for two maintenance staff.

The design for the home page of AHA's new website has been finalized, and the developers are working on designing and building out the subpages. Testing will occur over the upcoming months, and we hope to have the site ready to launch by the end of July.

We have arranged with Liebert Cassidy Whitmore (LCW), the law firm we contract with for employment-related matters, to provide a two-hour Harassment training for staff in May. This training will meet the legal requirements for supervisory training, and provide all staff with information on this topic. Board members and select vendors have also been invited.

The proposal on retiree health policies will be brought to the Board in June. The budget proposal for 2016-2018 includes the anticipated cost of implementing the proposal; by June, we expect to have additional implementation details finalized and will be able to bring a complete proposal to the Board for consideration.

PROPERTY MANAGEMENT

We ended April with 8 vacant apartments for rent and Property Management is processing applicants for occupancy. Also, we have one resident transferring to another unit in the same building which will fulfill an approved Reasonable Accommodation request. Additionally, we have four apartments being used to temporarily house residents from ABD whose units are being remodeled as part of the ADA improvements projects.

We collected April rents due from residents, except two households ad we continue to work on enforcing payment plans and collecting maintenance charges. Rent increase for Parrot Village with an effective date of September 1, 2016 have been issued. There are a number of residents that will be issued warning letters lease violations tied to non-compliance with the lease as noted during the HQS inspections or our annual income certification process. These include tampered or missing smoke detectors, unauthorized pets, unit cleanliness, failure to recertify etc.

Staff has started the annual income recertification process for all tenants who do not have a section 8 subsidy. These include the 185 units at Independence Plaza and 7 households at other properties. Most of these are being done by a third party low income housing tax credit (LIHTC) compliance agency, CGI Inc. The information gathered will help establish a rent schedule at Independence Plaza, which will allow AHA to plan for future funding, including possible tax credits. This exercise is expected to be completed by June 30.

AHA will need to consider accepting Section 8 vouchers at Independence Plaza. Although the management plan does not prevent this, IP has not traditionally accepted Section 8 vouchers. Discrimination against Section 8 voucher holders is no longer permitted in the City ordinance.

MAINTENANCE

The maintenance team continues to address work orders, inspections and preventative maintenance. There are few vacancies at this time due to the very tight housing market and units are being turned as they arise. The two largest properties, Esperanza and Independence Plaza, are on the HQS inspection schedule for April and May. In addition to staff absences during this period, AHA received retirement notices from 2 of the 11 staff members of this team. The new maintenance supervisor is working with HR and the Executive Director on a staffing plan for the coming year. Additional work is underway with staff in order to produce better data from our system on cost, productivity and completion times.

Work Order Analysis by Completion Month

Year: 2016

Name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1110 SHERMAN STREET	4	2	13	17	0	0	0	0	0	0	0	0	36
1120 LINCOLN HOUSE	1	2	2	7	1	0	0	0	0	0	0	0	13
2100 ESPERANZA	41	56	59	135	28	0	0	0	0	0	1	0	320
3100 PARROT VILLAGE	62	61	38	23	3	0	0	0	0	0	0	0	187
6010 ANNE B DIAMENT PLAZA	23	22	20	12	2	0	0	0	0	0	0	0	79
6020 ROSEFIELD VILLAGE	16	24	89	25	5	0	0	0	0	0	0	0	159
6030 PARROT GARDENS	1	18	4	4	0	0	0	0	0	0	0	0	27
6040 STANFORD HOUSE	2	0	3	9	1	0	0	0	0	0	0	0	15
6050 LINCOLN/WILLOW	1	1	9	12	0	0	0	0	0	0	0	0	23
6060 SENIOR CONDOS	2	0	4	8	1	0	0	0	0	0	0	0	15
6070 CHINA CLIPPER PLAZA	6	28	19	5	1	0	0	0	0	0	0	0	59
6100 EAGLE VILLAGE	8	11	13	15	3	0	0	0	0	0	0	0	50
8100 INDEPENDENCE PLAZA	55	53	62	46	11	0	0	0	0	0	0	0	227
	222	**278**	**335**	**318**	**56**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**1,210**

HOUSING PROGRAMS

In April 2016, HPD continued working on the following projects:

Waitlist Opening Update

HPD department continues its efforts to open our Property-Based wait lists. Weekly planning sessions for the property-based waitlists began in January 2016 to establish policies, procedures, and resources needed to ensure an open, accessible, successful and smooth process for this event.

We completed the purge process of our waitlist and are currently updating applicant information in the Yardi database. The new merged waitlist has been created with names of applicants from the waitlist purge who requested to be placed on the list. After reviewing the number of applicants remaining on our various waitlist and available bedroom sizes, the committee determined the approximate number of applicants to be placed on each list by bedroom size. A recommendation has been made to the Executive Director for final approval.

Outreach letters were recently mailed to our neighboring resource centers announcing the waitlist opening and soliciting their assistance with the application process, which will be entirely on-line this year. Prior, to the waitlist opening the committee will hold trainings on the application completion process for our partners. Our Senior Management Analyst continues to work closely with our waitlist vendor, Happy, to ensure our final application collects all the pertinent data needed to place applicants on the waitlist.

The waitlist will be open shortly for five days this year at a date to be announced. During that time on-line applications will be accepted, and from that pool, a limited number will be placed on the various property-based waitlists. We will continue to provide updates to the Board over the upcoming months.

FSS Program Update

We are pleased to announce we completed our second 2016 FSS Outreach Enrollment Event on April 27, 2016 at (Esperanza) from 3-4pm. We provided onsite in person Arabic translation to provide families at this event an increased understanding of the program. . Additional outreach was completed in Vietnamese, Chinese, Spanish, and Tagalog.

We had 8 perspective participants in attendance, and we've received 2 applications. We have several interviews scheduled for later this month, and we are hopeful we will have more applications. We will continue to outreach to everyone who attended this event and our previous recruitments throughout the year to assess their interest and their ability to participate later this year.

We hope to develop a new waitlist of interested HCV families willing to work hard to accomplish their future goals through the FSS program.

Community Outreach

The AHA recently mailed an outreach letter to the Alameda Faith-Based community regarding the housing crisis currently being experienced in the City of Alameda as well as throughout the entire Bay Area. Our outreach letter acknowledged the difficult time families are having trying to locate and maintain housing, especially for low-income families and those living on a fixed incomes, and included an offer for AHA staff to speak to the community group or congregation about affordable housing issues in the City of Alameda. It is our plan during these meetings to also speak about the potential of becoming a section 8 landlord or volunteering with our residents on issues such as children's reading programs, senior services and self-sufficiency.

We received two requests for speakers and the first presentation was at the Islamic Center in Alameda. The Director of Housing presented a 15-20 minute presentation on the current market, payment standards, the Rent Review Advisory Committee (RRAC), Owners Workshop, and landlord outreach before answering a host of questions. Our second presentation is scheduled for the latter part of May at St. Barnabus in Alameda. We will continue our outreach efforts and keep the Board updated.

In addition, our Senior Management Analyst, Director of Housing and Community Development, Director of Rent Programs and our Executive Director will be speaking at a number of outreach events in Alameda in the coming months.

HPD Department Statistics

The month of March the HPD department processed the following work.

Statistics	February 2016	March 2016	April 2016
Annual Re-exams Processed	129	122	128
Rent Increases Processed	120	162	88
Interim Re-examinations Processed	16	30	68
HQS Inspections Conducted	35 66% 1st time pass	35 non-AHA 71% 1st time pass	35 non AHA 50% 1st time pass

AHA Owned	55 units 45% 1st time pass	79 units 41% 1st time pass	Esperanza 120 units- 57% 1st time pass Shinsei- 21 units- 70% 1st time pass APC- 67 units- 70% 1st time pass

HOUSING AND COMMUNITY DEVELOPMENT

Capital Projects

Staff has proposed a two-year work plan and budget based on the information contained in the past year's work plan, the Physical Needs Assessment reports received in late 2015, and input from maintenance staff and consultants. This work plan is included within the Agency 2016-2018 budget.

The Section 504 renovation project at Anne B. Diament is now underway and will be completed by August 2016.

Staff is preparing to bid a small project to add pull stations, an emergency elevator call button, and a replacement of all angle stops in kitchen and bathrooms at China Clipper.

CDBG

On May 3, 2016 a Public hearing was held and the City Council approved the FY 16-17 Action Plan that governs the CDBG program for the next fiscal year. The total approved budget for all programs will be $1.2 million including activities that are paid directly by the City and those that are paid by The Housing Authority and reimbursed by the City.

Housing Rehabilitation Programs

- All residential projects in progress have now been completed.
- Staff has received approval and engaged an architect to create two units within the existing footprint at 738 Eagle village. Plans to divide the unit and create 2 one-bedroom units are being prepared. The rear unit will be fully accessible. A survey is being done to determine any site modifications required. This is funded using a low-interest Sub-Rehabilitation Program loan from CDBG funds.

Public Facilities Rehabilitation

- The project to replace doors and install an accessible opener at Woodstock Recreation Center was completed.
-

Inclusionary and Below Market Rate Programs

Marina Shores Single Family: Six buyers for the first six available single-family have been identified and approved. The first closing is scheduled for late May. All buyers have been contacted and appointments have been set to sign contracts.

Marina Shores Condos: The application deadline for the condos was April 15th. The top 75 applicants (based on lottery number) from both the 50% AMI and 80% AMI groups were invited to submit full applications. Of those invited, we received: 32 – 50% applications and

43 – 80% applications. Hello Housing has identified buyers for the 7 - 80% condos as well as for the 3 - 50% condos. Letters will be sent to the approved buyers with the expectation of them being contacted by Lennar (the developer) next week.

Alameda Landing: Hello Housing held two pre-application sessions, 2 lotteries and 2 workshops during the month of April. There are three 2-bedroom homes available in the Linear condos and four 3-bedroom units available in the Symmetry town homes. The deadline for full applications for Symmetry is Friday, May 13th. The deadline for full applications for Linear is next Friday May 20th.

<u>Real Estate Development</u>

<u>Del Monte Senior</u> – Staff has received the scoring letter from the California Tax Credit Allocation Committee and all possible points were awarded to the Del Monte Senior application. The next step is to be recommended for approval at the June 8, 2016 Committee meeting. Once the allocation is made, staff will immediately proceed to issue a RFP for construction/perm lender and tax credit investor. Once approved, the project must close construction financing and be ready to commence construction within 180 days.

<u>2437 Eagle Avenue</u> - Staff has engaged the design firm to revise the plans to include 20 units (rather than 22) in order to reduce costs. A separate staff report including a request for additional funding is included in this month's Board agenda.

<u>Stargell Commons</u> - Staff continues to attend the monthly draw meetings; the project is proceeding on schedule.

<u>Portfolio Projects</u> - An RFQ to pre-qualify a pool of General Contractors was issued for major projects over $500,000. This includes capital improvements, rehabilitation, and new construction over the next 3-5 years. Submittals are due May 23, 2016.

<u>North Housing</u> – The Navy has revised the conveyance schedule to an estimated transfer date in the fall of 2016. The Covenant to Restrict the Use of the Property "CRUP" and related documents will be prepared by the Navy and must be submitted to the State agencies for approval. Staff is working to procure the required Pollution Legal Liability policy required by the City before transfer.

<u>Rosefield Village</u> – Working with the financial consultant, staff continues to consider the redevelopment options for this project. Another structural investigation was completed on May 5, 2016 at Buildings 727 and 718. Staff also located copies of reports from earlier structural investigations. The preponderance of evidence suggests that the modular buildings have reached the near-end of serviceable use and should be replaced. Staff has decided to withdraw the application for AHSC funds. The tax-exempt bond inducement approved in December 2015 can be kept valid if an application to the California Debt Limit Allocation Committee is submitted by June 15th (reflecting the revision from renovation to reconstruction).

HCD, Facilities and Property Management staff will work together to develop a plan for the operation of the property over the next year or two as the redevelopment plan is finalized and funding sources are secured.

RENT & COMMUNITY PROGRAMS

Staff continues to hold weekly information workshops to the community regarding ordinance 3148, which went into effect on March 31, 2016.

On April 6, 2016, City Council approved a resolution to implement the Capital Improvement Plan (CIP) Policy with Resolution 15138. Staff will be holding workshops specific to CIP for the next four weeks, to allow landlords and tenants to understand the CIP process in greater detail. Staff has received one request for termination of tenancy citing CIP.

On June 7, 2016, City Council will vote to approve Policy to establish requirements, procedures, restrictions and mitigations concerning the withdrawal of residential rental accommodations from the rental market. Currently the City does not have anything in place.

On June 21, 2016, City Council will hear report from BEA consulting regarding the Rent Program Fee Study. A draft fee study will be available on 05/16 for review. Staff is scheduled to review the draft and provide feedback to the City and Consultant on 05/18.

Staff has moved forward with outreach efforts in six different newspapers including the Alameda Journal, Sun, Sing Tao Daily, Asian Journal and Vision Hispana. The ads are scheduled to be printed during the first two weeks of May. In addition, staff coordinated with AMP to include information about the ordinance in the June billing inserts and with the school district for the monthly May newsletter.

RRAC:
Homeowner Member Vacancy: We have two applicants and will be moving forward with one interview.

May 2 Meeting: Out of six cases we ended up with two (1 moratorium and 1 new ordinance). The committee did a great joint effort in facilitating the mediation. Barbara from SEEDS provided the committee with feedback after the meeting. Once we have the Homeowner on board, we will discuss additional training.

Committee decided to vote on an Interim Chair and Vice Chair. They would like to wait until the Homeowner is on board.

FINANCE

Please see the Budget Variance Report.

RECOMMENDATION

For information only.

Respectfully submitted,

Vanessa Cooper

Vanessa M. Cooper
Executive Director

VMC/all

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To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Date: May 18, 2016

RE: Budget Variance Report

BACKGROUND

On April 16, 2014 the Board of Commissioners approved a two-year operating budget for all programs covering the fiscal years July 1, 2014 through June 30, 2016. On April 15, 2015, the Board of Commissioners approved the FY 2016 budget update for revision of the original budget for the Fiscal Year starting July 1, 2015 and ending June 30, 2016.

On March 16, 2016, the Board of Commissioners approved the budget update for the second revision of the original budget for the Fiscal Year starting July 1, 2015 and ending June 30, 2016. This Budget Variance Report covers preliminary unaudited financial operating results compared to the second budget revision approved on March 16, 2016, for the ten month period of July 1, 2015 to April 30, 2016.

DISCUSSION

Overall operating income is slightly over the year-to-date budget by $238,171 (.1%), mainly due to the higher amount of dwelling rent and a higher amount of HAP Rent, which offset by the lower amount of Admin Fee. Dwelling rent is higher due to the higher payment standard and reduced vacancy levels. HAP rent is higher due to increased HAP rent effective September 2015. The lower Admin Fee is due to the lower leasing of Housing Choice Vouchers as the Bay Area and Alameda rental market continues to be very competitive

Agency wide expenses are lower than year-to-date budget by $2,030,307 (6.9%). This is mainly due to the lower salary expenses, lower benefit costs, lower Extraordinary Maintenance Projects (EMPs) expenses, lower tenant activities, and lower HAP payments. The operating surplus is, therefore, $4,429,501, compared to year-to-date budgeted surplus of $2,161,023.

The year-to-date Extraordinary Maintenance Projects (EMPs) expenses for our Owned and Managed Complexes and Units totaled $70,927, compared with the year-to-date budget of $770,245, resulting in a favorable variance of $699,318 (90.8%). The difference is due to a number of projects being on hold pending review of a capital needs assessment.

GASB-68

As a local government agency, AHA has to maintain its books by standards set by the Government Accounting Standards Board (GASB). Each year the GASB sets guidelines for accounting practices, identified by number. Effective FY 2016, AHA must operate by GASB rule 68, which is commonly known as GASB-68. This new rule, GASB-68, requires all government agencies (States, Counties, Cities and Special Purpose Local Governments) to report pension liabilities which have historically been reported on a pay as you go basis by all government entities. Since AHA is a member of the CalPERS retirement system, AHA is required to report each year on any unfunded pension liability.

According to the CalPERS Actuarial Valuation Report as of June 30, 2014 for the Miscellaneous Plan of the Housing Authority of the City of Alameda, the estimated balance of Authority's Unfunded Accrued Liability (UAL) as of June 30, 2016 would be $1,600,594, which remains unpaid as of yet. This is lower than the previous estimate of $1,874,684. According to the Senior Pension Actuary at CalPERS Actuarial Office, there is no penalty if the liability remains unpaid, but the plan charges 7.5% on any existing unfunded liability.

Although the Board has approved a payment of $1,954,024 to pay down the liability, staff has delayed the payment as previously reported in order to obtain further information from CalPERS. Staff intends to make a payment of $1,000,000 before the end of June, 2016 to avoid the 7.5% interest charge on outstanding liabilities. This is due to the concern that if the Unfunded Accrued Liability (UAL) balances decreases more, as we have observed for the past year, we would not take the risk of overpaying the UAL. The staff will continue monitoring the UAL balance to make recommendations of either paying down or paying off the balance.

GASB-45/OPEB

The Government Accounting Standards Board (GASB) has mandated disclosure of other post-employment benefit (OPEB) liabilities for all government employers beginning in 2009. During fiscal years prior to 2012 the Authority's employees were actually employees of the City of Alameda and not employees of the Authority itself, therefore there was no OPEB obligation or expense recognized in fiscal years prior to 2012. During fiscal year 2015 the Authority administered this program on a pay-as-you-go basis and actual costs were expensed as incurred. To comply with GASB 45, the Authority estimated the present value of the projected benefits of the OPEB program using the Alternative Measurement Method as permitted by GASB Statements Numbers 43 and 45.

The goal of GASB 45 is to match recognition of retiree medical expense with the periods during which the benefit is earned. The entry age normal cost method effectively meets this goal in most circumstances. The Authority has adopted an entry age normal cost method to determine the present value of benefits and the actuarial accrued liability. The plan currently has no assets. The amortization method is a level percent of payroll, with an amortization period of thirty years. The Authority has adopted a pay-as-you-go policy and is not currently funding this liability above the monthly requirement; instead, the Authority makes actual monthly payments for its portion of the retirees' premiums. The payments for 2015 totaled $2,416. The Authority accrued a management determined estimate of $9,838 at the end of the prior fiscal year. In 2016, AHA will commission an independent assessment of OPEB liabilities for 2016-17 in the coming months and report the analysis on the post-employment health benefits as soon as they are available.

GENERAL FUND

General Fund includes the revenue from the Shelter Plus Care Program and some other miscellaneous income items. It has also included the expenses of pre-development cost and EMP's. The operating revenue is over budget by $40,403. This is primarily due to higher interest income and the admin fee for Shelter Plus Program. Operating expenses are below year-to-date budget by $88,942. This is mainly due to lower pre-development costs and delayed EMP projects. A year-to-date surplus of $15,968 resulted, compared with the year-to-date budgeted deficit of $113,377.

EMP activity for the year to date totaled $0.

CIP costs for the year to date are $14,999 due to the unbudgeted replacement of gutters for the office building.

AHA/CDBG/HCD/OTHER MANAGED PROGRAMS

The reimbursement programs are under contract with the City for CDBG, HOME and other affordable housing programs. All staff currently are on AHA payroll and the billings are processed for reimbursement from the City. Reimbursement on the Rent Program costs incurred from October to April have been made in full. Operating revenue is under budget by $154,484, mainly due to the time lag of the billing and payment process. Operating expenses are under budget by $53,411. This is mainly due to the savings of administrative contract costs and lower employee benefit costs. Therefore, an overall deficit of $80,072 resulted.

PARROT VILLAGE AND EAGLE VILLAGE

Total operating revenue for Parrot Village and Eagle Village properties is over budget by $55,599. This is mainly due to the increased dwelling rents from the higher payment standards and increased HAP rent effective September 2015. Operating expenses continue to remain under budget by $268,720. This is mainly due to the savings in the administrative contract cost, lower salary expenses, lower employee benefit costs and lower EMP expenses, resulting in a surplus of $912,979 versus a year-to-date budgeted surplus of $588,660.

EMP expenses total $14,619. Fiscal Year CIP's totaled $22,686 for the project to Resurface and Stripe two parking lots.

HOUSING AUTHORITY OWNED

Operating revenue finished this month over budget by $301,752, mainly due to the increased dwelling rents from higher payment standards and increased HAP rent effective September 2015 and the ground lease rent revenue received from the Stargell land. Expenses are under budget by $419,189 mainly due to the delayed EMP expenses, lower salary expenses, delayed tenant activities charges, and offset by higher legal expenses. This resulted in a surplus of $1,847,287 compared to the budgeted year-to-date surplus of $921,744.

EMP activity year to date is $56,308. This is mainly due to the China Clipper's painting project, which was reimbursed by the CDBG Fund.

CIP's totaled $727,548 for the fiscal year. Of this, $12,642 is for the new roof for Lincoln Willow; $15,375 is for Anne B Diament's Siding project. The Anne B Diament project for converting units to Section 504 is delayed; $48,599 has been incurred so far. $650,933 is slotted for the Site Improvement and Kitchen and Bathroom remodeling Projects for Esperanza.

INDEPENDENCE PLAZA

Operating revenue is slightly over budget by $42,687. This is mainly due to the reimbursement received from the CDBG Program for replacing gutters, which was not in the budget. The operating expenses are under budget by $369,481. Therefore, IP operations resulted in a surplus of $1,118,499 compared to the year-to-date budgeted surplus of $706,332.

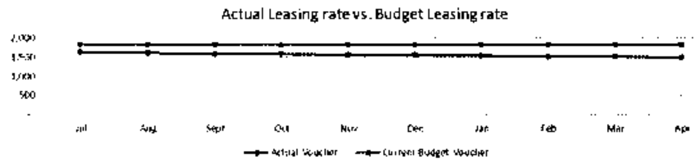
EMP expenses total $0. CIP totaled $60,001 for replacing gutters.

HOUSING CHOICE VOUCHER PROGRAM

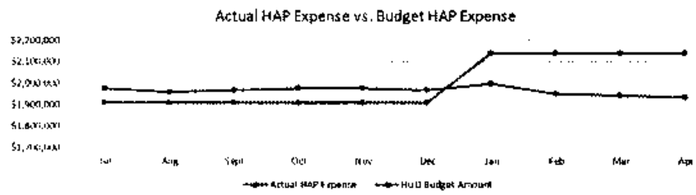
Our April lease rate is at 81 percent due to the tight housing market. The year-to-date lease rate is at 84.8 percent for the fiscal year ending April 30, 2016, and 82.3 percent for the HUD calendar year 2016 annual funding cycle, which began in January. As HUD increased the budget amount since January 2016, the year-to-date utilization rate of actual HAP expense has decreased to 98.2% of the HUD Budget Amount for the fiscal year ending April 30, 2016, and 91.4% for the HUD calendar year 2016 annual funding cycle.

A project reserve (or HAP funds Held by HUD reserve) whereby AHA can draw additional HAP funds if our HAP costs exceed any year's HAP budget has been established by HUD in lieu of significant RNP (Restricted Net Position) cash reserves held by AHA in the past. Currently this HUD held HAP reserve has a balance in excess of $2.8 million dollars as of April 30, 2016. As the payment standard increases effective April 2016, the HUD held HAP reserve balance will be fully utilized in the future.

Unit Category	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
Actual-Voucher	1,638	1,612	1,602	1,587	1,572	1,562	1,544	1,522	1,513	1,497			15,649
Current Budget-Voucher	1,845	1,845	1,845	1,845	1,845	1,845	1,845	1,845	1,845	1,845			18,450
Over (under) Budget	(207)	(233)	(243)	(258)	(273)	(283)	(301)	(323)	(332)	(348)	-	-	(2,801)
Percent Leased Per Mo	88.8%	87.4%	87%	86%	85%	85%	84%	82%	82%	81%			84.8%



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
Actual HAP Expense	$ 1,977,483	$ 1,959,560	$ 1,969,823	$ 1,978,825	$ 1,978,265	$ 1,969,228	$ 1,996,384	$ 1,950,572	$ 1,942,003	$ 1,936,477			$ 19,658,620
HUD Budget Amount	$ 1,910,369	$ 1,910,369	$ 1,910,369	$ 1,910,369	$ 1,910,369	$ 1,910,369	$ 2,140,749	$ 2,140,749	$ 2,140,749	$ 2,140,749	$ -	$ -	$ 20,025,210
Over (under)	$ 67,114	$ 49,191	$ 59,454	$ 68,456	$ 67,896	$ 58,859	$ (144,365)	$ (190,177)	$ (198,746)	$ (204,272)	$ -	$ -	$ (366,590)
Utilization	103.5%	102.6%	103.1%	103.6%	103.6%	103.1%	93.3%	91.1%	90.7%	90.5%			98.17%



HAP Dollars

For CY 2016, administrative fees will be paid on the basis of units leased as of the first day of each month. This data will be extracted from the Voucher Management System (VMS) at the close of each reporting cycle. Two fee rates are provided for each public housing authority (PHA). The first rate, referred to as Column A rate, applies to the first 7200 unit months leased in CY 2016. The second rate, referred to as Column B rate, applies to all remaining unit months leased in CY 2016. The 2016 HCV Administrative Fee Column A Rate is $113.45 and Column B Rate is $105.90. This is slightly higher than the rates in 2015. The 2015 HCV Administrative Fee Column A Rate was $110.31 and Column B Rate was $102.96.

Administrative fee proration was reported at 79% effective January 1 2015. Effective with billings for October 1, 2015, AHA used a pro-ration of 81 percent of 80 percent of the Column B rate to calculate fees for portable vouchers. Based on the appropriated administrative fees in CY 2016, HUD is anticipating a national proration of 80%. Since HUD has already disbursed January and February fees, it will disburse March 2016 administrative fees at 81%. Therefore, AHA will anticipate administrative fee disbursements starting in April 2016 at an 80% proration.

The operating (or administrative) portion of the Housing Choice Voucher program has an operating surplus of $614,840 compared to the year-to-date budgeted surplus of $36,071 based on income from actual units leased for the fiscal year as required by HUD accounting brief number 19.

The operating revenue is below year-to-date budget by $47,785 (.2%). This is mainly due to the lower Administrative Fees received. The operating expense is lower than the year-to-date budget by $626,555, mainly due to the lower HAP payment. The operating surplus, therefore, is over budget by $578,769.

BUDGET CONSIDERATION/FINANCIAL IMPACT

At the bottom of each budget variance report, the balance is shown by either a surplus or deficit. An adjustment for any deficit is made by transferring from accumulated operating reserves. Generally, surpluses are added to operating reserves while deficits are reductions to operating reserves.

RECOMMENDATION

For information only.

Respectfully submitted,

Vanessa Cooper

Vanessa M. Cooper
Executive Director

VC:mw

Attachments: 1. Budget Variance Report

Housing Authority of the City of Alameda
Unaudited Budget Variance Report
For the Ten Month Fiscal Period Ending April 30, 2016

Description	Year to Date Budget	General Fund	AHA/CDBG/ Other Managed	Parrot & Eagle Village	HA Owned	Independence Plaza	Section 8	Total Actual	YTD Variance	Budget Used	Annual Budget
		Year to Date (YTD) Actual Income and Expenditures								S/B 83%	
Operating Income											
HAP/Subsidy/Tax Increment	$ 26,105,442	$ 245,959	$ -	$ 1,442,131	$ 3,460,770	$ 1,244,742	$ 19,827,331	$ 26,220,933	$ 115,491	84%	$ 31,326,530
Dwelling Rent	2,737,008	-	-	447,964	1,233,255	1,156,717	-	2,837,936	100,928	86%	3,284,410
Administrative Fees	1,559,434	-	-	-	-	-	1,488,817	1,488,817	(70,617)	80%	1,871,321
Interest	59,167	12,216	-	8,986	64,410	4,345	732	90,689	31,522	128%	71,000
Other Income	1,327,236	119,809	525,049	18,654	590,532	95,377	38,662	1,388,083	60,847	87%	1,592,683
Total Operating Income	**31,788,287**	**377,984**	**525,049**	**1,917,735**	**5,348,967**	**2,501,181**	**21,355,542**	**32,026,458**	**238,171**	**84%**	**38,145,944**
Operating Expenses											
Administrative:											
Salaries	2,538,911	34,996	419,620	178,123	533,385	231,375	861,997	2,259,496	279,415	74%	3,046,693
Legal	63,084	1,245	8,371	6,985	72,925	5,179	16,325	111,030	(47,946)	147%	75,701
Travel/Training	66,569	1,373	3,054	5,181	16,987	6,458	31,323	64,376	2,193	81%	79,883
Publications	3,831	-	-	117	356	140	459	1,072	2,759	23%	4,597
Telephone	28,293	75	9	3,424	12,241	8,719	8,816	33,284	(4,991)	98%	33,952
Audit Fees	29,838	-	-	4,836	13,175	8,246	4,743	31,000	(1,162)	87%	35,806
Office Supplies	46,880	10	8,274	3,812	12,004	5,122	24,575	53,797	(6,917)	96%	56,256
Contract Costs	449,548	25,705	29,180	24,974	98,174	28,272	106,234	312,539	137,009	58%	539,458
Sundry	83,221	1,983	9,969	6,711	19,271	9,624	25,137	72,695	10,526	73%	99,865
Subtotal	3,310,176	65,387	478,477	234,163	778,518	303,135	1,079,609	2,939,289	370,887	74%	3,972,211
Tenant Services:											
Salaries	79,918	-	-	13,699	37,530	20,839	-	72,068	7,850	75%	95,902
Tenant Activities	108,417	-	295	100	18,221	6,840	2,029	27,485	80,932	21%	130,100
Relocation Cost	20,833	-	-		21,832	-	-	21,832	(999)	0%	25,000
Subtotal	209,168	-	295	13,799	77,583	27,679	2,029	121,385	87,783	48%	251,002
Utilities:											
Water and Sewer	443,725	-	-	79,403	216,366	109,711	1,496	406,976	36,749	76%	532,470
Electricity	124,170	-	-	12,067	45,637	35,510	5,912	99,126	25,044	67%	149,004
Gas	62,548	-	-	165	23,954	16,167	315	40,601	21,947	54%	75,058
Subtotal	630,443	-	-	91,635	285,957	161,388	7,723	546,703	83,740	72%	756,532
Maintenance:											
Salaries	928,725	-	-	148,279	385,303	240,165	-	773,747	154,978	69%	1,114,470
Materials	182,998	-	-	38,059	97,593	42,999	2,388	181,039	1,959	82%	219,597
Contract Costs	1,012,877	-	-	234,685	629,127	164,655	20,278	1,048,745	(35,868)	86%	1,215,452
Subtotal	2,124,599	-	-	421,023	1,112,023	447,819	22,666	2,003,531	121,068	79%	2,549,519
General:											
Police Services	175,000	-	-	32,824	103,682	30,451	10,506	177,463	(2,463)	85%	210,000
Insurance	87,375	-	-	17,907	50,539	26,637	3,228	98,311	(10,936)	94%	104,850
Employee Benefits	1,184,179	12,065	126,329	120,202	336,002	171,744	315,720	1,082,062	102,117	76%	1,421,015
Collection Losses	26,073	-	-	(33)	(120)	(464)	-	(617)	26,690	-2%	31,287
Subtotal	1,472,627	12,065	126,329	170,900	490,103	228,368	329,454	1,357,219	115,408	77%	1,767,152

22

Housing Authority of the City of Alameda
Unaudited Budget Variance Report
For the Ten Month Fiscal Period Ending April 30, 2016

Description	Year to Date Budget	Year to Date (YTD) Actual Income and Expenditures: General Fund	AHA/CDBG/ Other Managed	Parrot & Eagle Village	HA Owned	Independence Plaza	Section 8	Total Actual	YTD Variance	S/B 83%: Budget Used	Annual Budget
Total Operating Exp.	7,747,013	77,452	605,101	931,520	2,744,184	1,168,389	1,441,481	6,968,127	778,886	75%	9,296,416
Mortgage/HAP Payments:											
HAP Payments	20,040,523	245,959	-	-	-	-	19,299,221	19,545,180	495,343	81%	24,048,627
Mortgage Interest	929,483	-	-	58,617	669,512	214,293	-	942,422	(12,939)	84%	1,115,380
Interest-City Loan	-	-	-	-	-	-	-	-	0		0
Subtotal	20,970,006	245,959	-	58,617	669,512	214,293	19,299,221	20,487,602	482,404	81%	25,164,007
Other Expenses:											
Extraordinary Maint.	770,245	-	-	14,619	56,308	-	-	70,927	699,318	8%	924,294
CDBG/Other Programs	-	-	-	-	-	-	-	-	0	0%	0
Pre-Development Costs	140,000	38,605	20	-	31,676	-	-	70,301	69,699	42%	168,000
Subtotal	910,245	38,605	20	14,619	87,984	-	-	141,228	769,017	13%	1,092,294
Total Expenses	**29,627,264**	**362,016**	**605,121**	**1,004,756**	**3,501,680**	**1,382,682**	**20,740,702**	**27,596,957**	**2,030,307**	**78%**	**35,552,717**
Operating Income before Depr.	**2,161,023**	**15,968**	**(80,072)**	**912,979**	**1,847,287**	**1,118,499**	**614,840**	**4,429,501**	**2,268,479**	**171%**	**2,593,227**
Depreciation	1,087,738	96,990	-	254,270	553,890	317,770	-	1,222,920	(135,182)	94%	1,305,286
							Marc				
Operating Income after Depr.	1,073,284	(81,022)	(80,072)	658,709	1,293,397	800,729	614,840	3,206,581	2,133,297		1,287,941

Housing Authority of the City of Alameda
Unaudited Budget Variance Report
For the Ten Month Fiscal Period Ending April 30, 2016

Description	Year to Date Budget	Year to Date (YTD) Actual Income and Expenditures: General Fund	AHA/CDBG/ Other Managed	Parrot & Eagle Village	HA Owned	Independence Plaza	Section 8	Total Actual	YTD Variance	S/B 83%: Budget Used	Annual Budget
GAAP to Cash Adjustments:											
Operating Income after Depr.		(81,022)	(80,072)	658,709	1,293,397	800,729	614,840	3,206,581			
Cash Adjustments											
Addback Depreciation		96,990	-	254,270	553,890	317,770	-	1,222,920			
Subtract Mtg Prin Paymts		-	-	(128,424)	(170,040)	(389,579)	-	(688,043)			
Subtract Replacement Res		-	-	(26,900)	(30,500)	(48,132)	-	(105,532)			
Total Adjustments		96,990	-	98,946	353,350	(119,941)	-	429,345			
Adjusted Net Cash		15,968	(80,072)	757,655	1,646,747	680,788	614,840	3,635,926			
Reserve Transfers, Loans, Prior Period Adj											
Operating Reserve Transfers		-	-	-	-	-	-	-			
Payoff US Bank Loans		-	-	-	-	-	-	-			
Replacement Reserves-Voluntary		-	-	-	-	-	-	-			
Equipment Reserves-Voluntary		-	-	-	-	-	-	-			
Total Reserve Transfers		-	-	-	-	-	-	-		-	
Capital Assets											
Capital Asset Additions		14,999	-	(22,686)	(727,548)	(60,001)	-	(795,236)			
Net Capital Assets		14,999	-	(22,686)	(727,548)	(60,001)	-	(795,236)		-	
Net GAAP to Cash Adj's		30,967	(80,072)	734,969	919,199	620,787	614,840	2,840,690		-	

24

Unaudited Budget Variance Report
General Fund
For the Ten Months Ending April 30, 2016

Account Description	Annual Budget	Monthly Budget	Monthly Actuals	Monthly Variance	Y-T-D Budget	Y-T-D Actuals	YTD Variance	S/B 83% USED
OPERATING INCOME:								
HAP	279,897	23,325	28,771	5,446	233,248	245,959	12,712	88%
Interest	7,000	583	2,307	1,724	5,833	12,216	6,383	175%
Other Income	118,200	9,850	828	(9,022)	98,500	107,618	9,118	91%
Management Fee	0	0	3,326	3,326	0	12,191	12,191	100%
Total Operating Income	405,097	33,758	35,232	1,474	337,581	377,984	40,403	93%
OPERATING EXPENSES:								
Administrative:								
Salaries	60,000	5,000	3,325	(1,675)	50,000	34,996	(15,004)	0%
Legal	0	0	495	495	0	1,245	1,245	0%
Travel/Training	0	0	0	0	0	1,373	1,373	0%
Publications	0	0	0	0	0	0	0	0%
Telephone	0	0	10	10	0	75	75	0%
Audit Fees	0	0	0	0	0	0	0	0%
Office Supplies	0	0	0	0	0	10	10	0%
Contract Costs	0	0	0	0	0	25,705	25,705	0%
Sundry	42,052	3,504	69	3,435	35,043	1,983	33,060	0%
Total	102,052	8,504	3,899	2,265	85,043	65,387	46,464	0%
Tenant Services:								
Tenant Activities	0	0	0	0	0	0	0	0%
Total	0	0	0	0	0	0	0	0%
Utilities:								
Water and Sewer	0	0	0	0	0	0	0	0%
Electricity	0	0	0	0	0	0	0	0%
Gas	0	0	0	0	0	0	0	0%
Total	0	0	0	0	0	0	0	0%
Maintenance:								
Salaries	0	0	0	0	0	0	0	
Materials	0	0	0	0	0	0	0	0%
Contract Costs	0	0	0	0	0	0	0	0%
Total	0	0	0	0	0	0	0	
General:								
Police Services	0	0	0	0	0	0	0	
Insurance	0	0	0	0	0	0	0	0%
Claims Benefits	0	0	0	0	0	0	0	0%
Employee Benefits	0	0	1,251	(1,251)	0	12,065	(12,065)	0%
Collection Losses	0	0	0	0	0	0	0	0%
Transfers out	0	0	0	0	0	0	0	0%
Total	0	0	1,251	(1,251)	0	12,065	(12,065)	0%
Total Operating Expenses	102,052	8,504	5,150	1,014	85,043	77,452	34,399	0%
Mortgage/HAP Payments:								
Hap Payments	279,897	23,325	28,771	(5,446)	233,248	245,959	(12,712)	88%
Mortgage Interest								
Total	279,897	23,325	28,771	(5,446)	233,248	245,959	(12,712)	88%
Other Expenses:								
Extraordinary Maintenance	32,500	2,708	0	2,708	27,083	0	27,083	
Pre-development Costs	126,700	10,558	1,500	9,058	105,583	38,605	66,978	0%
Total	159,200	13,267	1,500	11,767	132,667	38,605	94,062	0%
Total Expenses	541,149	45,096	35,421	7,335	450,958	362,016	88,942	67%
Operating Income before Dep	(136,052)	(11,338)	(189)	11,149	(113,377)	15,968	129,345	-12%
Depreciation (paper expense)	107,525	8,960	9,699	(739)	89,604	96,990	(7,386)	90%
Operating Income after Depr	(243,577)	(20,298)	(9,888)	10,410	(202,981)	(81,022)	121,959	33%

Unaudited Budget Variance Report
AHA/CDBG/Other Managed Programs
For the Ten Months Ending April 30, 2016

Account Description	Annual Budget	Monthly Budget	Monthly Actuals	Monthly Variance	Y-T-D Budget	Y-T-D Actuals	YTD Variance	S/B 83% USED
OPERATING INCOME:								
HAP	0	0	0	0	0	0	0	
Interest	0	0	0	0	0	0	0	
Other Income	815,440	67,953	59,088	(8,865)	679,533	525,049	(154,484)	64%
Management Fee	0	0	0	0	0	0	0	
Total Operating Income	815,440	67,953	59,088	(8,865)	679,533	525,049	(154,484)	64%
OPERATING EXPENSES:								
Administrative:								
Salaries	513,491	42,791	34,070	(8,721)	427,909	419,620	8,289	82%
Legal	0	0	2,978	2,978	0	8,371	(8,371)	0%
Travel/Training	6,531	544	1,373	829	5,443	3,054	2,389	47%
Publications	297	25	0	(25)	248	0	248	0%
Telephone	3,052	254	1	(253)	2,543	9	2,534	0%
Audit Fees	4,806	401	0	(401)	4,005	0	4,005	0%
Office Supplies	6,756	563	5,126	4,563	5,630	8,274	(2,644)	122%
Contract Costs	58,558	4,880	5,919	1,039	48,798	29,180	19,618	50%
Sundry	0	0	1,139	(1,139)	0	9,969	(9,969)	0%
Total	593,491	49,458	50,606	(1,130)	494,576	478,477	16,099	81%
Tenant Services:								
Tenant Activities	0	0	0	0	0	295	295	0%
Work Experience	0	0	0	0	0	0	0	0%
Total	0	0	0	0	0	295	295	0%
Utilities:								
Water and Sewer	0	0	0	0	0	0	0	0%
Electricity	0	0	0	0	0	0	0	0%
Gas	0	0	0	0	0	0	0	0%
Total	0	0	0	0	0	0	0	0%
Maintenance:								
Salaries	0	0	0	0	0	0	0	
Materials	0	0	0	0	0	0	0	0%
Contract Costs	0	0	0	0	0	0	0	0%
Total	0	0	0	0	0	0	0	
General:								
Police Services	0	0	0	0	0	0	0	
Insurance	0	0	0	0	0	0	0	0%
Claims Benefits	0	0	0	0	0	0	0	0%
Employee Benefits	196,040	16,337	12,316	4,021	163,367	126,329	37,038	64%
Collection Losses	0	0		0	0	0	0	0%
Transfers out	0	0	0	0	0	0	0	0%
Total	196,040	16,337	12,316	4,021	163,367	126,329	37,038	64%
Total Operating Expenses	789,531	65,794	62,922	2,891	657,943	605,101	53,431	77%
Mortgage/HAP Payments:								
Hap Payments	0	0	0	0	0	0	0	
Mortgage Interest								
Total	0	0	0	0	0	0	0	
Other Expenses:								
Extraordinary Maintenance	0	0	0	0	0	0	0	
CDBG/Other Programs	0	0	0	0	0	0	0	
Pre-development Costs	0	0	0	0	0	20	(20)	0%
Total	0	0	0	0	0	20	(20)	0%
Total Expenses	789,531	65,794	62,922	2,891	657,943	605,121	53,411	77%
Operating Income before Dep	25,909	2,159	(3,834)	(5,993)	21,591	(80,072)	(101,663)	
Depreciation (paper expense)	0	0	0	0	0	0	0	
Operating Income after Depr	25,909	2,159	(3,834)	(5,993)	21,591	(80,072)	(101,663)	

Unaudited Budget Variance Report
Parrot Village and Eagle Village
For the Ten Fiscal Months Ending April 30, 2016

Account Description	Annual Budget	Monthly Budget	Monthly Actuals	Monthly Variance	Y-T-D Budget	Y-T-D Actuals	YTD Variance	83% USED
OPERATING INCOME:								
HAP	1,727,008	143,917	145,430	1,513	1,439,173	1,442,131	2,958	84%
Dwelling Rents	480,315	40,026	45,894	5,868	400,263	447,964	47,702	93%
NonDwelling Rents	0	0	0	0	0	0	0	
Interest	12,000	1,000	1,137	137	10,000	8,986	(1,014)	75%
Other Income	15,240	1,270	1,297	27	12,700	18,654	5,954	122%
Total Income	2,234,563	186,214	193,758	7,544	1,862,136	1,917,735	55,599	86%
OPERATING EXPENSES:								
Administrative:								
Salaries	261,732	21,811	16,926	4,885	218,110	178,123	39,987	68%
Legal	9,840	820	643	177	8,200	6,985	1,215	71%
Travel/Training	5,830	486	525	(39)	4,858	5,181	(323)	89%
Publications	500	42	2	40	417	117	300	23%
Telephone	3,000	250	350	(100)	2,500	3,424	(924)	114%
Audit Fees	4,800	400	0	400	4,000	4,836	(836)	101%
Office Supplies	5,600	467	279	188	4,667	3,812	855	68%
Contract Costs	57,076	4,756	3,856	900	47,563	24,974	22,589	44%
Sundry	4,400	367	459	(92)	3,667	6,711	(3,044)	153%
Total	352,778	29,398	23,040	6,358	293,982	234,163	59,819	66%
Tenant Services:								
Salaries	23,483	1,957	1,074	883	19,569	13,699	5,870	58%
Tenant Activities	14,000	1,167	0	1,167	11,667	100	11,567	1%
Total	37,483	3,124	1,074	2,050	31,236	13,799	17,437	37%
Utilities:								
Water and Sewer	108,900	7,683	68	7,615	90,750	79,403	11,347	73%
Electricity	16,540	1,378	1,323	55	13,783	12,067	1,716	73%
Gas	6,463	539	(41)	580	5,386	165	5,221	3%
Total	131,903	9,600	1,350	8,250	109,919	91,635	18,284	69%
Maintenance:								
Salaries	210,799	17,567	14,017	3,550	175,666	148,279	27,387	70%
Materials	49,700	4,142	3,631	511	41,417	38,059	3,358	77%
Contract Costs	233,120	19,427	22,466	(3,039)	194,267	234,685	(40,418)	101%
Total	493,619	41,135	40,114	1,021	411,349	421,023	(9,674)	85%
General:								
Police Services	49,770	4,148	3,344	804	41,475	32,824	8,651	66%
Insurance	23,246	1,937	1,646	291	19,372	17,907	1,465	77%
Employee Benefits	180,272	15,023	12,201	2,822	150,227	120,202	30,025	67%
Claims Account			0	0		0	0	
Collection Losses	13,600	1,133	0	1,133	11,333	(33)	11,366	0%
Total	266,888	22,241	17,191	5,050	222,407	170,900	51,507	64%
Total Operating Expenses	1,282,671	105,498	82,769	22,729	1,068,893	931,520	137,373	73%
Mortgage Interest								
Mortgage Interest	70,500	5,875	7,050	(1,175)	58,750	58,617	133	83%
Total	70,500	5,875	7,050	(1,175)	58,750	58,617	133	83%
Other Expenses:								
Extraordinary Maintenance	175,000	14,583	0	14,583	145,833	14,619	131,214	8%
Total	175,000	14,583	0	14,583	145,833	14,619	131,214	8%
Total Operating Expenses	1,528,171	125,956	89,819	36,137	1,273,476	1,004,756	268,720	66%
Operating Income before Dep	706,392	60,258	103,939	43,681	588,660	912,979	324,319	129%
Depreciation (paper expense)	276,528	23,044	25,427	(2,383)	230,440	254,270	(23,830)	92%
Operating Income after Depr	429,864	35,822	78,512	114,334	358,220	658,709	300,489	153%

Unaudited Internal Budget Variance Report
Housing Authority-Owned Properties
For the Ten Month Fiscal Period Ending April 30, 2016

Account Description	Annual Budget	Monthly Budget	Monthly Actuals	Monthly Variance	YTD Budget	Y-T-D Actuals	YTD Variance	83% USED
OPERATING INCOME:								
HAP	4,050,262	337,522	350,085	12,563	3,375,218	3,460,770	85,552	85%
Dwelling Rents	1,378,135	114,845	125,033	10,188	1,148,446	1,233,255	84,809	89%
Interest	50,000	4,167	19,898	15,731	41,667	64,410	22,743	129%
Other Income	578,261	48,188	4,257	(43,931)	481,884	590,532	108,648	102%
Total Income	6,056,658	504,722	499,273	(5,449)	5,047,215	5,348,967	301,752	88%
OPERATING EXPENSES:								
Administrative:								
Salaries	777,611	64,801	63,982	819	648,009	533,385	114,624	69%
Legal	36,756	3,063	2,952	111	30,630	72,925	(42,295)	198%
Travel/Training	13,670	1,139	2,691	(1,552)	11,392	16,987	(5,595)	124%
Publications	1,800	150	7	143	1,500	356	1,144	20%
Telephone	9,000	750	732	18	7,500	12,241	(4,741)	136%
Audit Fees	11,500	958	0	958	9,583	13,175	(3,592)	115%
Office Supplies	15,900	1,325	862	463	13,250	12,004	1,246	75%
Contract Costs	194,121	16,177	16,315	(138)	161,768	98,174	63,594	51%
Sundry	13,400	1,117	1,268	(151)	11,167	19,271	(8,104)	144%
Total	1,073,758	89,480	88,809	671	894,798	778,518	116,280	73%
Tenant Services:								
Salaries	48,656	4,055	3,735	320	40,547	37,530	3,017	77%
Tenant Activities	89,400	7,450	(1,361)	8,811	74,500	18,221	56,279	20%
Relocation Cost	25,000	0	0	0	20,833	21,832	(999)	0%
Total	163,056	11,505	2,374	9,131	135,880	77,583	58,297	48%
Utilities:								
Water and Sewer	281,715	22,176	16,131	6,045	234,763	216,366	18,397	77%
Electricity	73,744	6,145	4,427	1,718	61,453	45,637	15,816	62%
Gas	46,616	3,885	2,436	1,449	38,847	23,954	14,893	51%
Total	402,075	32,206	22,994	9,212	335,063	285,957	49,106	71%
Maintenance:								
Salaries	546,941	45,578	31,315	14,263	455,784	385,303	70,481	70%
Materials	117,981	9,832	9,232	600	98,318	97,593	725	83%
Contract Costs	701,302	58,442	70,559	(12,117)	584,418	629,127	(44,709)	90%
Total	1,366,224	113,852	111,106	2,746	1,138,520	1,112,023	26,497	81%
General:								
Police Services	106,680	8,890	10,637	(1,747)	88,900	103,682	(14,782)	97%
Insurance	47,392	3,949	5,135	(1,186)	39,493	50,539	(11,046)	107%
Employee Benefits	386,881	32,240	37,166	(4,926)	322,401	336,002	(13,601)	87%
Claim Costs	0	0	0	0	0	0	0	
Collection Loss	17,687	1,474	0	1,474	14,739	(120)	14,859	
Total	558,640	46,553	52,938	(6,385)	465,533	490,103	(24,570)	88%
Total Operating Expenses	3,563,753	293,596	278,221	15,375	2,969,794	2,744,184	225,610	77%
Mortgage/HAP Payments:								
Mortgage Interest	789,850	65,821	66,730	(909)	658,208	669,512	(11,304)	85%
Interest to City Loan	0	0	0	0	0	0	0	
Total	789,850	65,821	66,730	(909)	658,208	669,512	(11,304)	85%
Other Expenses:								
Extraordinary Maintenance	555,662	42,658	0	40,042	463,052	56,308	202,142	
Pre-development Cost	41,300	0	(3,022)	3,022	34,417	31,676	2,741	77%
Total	596,962	42,658	(3,022)	43,064	497,468	87,984	204,883	
Total Expenses	4,950,565	402,075	341,929	60,146	4,125,471	3,501,680	419,189	71%
Operating Income before Dep	1,106,093	102,647	157,344	54,697	921,744	1,847,287	925,543	167%
Depreciation (paper expense)	578,269	48,189	55,389	(7,200)	481,891	553,890	(71,999)	96%
Operating Income after Depr	527,824	43,985	101,955	57,970	439,853	1,293,397	853,544	

Unaudited Internal Budget Variance Report
Independence Plaza
For the Ten Fiscal Months Ending April 30, 2016

Account Description	Annual Budget	Monthly Budget	Monthly Actuals	Monthly Variance	Y-T-D Budget	Y-T-D Actuals	YTD Variance	S/B 83% USED
OPERATING INCOME:								
Dwelling Rents	1,425,960	118,830	125,562	6,732	1,188,300	1,244,742	56,442	87%
Deficit Adjustment (City)	1,500,633	125,053	101,957	(23,096)	1,250,528	1,156,717	(93,811)	77%
Interest	2,000	167	2,292	2,125	1,667	4,345	2,678	217%
Other Income	21,600	1,800	1,987	187	18,000	95,377	77,377	442%
Total Income	2,950,193	245,849	231,798	(14,051)	2,458,494	2,501,181	42,687	85%
OPERATING EXPENSES:								
Administrative:								
Salaries	305,019	25,418	21,249	4,169	254,183	231,375	22,808	76%
Legal	18,075	1,506	686	820	15,063	5,179	9,884	29%
Travel/Training	8,800	733	613	120	7,333	6,458	875	73%
Publications	700	58	3	55	583	140	443	20%
Telephone	8,000	667	768	(101)	6,667	8,719	(2,052)	109%
Audit Fees	3,700	308	0	308	3,083	8,246	(5,163)	223%
Office Supplies	8,000	667	397	270	6,667	5,122	1,545	64%
Contract Costs	70,822	5,902	5,145	757	59,018	28,272	30,746	40%
Sundry	15,500	1,292	610	682	12,917	9,624	3,293	62%
Total	438,616	36,551	29,471	7,080	365,513	303,135	62,378	69%
Tenant Services:								
Salaries	23,764	1,980	1,749	231	19,803	20,839	(1,036)	88%
Tenant Activities	26,600	2,217	(418)	2,635	22,167	6,840	15,327	
Total	50,364	4,197	1,331	2,866	41,970	27,679	14,291	55%
Utilities:								
Water and Sewer	141,484	11,790	12,042	(252)	117,903	109,711	8,192	78%
Electricity	49,897	4,158	3,185	973	41,581	35,510	6,071	71%
Gas	21,463	1,789	1,833	(44)	17,886	16,167	1,719	75%
Total	212,844	17,737	17,060	677	177,370	161,388	15,982	76%
Maintenance:								
Salaries	356,730	29,728	16,716	13,012	297,275	240,165	57,110	67%
Materials	47,338	3,945	4,832	(887)	39,448	42,999	(3,551)	91%
Contract Costs	263,780	21,982	22,142	(160)	219,817	164,655	55,162	62%
Total	667,848	55,654	43,690	11,964	556,540	447,819	108,721	67%
General:								
Police Services	37,590	3,133	3,203	(71)	31,325	30,451	874	81%
Insurance	30,027	2,502	2,710	(208)	25,023	26,637	(1,615)	89%
Employee Benefits	249,144	20,762	15,280	5,482	207,620	171,744	35,876	69%
Collection Losses	0	0	0	0	0	(464)	464	
Total	316,761	26,397	21,193	5,204	263,968	228,368	35,600	72%
Total Operating Expenses	1,686,433	140,536	112,745	27,791	1,405,361	1,168,389	236,972	69%
Mortgage Interest								
Mortgage Interest	255,030	21,253	21,050	203	212,525	214,293	(1,768)	84%
Total	255,030	21,253	21,050	203	212,525	214,293	(1,768)	84%
Other Expenses:								
Extraordinary Maintenance	161,132	13,428	0	13,428	134,277	0	134,277	0%
Total	161,132	13,428	0	13,428	134,277	0	134,277	0%
Total Expenses	2,102,595	175,216	133,795	41,421	1,752,163	1,382,682	369,481	66%
Operating Income before Dep	847,598	70,633	98,003	27,370	706,332	1,118,499	412,167	132%
Depreciation (paper expense)	342,964	28,580	31,777	(3,197)	285,803	317,770	(31,967)	93%
Operating Income after Depr	504,634	42,053	66,226	24,173	420,528	800,729	380,201	159%

Unaudited Budget Variance Report
Section 8 Voucher Program
For the Ten Months Ending April 30, 2016

Account Description	Annual Budget	Monthly Budget	Monthly Actuals	Monthly Variance	YTD Budget	Y-T-D Actuals	YTD Variance	S/B 83% USED
OPERATING INCOME:								
HAP	23,768,730	1,980,728	1,982,184	1,457	19,807,275	19,827,331	20,056	83%
Dwelling Rents	0	0	0	0	0	0	0	0%
Administrative Fees	1,871,321	155,943	136,606	(19,337)	1,559,434	1,488,817	(70,617)	80%
Interest	0	0	241	241	0	732	732	0%
Other Income	43,942	3,662	0	(3,662)	36,618	38,662	2,044	88%
Total Income	25,683,993	2,140,333	2,119,031	(21,302)	21,403,328	21,355,542	(47,785)	83%
OPERATING EXPENSES:								
Administrative:								
Salaries	1,128,840	94,070	79,166	14,904	940,700	861,997	78,703	76%
Legal	11,030	919	2,072	(1,153)	9,192	16,325	(7,133)	148%
Travel/Training	13,000	1,083	2,765	(1,682)	10,833	31,323	(20,490)	241%
Publications	1,300	108	13	95	1,083	459	624	35%
Telephone	10,900	908	981	(73)	9,083	8,816	267	81%
Audit Fees	11,000	917	0	917	9,167	4,743	4,424	43%
Office Supplies	20,000	1,667	4,645	(2,978)	16,667	24,575	(7,908)	123%
Contract Costs	158,882	13,240	27,315	(14,075)	132,402	106,234	26,168	67%
Sundry	56,565	4,714	1,266	3,448	47,138	25,137	22,001	0%
Total	1,411,517	117,626	118,223	(597)	1,176,264	1,079,609	96,655	76%
Tenant Services:								
Salaries	0	0	0	0	0	0	0	
Tenant Activities	100	8	0	8	83	2,029	(1,946)	0%
Total	100	8	0	8	83	2,029	(1,946)	0%
Utilities:								
Water and Sewer	371	31	292	(261)	309	1,496	(1,187)	403%
Electricity	8,823	735	521	214	7,353	5,912	1,441	67%
Gas	516	43	35	8	430	315	115	61%
Total	9,710	809	848	(39)	8,092	7,723	369	80%
Maintenance:								
Salaries	0	0	0	0	0	0	0	
Materials	4,578	382	60	322	3,815	2,388	1,427	0%
Contract Costs	17,250	1,438	2,880	(1,443)	14,375	20,278	(5,903)	0%
Total	21,828	1,819	2,940	(1,121)	18,190	22,666	(4,476)	104%
General:								
Police Services	15,960	1,330	1,529	(199)	13,300	10,506	2,794	66%
Insurance	4,185	349	322	27	3,488	3,228	260	77%
Employee Benefits	408,678	34,057	31,357	2,700	340,565	315,720	24,845	77%
Claim Costs	0	0	0	0	0	0	0	0%
Total	428,823	35,735	33,208	2,527	357,353	329,454	27,899	77%
Total Operating Expenses	1,871,978	155,998	155,219	779	1,559,982	1,441,481	118,501	77%
HAP Payments:								
HAP	23,768,730	1,980,728	1,887,437	93,291	19,807,275	19,299,221	508,054	81%
Total	23,768,730	1,980,728	1,887,437	93,291	19,807,275	19,299,221	508,054	81%
Other Expenses:								
Extraordinary Maintenance	0	0	0	0	0	0	0	0%
Total	0	0	0	0	0	0	0	0%
Total Expenses	25,640,708	2,136,726	2,042,656	94,070	21,367,257	20,740,702	626,555	81%
Operating Income before Dep	43,285	3,607	76,375	79,982	36,071	614,840	578,769	1420%
Depreciation (paper expense)	0	0	0	0	0	0	0	
Operating Income after Depr	43,285	3,607	76,375	79,982	36,071	614,840	578,769	1420%

Housing
Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - TEL: (510) 747-4300 - FAX: (510) 522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Prepared by: ZeeLaura Page, Management Analyst

Date: May 18, 2016

Re: Quarterly Police Report

BACKGROUND

The Housing Authority budget for this fiscal year provides for community policing services. This report on those services covers the third quarter of this fiscal year (FY2016) from January 1, 2016 to March 31, 2016. The Police Department uses the calendar year; therefore, the data provided by the Police Officers refer to the 1st Quarter 2016.

DISCUSSION

Attached as Exhibit A are the quarterly statistics provided by the officers compiled into chart form showing the number of reports written and arrests made during this quarter of the fiscal year. These reports indicate that the number of crime reports written on Housing Authority properties made up 1.7 percent of the total number of reports written city wide and 0.4 percent of the arrests. The population of Housing Authority properties in relation to the city as a whole is 1.7 percent; therefore, the level of police report activity during this period is consistent with what would be expected for a population of this size, but the number of actual arrest is significantly less.

The Senior Property Manager meets weekly with the two assigned officers to determine if households are in non-compliance with their lease, and if so, enforces the lease. There were no scheduled community events held this past quarter, but the officers frequently attend events and proactively spend time at the properties.

Exhibit B provides a visual indication of the comparison of this activity and also is used to identify potential trends. For ease of comparison, the number of reports written on Housing Authority properties has been multiplied by 50 so that they can be compared with the much larger numbers for the city as a whole. This chart demonstrates that activity on Housing Authority properties tends to be less predictable than the city.

Staff will continue to review the statistics regularly to determine if any trends are developing and to address any issues as quickly as possible.

FINANCIAL IMPACT

The services provided are a budgeted item and this reporting is part of the Services agreement.

RECOMMENDATION

This report is provided for information only.

Respectfully submitted,

Vanessa Cooper

Vanessa M. Cooper
Executive Director

VMC/zp

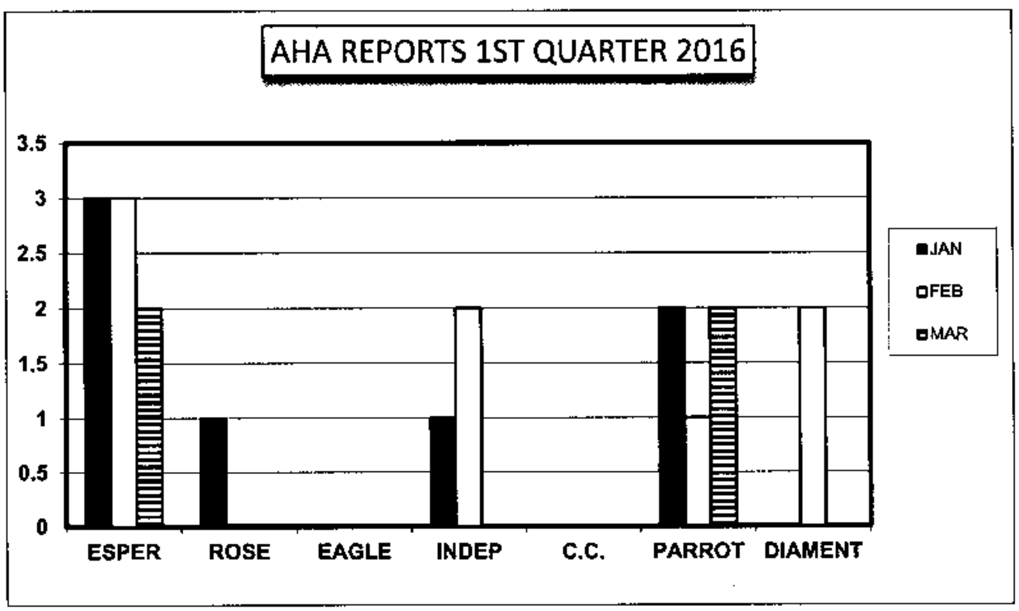
Attachments:
A. Police Reports and Arrests Charts for 1st Quarter of 2016
B. Police Activity Comparison over a Two-year Period

cc: Officer Joshua Ramirez
Officer Dustin Lorensen

Exhibit

1ST QUARTER 2016 **CRIME REPORTS**

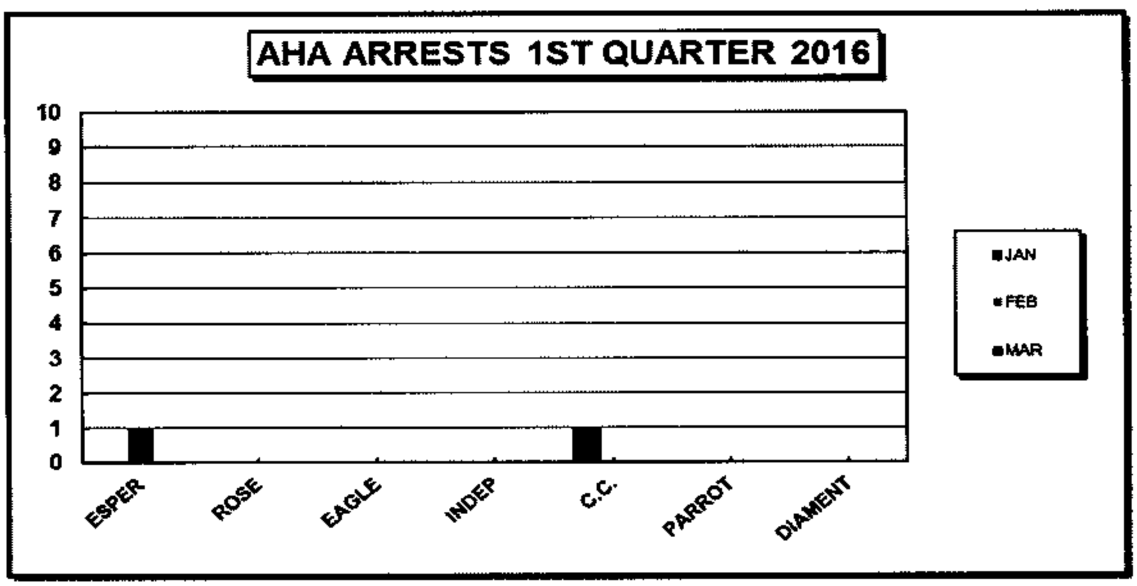
RD	114	144	145	146	124	212	325	AHA	CITY
	ESPER	ROSE	EAGLE	INDEP	C.C.	PARROT	DIAMENT	TOTAL	TOTAL
MURDER	0	0	0	0	0	0	0	0	1
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
RAPE	0	0	0	0	0	0	0	0	3
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
ROBBERY	0	0	0	0	0	0	0	0	11
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
ASSAULT	2	0	0	0	0	0	0	2	106
% CITY	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.9%	
BURG	0	0	0	0	0	1	0	1	65
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%	0.0%	1.5%	
THEFT	0	1	0	1	0	0	0	2	308
% CITY	0.0%	0.3%	0.0%	0.3%	0.0%	0.0%	0.0%	0.6%	
VEH THFT	0	0	0	0	0	0	1	1	98
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	
NARC	0	0	0	0	0	1	0	1	42
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	0.0%	2.4%	
INTOX	0	0	0	0	0	0	0	0	64
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
VANDAL	0	0	0	0	0	0	0	0	68
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
OTHER	6	0	0	2	0	3	1	12	329
% CITY	1.8%	0.0%	0.0%	0.6%	0.0%	0.9%	0.3%	3.6%	
TOTAL	**8**	**1**	**0**	**3**	**0**	**5**	**2**	**19**	**1095**
% CITY	**0.7%**	**0.1%**	**0.0%**	**0.3%**	**0.0%**	**0.5%**	**0.2%**	**1.7%**	



	ESPER	ROSE	EAGLE	INDEP	C.C.	PARROT	DIAMENT	TOTAL
JAN	3	1	0	1	0	2	0	7
FEB	3	0	0	2	0	1	2	8
MAR	2	0	0	0	0	2	0	4
TOTAL	**8**	**1**	**0**	**3**	**0**	**5**	**2**	**19**

1ST QUARTER 2016 **ARRESTS** Exhibit A

RD	114	144	145	146	124	212	349	AHA	CITY
	ESPER	ROSE	EAGLE	INDEP	C.C.	PARROTT	DIAMENT	TOTAL	TOTAL
MURDER	0	0	0	0	0	0	0	0	0
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
RAPE	0	0	0	0	0	0	0	0	0
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
ROBBERY	0	0	0	0	0	0	0	0	2
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
ASSAULT	0	0	0	0	0	0	0	0	55
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
BURG	0	0	0	0	0	0	0	0	12
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
THEFT	0	0	0	0	0	0	0	0	10
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
VEH THFT	0	0	0	0	0	0	0	0	3
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
NARC	0	0	0	0	0	0	0	0	42
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
INTOX	0	0	0	0	0	0	0	0	66
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
VANDAL	0	0	0	0	0	0	0	0	3
% CITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
OTHER	1	0	0	0	1	0	0	2	316
% CITY	0.3%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.6%	
TOTAL	**1**	**0**	**0**	**0**	**1**	**0**	**0**	**2**	**509**
% CITY	**0.2%**	**0.0%**	**0.0%**	**0.0%**	**0.2%**	**0.0%**	**0.0%**	**0.4%**	

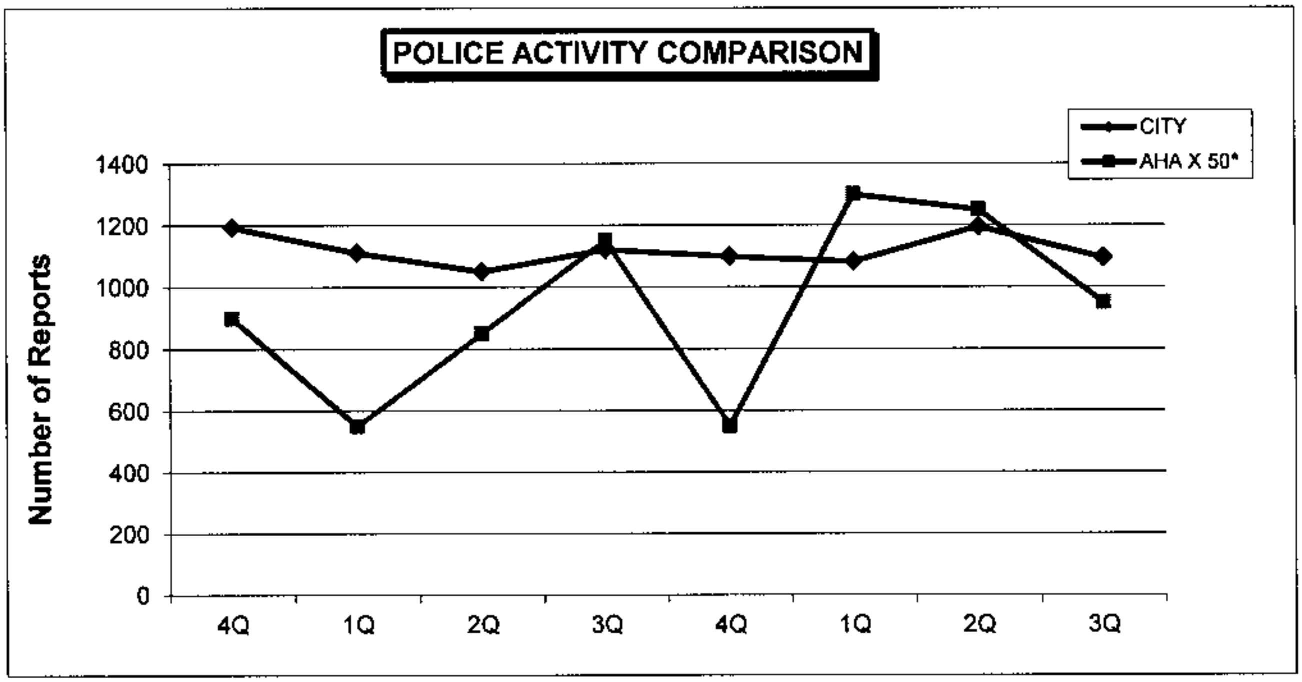


	ESPER	ROSE	EAGLE	INDEP	C.C.	PARROT	DIAMENT	TOTAL
JAN	0	0	0	0	1	0	0	1
FEB	1	0	0	0	0	0	0	1
MAR	0	0	0	0	0	0	0	0
TOTAL	1	0	0	0	1	0	0	2

Exhibit B

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
POLICE ACTIVITY
ON HOUSING AUTHORITY PROPERTIES
COMPARED WITH THE CITY AS A WHOLE

	4Q FY14	1Q FY15	2Q FY15	3Q FY15	4Q FY15	1Q FY16	2Q FY16	3Q FY16
CITY	1194	1112	1050	1122	1099	1082	1195	1095
AHA X 50*	900	550	850	1150	550	1300	1250	950
AHA	18	11	17	23	11	26	25	19



* Note: Housing Authority numbers are multiplied by 50 to make it possible to compare with the much larger numbers for the City as a whole.

management analyst (Reports/Property Management/Police Reports/Quarterly Trend Chart)
5/6/2016

Housing
Authority of the City of Alameda
701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper, Executive Director

Submitted by: Marie Wang, Finance Director

Date: May 18, 2016

RE: Quarterly Investment Report

BACKGROUND

California Government Code Sections 53600 and 53646 requires that the Housing Authority Finance Director file a quarterly report with the Commission on the status of all investments.

DISCUSSION

The quarter-end report reflects the investment of cash for the operating and reserve funds. Agency investments are covered by the provisions of the Housing Authority's approved investment policy which is approved annually by the Board.

AHA currently holds $15mn (54.2% of funds) in LAIF. These funds are on demand and can be used for immediate needs. The prior quarter balance was $28,916,632.

In this period, the Housing Authority Board approved $13 million (45.8% of funds) to be invested in government securities and agencies through the approved investment advisor, PFM. At that meeting a 1-5 year benchmark was proposed and discussed. Investments were made in accordance with that benchmark in mid February.

Attached is the PFM report for the quarter under review which provides additional details. PFM will also attend the Board meeting as required annually by their contract. Staff meet at quarterly with PFM and have established internal investment procedures.

In late March, staff met with PFM and reviewed the investments, since the investments made stretch beyond year 3 extend beyond AHA's currently projected liquidity needs, it was decided to sell those longer investments to meet a more conservative interpretation to the agency's investment policy. The longer investments were sold in early April and each trade was made at breakeven or a small gain and reinvested in the 1-3 year time frame. These transactions will be reported in the next quarterly report. Both in the investment policy and the agency's liquidity needs will be review in the coming months and changes, if necessary will be brought to the Board for approval.

The Board also approved $2mn (7%) to be invested in Certificates of Deposit (CD) in the coming months. These deposits will be made utilizing individual FDIC insured CDs of leas than $250,000 with US regulated banks in coming months.

The following is the schedule of investments as of March 31, 2015:

Investment Type	Issuer/Holder	Date	Maturity	Return	Purchase cost	Par Value	Market Value
State of California Investment Pool	**Local Agency Investment fund (LAIF)**	Open	On Demand	0.47%		$15,406,622	$15,406,622
US Treasury Bond/Note	**US Bank/PFM**	2/19/16			$3,007,241	$2,970,000	$3,010,196
Federal Agency Discount Note	**US Bank/PFM**	2/19/16			$1,726,883	$1,730,000	$1,727,212
Federal Agency Bond/Note	**US Bank/PFM**	2/19/16			$8,214,517	$8,130,000	$8,229,773
Cash	**US Bank/PFM**						$45,922
Accrued Interest	**US Bank/PFM**						$17,170

We had one realized loss of $23.43 in March due to one transaction on March 30, 2016. On our behalf, PFM sold lower yield Treasury Notes and subsequently bought higher yield Treasury Notes:

Sold: US Treasury Notes (DTD 2/18/14, yield: 0.625%, 2/15/2017) for $100,081.

Bought: US Treasury Notes (DTD 7/31/2015, yield: 1.625%, 7/31/2020) for $101,928.

The Housing Authority's ordinary expenditure requirements for the next six months are more than sufficiently covered by two sources, namely: (1) anticipated revenues, grants and subsidies, and (2) liquidity of current investments.

RECOMMENDATION
It is recommended that the Board of Commissioners accept the report on the Housing Authority's investment portfolio as of March 31, 2016.

Respectfully submitted,

Vanessa Cooper

Vanessa M. Cooper
Executive Director

Attachments: PFM report for March 31, 2016

Housing Authority of the City of Alameda

Investment Review
First Quarter 2016

The PFM Group
Financial & Investment Advisors

Monique Spyke, Director
PFM Asset Management LLC
50 California St., Ste. 2300
San Francisco, CA 94111
415-982-5544
spykem@pfm.com

Quarterly Commentary

First Quarter 2016

Fixed Income Management

Summary

- Volatility ushered in the New Year, as slowing global growth drove investors out of riskier assets, such as equities and high-yield bonds, and into safe-haven securities such as U.S. government debt. Stocks posted one of their worst-ever starts to a year, with the S&P 500 falling more than 10% while commodity prices plunged. As a result, U.S. Treasury yields retraced nearly all of their fourth-quarter increases.
- Fear began to abate in February, spurring a rebound in stocks and commodities, which finished the quarter at or near 2016 highs. Interest rates rose off their February lows before giving back gains after the Federal Open Market Commitee's (FOMC's) "dovish" March statement.
- The Federal Reserve (Fed) left policy rates unchanged in the 1st quarter. The FOMC lowered expectations for only two rate hikes in 2016, and acknowledged that global economic and financial market conditions posed a risk to its outlook.
- While the Fed embarks on a tightening path, other global central banks are still easing monetary policy. The European Central Bank expanded its bond purchase program to 80 billion euros per month, including the purchase of corporate bonds, while the Bank of Japan cut rates to -0.10%.

Economic Snapshot

- U.S. gross domestic product (GDP) grew at a 1.4% rate in the fourth quarter of 2015 and 2.4% for all of 2015 as consumer spending continued to drive growth, while business investment and net exports were a drag. Preliminary estimates of growth in the first quarter are approximately 1%.
- The labor market remained strong, as employers added 628,000 net new jobs in the first three months of the year. The unemployment rate held around 5%, while the labor participation rate rose four months in a row.
- Inflationary pressures picked up in the first quarter as energy prices stabilized, home prices rose, and wages showed modest improvements. The personal consumption expenditure (PCE) price index, the Fed's most favored metric of inflation, rose 1.7% year-over-year ended February 29, 2016.
- Global commodity price declines deepened early in the year, as the supply-demand imbalance remained in focus. Domestic crude oil fell to less than $30 a barrel in February, before staging a comeback and rebounding above $40 a barrel on the possibility of an output freeze by the Organization of the Petroleum Exporting Countries (OPEC).
- The Chinese economy continued to slow, stoking concern that weakness in the world's second-largest economy may negatively impact global growth, but especially emerging market countries — those dependent on commodity exports.

Interest Rates

- Interest rates declined in the first quarter, first due to widespread concern about the global economy and then later in the quarter after the Fed signaled a slower pace of rate increases. The two-year Treasury yield fell 33 basis points (0.33%) during the quarter, while the 10-year Treasury yield fell 50 basis points (0.50%).
- In the money market space, shorter Treasuries posted small declines, but short-term credit instruments, such as commercial paper and bank certificates of deposit (CDs) offered unusually wide yield spreads.

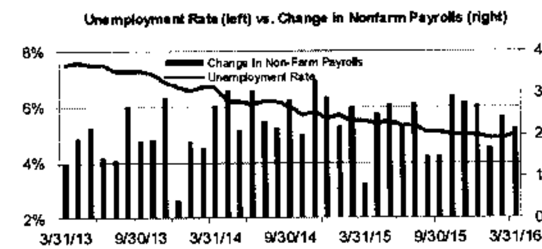
Sector Performance

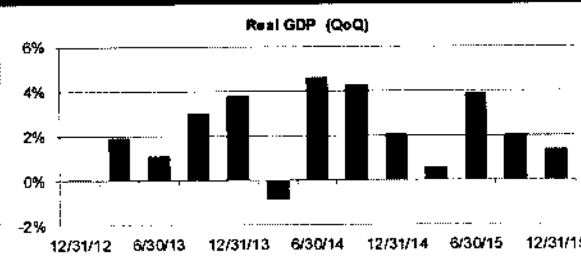
- U.S. Treasury indexes posted strong returns for the first quarter, as rate declines boosted market values. Longer maturity issues performed best.
- Non-callable federal agency securities performed generally in line with comparable-maturity Treasuries.
- Corporate yield spreads widened significantly through the middle of February amid energy-related weakness and declining corporate profits. Although corporates suffered sharp underperformance through January and much of February, spreads tightened dramatically in March, generating enough outperformance for the sector to surpass comparable-maturity Treasuries over the entire quarter.
- Mortgage-backed securities were the worst-performing sector in the quarter, underperforming Treasuries. They were hurt as declining interest rates increased anticipated pre-payments.

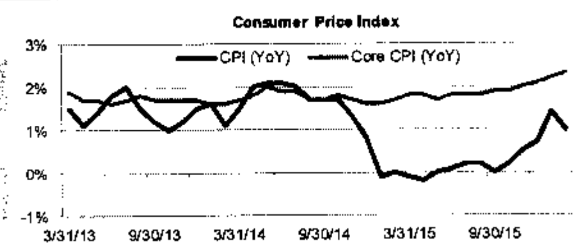
39

Economic Snapshot

Labor Market		Latest	Dec 2015	Mar 2015
Unemployment Rate	Mar'16	5.0%	5.0%	5.5%
Change in Non-Farm Payrolls	Mar'16	215,000	271,000	84,000
Average Hourly Earnings (YoY)	Mar'16	2.3%	2.6%	2.2%
Personal Income (YoY)	Feb'16	4.0%	3.9%	4.0%
Initial Jobless Claims (week)	3/26/16	276,000	285,000	268,000
Growth				
Real GDP (QoQ SAAR)	2015Q4	1.4%	2.0%[1]	2.1%[2]
GDP Personal Consumption (QoQ SAAR)	2015Q4	2.4%	3.0%[1]	4.3%[2]
Retail Sales (YoY)	Feb'16	3.1%	2.6%	2.1%
ISM Manufacturing Survey (month)	Mar'16	51.8	48.0	52.3
Existing Home Sales SAAR (month)	Feb'16	5.08 mil.	5.45 mil.	5.25 mil.
Inflation / Prices				
Personal Consumption Expenditures (YoY)	Feb'16	1.0%	0.7%	0.3%
Consumer Price Index (YoY)	Feb'16	1.0%	0.7%	-0.1%
Consumer Price Index Core (YoY)	Feb'16	2.3%	2.1%	1.8%
Crude Oil Futures (WTI, per barrel)	Mar 31	$38.34	$37.04	$47.60
Gold Futures (oz.)	Mar 31	$1,234	$1,060	$1,183







1. *Data as of Third Quarter 2015* 2. *Data as of Fourth Quarter 2014*

Note: YoY = year over year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil

Source: Bloomberg

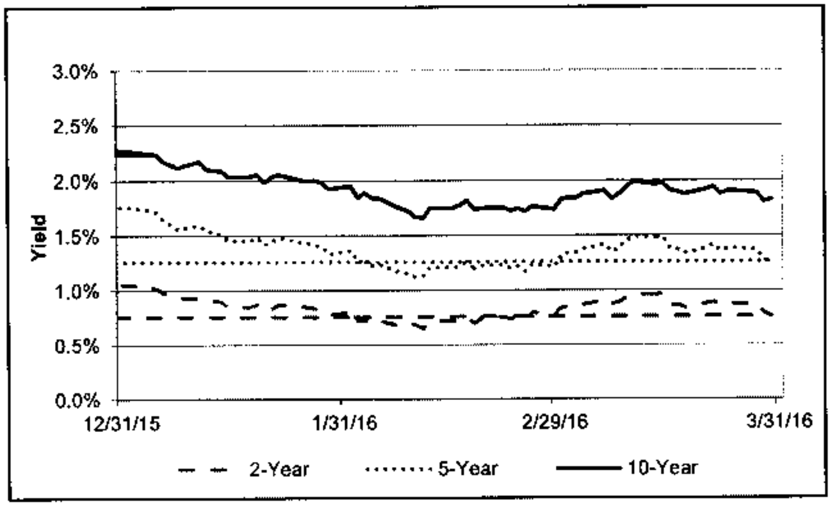
40

Quarterly Commentary

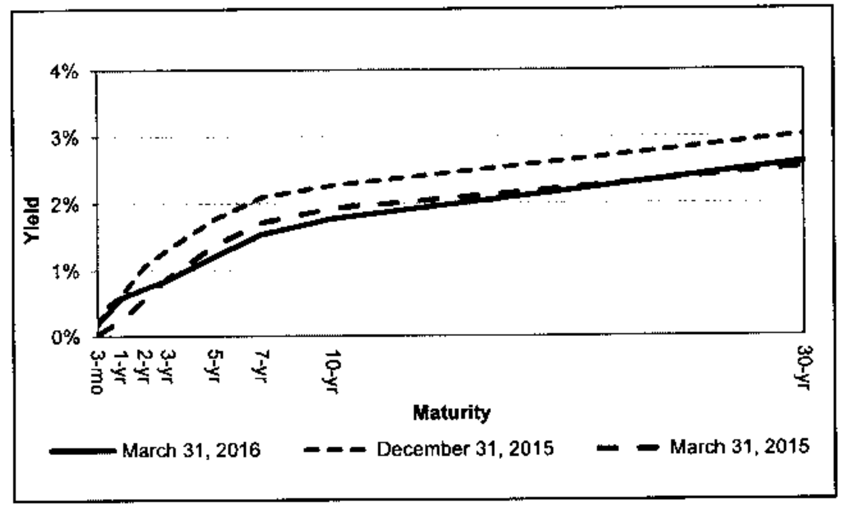
Fixed Income Management

Interest Rate Overview

U.S. Treasury Note Yields



U.S. Treasury Yield Curve

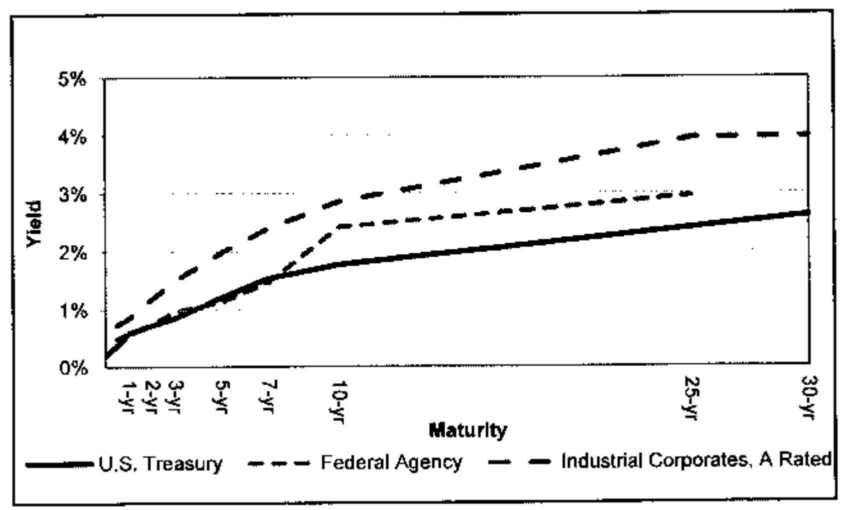


U.S. Treasury Yields

Maturity	3/31/16	12/31/15	Change over Quarter	3/31/15	Change over Year
3-month	0.20%	0.17%	0.03%	0.02%	0.18%
1-year	0.58%	0.60%	(0.02%)	0.23%	0.35%
2-year	0.72%	1.05%	(0.33%)	0.56%	0.16%
5-year	1.21%	1.76%	(0.55%)	1.37%	(0.16%)
10-year	1.77%	2.27%	(0.50%)	1.92%	(0.15%)
30-year	2.61%	3.02%	(0.41%)	2.54%	0.07%

Source: Bloomberg

Yield Curves as of 3/31/2016



41

BofA Merrill Lynch Index Returns

	As of 3/31/2016		Returns for Periods ended 3/31/2016		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.89	0.75%	0.90%	0.92%	0.77%
Federal Agency	1.56	0.80%	0.86%	1.02%	0.86%
U.S. Corporates, A-AAA rated	1.95	1.52%	1.09%	1.48%	1.43%
Agency MBS (0 to 3 years)	2.13	1.41%	0.50%	1.72%	1.37%
Municipals	1.79	0.84%	0.51%	1.01%	0.87%
1-5 Year Indices					
U.S. Treasury	2.72	0.89%	1.57%	1.62%	1.14%
Federal Agency	2.06	0.91%	1.26%	1.43%	1.14%
U.S. Corporates, A-AAA rated	2.77	1.77%	1.70%	2.02%	1.97%
Agency MBS (0 to 5 years)	3.18	1.88%	1.47%	1.86%	2.19%
Municipals	2.46	1.00%	0.72%	1.58%	1.27%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.43	1.34%	3.35%	2.42%	2.30%
Federal Agency	3.65	1.26%	2.14%	1.86%	1.75%
U.S. Corporates, A-AAA rated	6.96	2.70%	3.67%	2.13%	3.26%
Agency MBS (0 to 30 years)	3.79	2.14%	1.95%	2.41%	2.68%
Municipals	6.77	2.05%	1.64%	4.12%	3.73%

Returns for periods greater than one year are annualized

Source: BofA Merrill Lynch Indices

42

Quarterly Commentary

Fixed Income Management

Disclosures

The views expressed within this material constitute the perspective and judgment of PFM Asset Management LLC (PFMAM) at the time of distribution and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFMAM cannot guarantee its accuracy, completeness, or suitability. This material is for general information purposes only and is not intended to provide specific advice or recommendation. The information contained in this report is not an offer to purchase or sell any securities. PFMAM is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PFMAM's clients are state and local governments, non-profit corporations, pension funds, and similar institutional investors. www.pfm.com

PFM
PFM Asset Management LLC

43

Investment Report

First Quarter 2016

Fixed Income Management

Portfolio Summary

Total Portfolio Value	March 31, 2016
Market Value	$13,030,273.34
Amortized Cost	$13,011,733.41

FIRST QUARTER RECAP

- Volatility ushered in the New Year, as slowing global growth drove investors out of riskier assets, such as equities and high-yield bonds, and into safe-haven securities such as U.S. government debt. Stocks posted one of their worst-ever starts to a year, with the S&P 500 falling more than 10% while commodity prices plunged. As a result, U.S. Treasury yields retraced nearly all of their fourth-quarter increases.

- Fear began to abate in February, spurring a rebound in stocks and commodities, which finished the quarter at or near 2016 highs. Interest rates rose off their February lows before giving back gains after the Federal Open Market Committee's (FOMC's) "dovish" March statement.

- The Federal Reserve (Fed) left policy rates unchanged in the 1st quarter. The FOMC lowered expectations for only two rate hikes in 2016 and acknowledged that global economic and financial market conditions posed a risk to its outlook.

- While the Fed embarks on a tightening path, other global central banks are still easing monetary policy. The European Central Bank expanded its bond purchase program to 80 billion euros per month, including the purchase of corporate bonds, while the Bank of Japan cut rates to -0.10%.

44

PORTFOLIO STRATEGY

- We expect the U.S. economy to expand at a moderate pace in 2016 as consumer spending continues to drive positive growth. Outside the U.S., economic prospects are more challenged due to weak commodity prices, slowing growth in China, and various geopolitical risks. The market's concerns about the strength of the global economy will likely keep interest rates lower than previously expected.

- The economic projections released following the FOMC's March meeting indicated that FOMC participants believe that appropriate monetary policy warrants only two fed fund hikes in 2016, not four hikes as was projected in December.

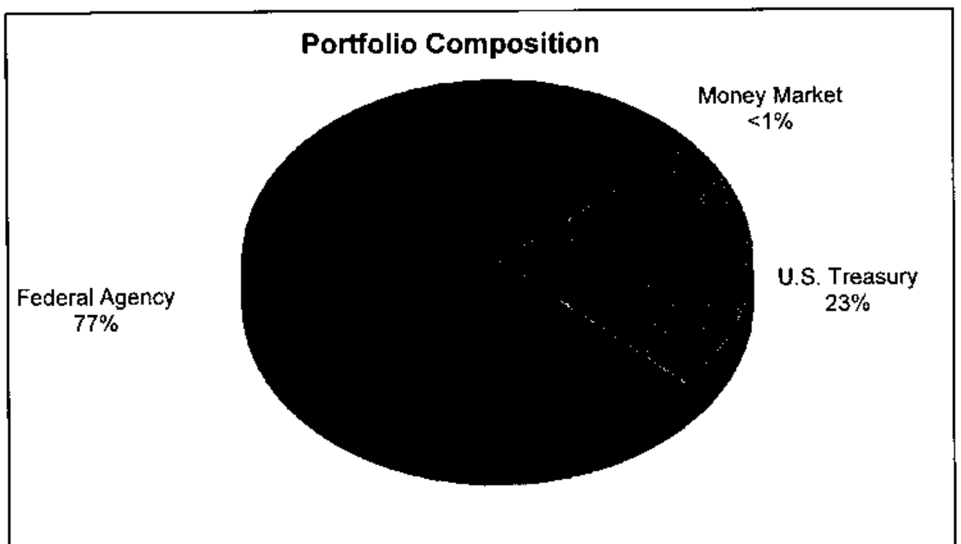
- Given the likelihood that rates will not move significantly higher in the near-term, we will position the maturity distribution of the portfolio to generally match the distribution of the benchmark, except where shifting to short-term credit securities offer better value.

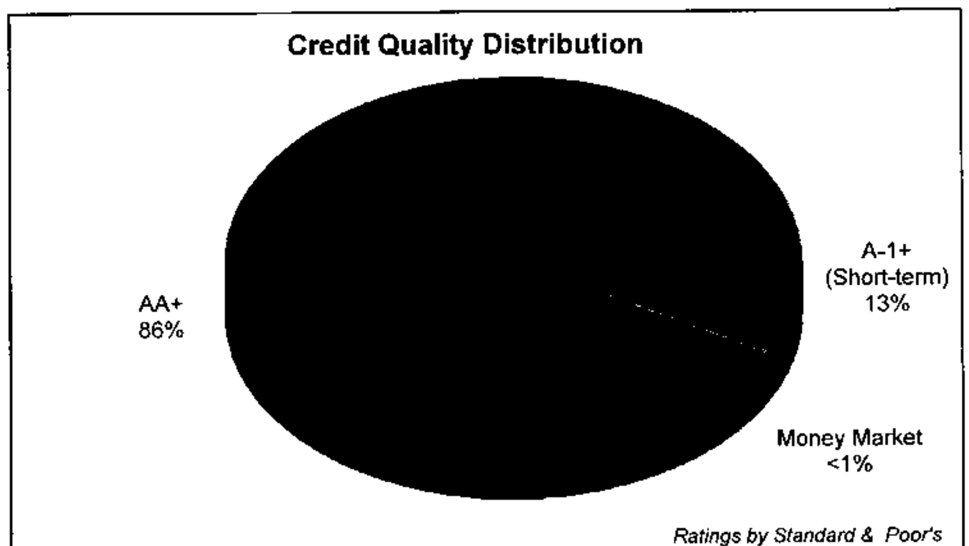
- Because of narrowed yield spreads, federal agencies currently have less appeal relative to comparable-maturity U.S. Treasuries. We will monitor the yield relationship and take advantage of any opportunities that arise—opportunities that are most likely to occur with newly-issued federal agency securities.

45

Portfolio Composition and Credit Quality Characteristics

Security Type	Portfolio Market Value 03/31/16	% of Portfolio	% Permitted by Policy
U.S. Treasury (Notes)	$3,013,843	23%	100%
Federal Agency (Non-Callable)	$9,970,508	77%	100%
Money Market	$45,922	<1%	100%
Total Portfolio	**$13,030,273**	**100%**	





46

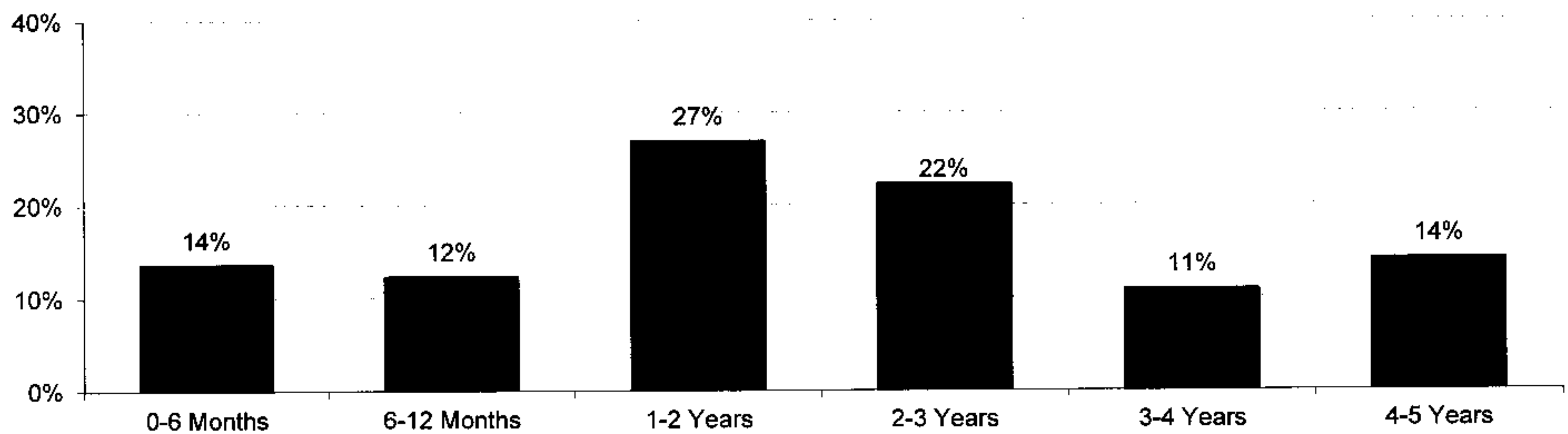
Notes:
1. *End of quarter trade-date market values of portfolio holdings, including accrued interest.*

Portfolio Activity

Trade Type	Settle Date	Security	Maturity Date	Par Value	Yield to Maturity (At Market)
Buy	2/23/2016	U.S. Treasury Notes	2/15/2017	1,700,000	0.60%
Buy	2/23/2016	U.S. Treasury Notes	3/31/2020	490,000	1.15%
Buy	2/23/2016	U.S. Treasury Notes	8/31/2020	400,000	1.21%
Buy	2/23/2016	U.S. Treasury Notes	1/31/2021	380,000	1.26%
Buy	2/23/2016	Federal Home Loan Bank Notes	8/17/2016	1,730,000	0.48%
Buy	2/23/2016	Federal Home Loan Bank Notes	5/24/2017	1,015,000	0.73%
Buy	2/23/2016	Fannie Mae Notes	8/28/2017	1,010,000	0.76%
Buy	2/23/2016	Federal Home Loan Bank Notes	3/19/2018	1,465,000	0.87%
Buy	2/23/2016	Fannie Mae Notes	7/20/2018	845,000	0.89%
Buy	2/23/2016	Fannie Mae Notes	9/18/2018	820,000	0.94%
Buy	2/23/2016	Fannie Mae Notes	2/19/2019	1,170,000	1.03%
Buy	2/23/2016	Fannie Mae Notes	9/12/2019	870,000	1.14%
Buy	2/23/2016	Fannie Mae Notes	1/21/2020	515,000	1.20%
Buy	2/23/2016	Fannie Mae Notes	6/22/2020	420,000	1.28%
Buy	3/31/2016	U.S. Treasury Notes	7/31/2020	100,000	1.23%
Sell	3/31/2016	U.S. Treasury Notes	2/15/2017	100,000	0.62%

Portfolio Maturity Distribution

Under 6 Months	$1,773,134.50	14%
6 - 12 Months	$1,601,513.34	12%
1 - 2 Years	$3,501,453.55	27%
2 - 3 Years	$2,897,620.09	22%
3 - 4 Years	$1,417,851.48	11%
4 - 5 Years	$1,838,700.38	14%
5 Years and Over	$0.00	0%
Totals	**$13,030,273.34**	**100%**



48

Notes:
1. Maturity distribution as of March 31, 2016.

PFM

Managed Account Detail of Securities Held

For the Month Ending **March 31, 2016**

HOUSING AUTHORITY - CITY OF ALAMEDA

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 02/18/2014 0.625% 02/15/2017	912828B74	1,600,000.00	AA+	Aaa	02/19/16	02/23/16	1,600,437.50	0.60	1,263.74	1,600,390.90	1,600,249.60
US TREASURY NOTES DTD 03/31/2015 1.375% 03/31/2020	912828J84	490,000.00	AA+	Aaa	02/19/16	02/23/16	494,344.92	1.15	18.41	494,238.95	495,320.91
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	100,000.00	AA+	Aaa	03/30/16	03/31/16	101,660.16	1.23	272.32	101,659.14	101,980.50
US TREASURY NOTES DTD 09/03/2013 2.125% 08/31/2020	912828VV9	400,000.00	AA+	Aaa	02/19/16	02/23/16	416,000.00	1.21	739.13	415,642.89	416,406.40
US TREASURY NOTES DTD 01/31/2014 2.125% 01/31/2021	912828B58	380,000.00	AA+	Aaa	02/19/16	02/23/16	395,630.47	1.26	1,353.23	395,309.53	396,238.92
Security Type Sub-Total		**2,970,000.00**					**3,008,073.05**	**0.88**	**3,646.83**	**3,007,241.41**	**3,010,196.33**
Federal Agency Discount Note											
FEDERAL HOME LOAN BANKS DISC NOTE -- 0.000% 08/17/2016	313384C49	1,730,000.00	A-1+	P-1	02/19/16	02/23/16	1,726,024.84	0.47	0.00	1,726,883.11	1,727,212.19
Security Type Sub-Total		**1,730,000.00**					**1,726,024.84**	**0.47**	**0.00**	**1,726,883.11**	**1,727,212.19**
Federal Agency Bond / Note											
FHLB NOTES DTD 04/11/2014 0.875% 05/24/2017	3130A1NN4	1,015,000.00	AA+	Aaa	02/19/16	02/23/16	1,016,867.60	0.73	3,133.11	1,016,711.48	1,017,311.16
FANNIE MAE GLOBAL NOTES DTD 07/20/2012 0.875% 08/28/2017	3135G0MZ3	1,010,000.00	AA+	Aaa	02/19/16	02/23/16	1,011,696.80	0.76	810.10	1,011,579.18	1,012,275.53
FHLB NOTES DTD 02/18/2016 0.875% 03/19/2018	3130A7CX1	1,465,000.00	AA+	Aaa	02/19/16	02/23/16	1,465,102.55	0.87	427.29	1,465,095.84	1,467,496.36
FNMA NOTES DTD 06/08/2015 1.125% 07/20/2018	3135G0E33	845,000.00	AA+	Aaa	02/19/16	02/23/16	849,647.50	0.89	1,874.84	849,445.96	850,975.84
FANNIE MAE GLOBAL NOTES DTD 08/23/2013 1.875% 09/18/2018	3135G0YM9	820,000.00	AA+	Aaa	02/19/16	02/23/16	839,483.20	0.94	555.21	838,693.47	839,973.56

Managed Account Detail of Securities Held

For the Month Ending **March 31, 2016**

HOUSING AUTHORITY - CITY OF ALAMEDA

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FANNIE MAE BENCHMARK NOTE DTD 01/13/2014 1.875% 02/19/2019	3135G0ZA4	1,170,000.00	AA+	Aaa	02/19/16	02/23/16	1,198,957.50	1.03	2,559.38	1,197,948.06	1,201,681.26
FNMA NOTES DTD 07/28/2014 1.750% 09/12/2019	3135G0ZG1	870,000.00	AA+	Aaa	02/19/16	02/23/16	888,591.90	1.13	803.54	888,051.52	891,581.22
FNMA NOTES DTD 01/12/2015 1.625% 01/21/2020	3135G0A78	515,000.00	AA+	Aaa	02/19/16	02/23/16	523,348.15	1.20	1,627.26	523,127.95	523,839.46
FNMA BENCHMARK NOTES DTD 04/27/2015 1.500% 06/22/2020	3135G0D75	420,000.00	AA+	Aaa	02/19/16	02/23/16	423,956.40	1.28	1,732.50	423,863.06	424,638.06
Security Type Sub-Total		**8,130,000.00**					**8,217,651.60**	**0.94**	**13,523.23**	**8,214,516.52**	**8,229,772.45**
Managed Account Sub-Total		**12,830,000.00**					**12,951,749.49**	**0.87**	**17,170.06**	**12,948,641.04**	**12,967,180.97**
Securities Sub-Total		**$12,830,000.00**					**$12,951,749.49**	**0.87%**	**$17,170.06**	**$12,948,641.04**	**$12,967,180.97**
Accrued Interest											**$17,170.06**
Total Investments											**$12,984,351.03**

50

Housing
Authority of the City of Alameda
701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and Members of the Board of Commissioners

From: Vanessa M. Cooper, Executive Director

Submitted by: Marie Wang, Finance Director

Date: May 18, 2016

RE: Adopt the Resolution to Approve the Housing Authority's Two-Year Budget for For Fiscal Years 2017 and 2018

BACKGROUND

The Housing Authority adopts its annual budget in the last quarter of each fiscal year. The Housing Authority has also adopted the practice of preparing a two-year budget. This budget is for the two Fiscal Years starting July 1, 2016 and ending June 30, 2018.

DISCUSSION

Attachment A shows the proposed two-year budget for the fiscal years July 1, 2016 to June 30, 2018. The table below shows highlights of: 1) the approved budget for FY 15-16, 2), the proposed budget for the FY 2016-17 and 3) the proposed FY 2017-18 budget.

Item	**FY 2016-17 budget**	**FY 2015-16 budget**	**Variance %**	**FY 2017-18 budget**
HAP Income	$27,858,249	$24,048,627	16%	$27,858,249
HAP Expenses	$27,858,249	$24,048,627	16%	$27,858,249
Total Op. Income	**$13,545,936**	**$14,066,030**	**(4%)**	**$13,867,571**
Total Op. Expense	$11,661,000	$11,472,812	2%	$12,010,830
Net Op. Income	$1,884,935	$2,593,218	(27%)	$1,856,740
CIP Expense	$3,771,718	$4,909,772	(23%)	$831,743

Debt Service & Reserve	**$1,093,782**	**($1,027,461)**	**(6%)**	**$1,126,595**
Net Cash Adjustments	**($2,980,565)**	**($3,344,015)**	**11%**	**($101,599)**

The FY 2016-17 budget is presented only in Attachment A. The FY 2016-17 budget has been created based on either a zero-based budget where there are no prior year actuals or on adjusted 12-month actuals from the FY 2015-16, whichever is higher and adjusting for one time income or expenses, where applicable. Only income that is reasonably expected to be received has been included. The FY 2017-18 budget is based on the proposed FY 2016-17 budget with the following assumptions:

- 3% increase in net rental income
- 3% increase in costs
- No net change in staffing headcount
- No Rent Program

Staff will return to the Board in April or May of 2017 with budget revisions and the FY2017-18 budget details. The proposed budget is presented in a slightly different manner this year compared to prior years, to bring it in line with standard accounting practices and PHA/property management budgeting. The budget has been consolidated into 4 key areas:

A. Section 8 Housing Assistance Payments (HAP pass-through)
B. Operating income and Expenses (no HAP included)
C. Capital Improvement Projects (CIP)
D. Rent Program (previously approved by the Board)

A: SECTION 8 HOUSING ASSISTANCE PAYMENTS

Attachment B shows the Housing Assistance Payment (HAP) Subsidy for the Section 8 Housing Choice Voucher Program and related programs that is paid to landlords housing Section 8 participants. These are government pass-through funds and must be kept separate from all other Housing Authority funds.

Income: The Authority anticipates receiving $27,858,249 funding for Housing Assistance Payments (HAP), which compares with $24,048,627 for the prior year. This income is equally offset by payments to landlords. This includes HAP payments received from HUD or the County under the following programs:

- Tenant and Project-Based Section 8 vouchers (including Family Unification Program (FUP) and Non-Elderly Disabled (NED))

- Shelter Plus Care (County program)
- Mod-Rehab Program

Expenses: HAP expense ($24,048,627 in FY 2015-16 and $27,858,249 in FY 2016-17), which is the Housing Authority's largest single expense item, is generally offset dollar-for-dollar by HAP subsidy received.

The largest single use is for the Section 8 program. For FY 2016-18, staff estimates that overall utilization against HUD's budget authority will be approximately 106%, driven by increased payment standards approved by the Board (which was the result of a significant increase in HUD's Fair Market rents in February 2016).

The FY 2016-17 Section 8 budget includes the additional 11% of HAP provided in the 2016 HUD allocated budget authority and assumes an approximate use of 60% of reserves. In 2014, HUD moved cash reserves in AHA's HAP Reserve back to Washington. As of the end of April 2016, AHA had $2.8 million dollars in its HUD-held HAP Reserve. These HUD-held HAP reserves can be used anytime AHA's budget authority from HUD is insufficient to meet AHA's HAP needs, as long as AHA does not exceed its baseline number of units in any calendar year. AHA's baseline number of units is 22,140 (or 1,845 per month). The baseline of 1,845 units can be exceeded in a calendar month, but cannot exceed 22,140 units in a year. The FY 2016-17 and FY 2017-18 budgets assume leasing of 18,228 units in the year (or 1,519 per month), which compares with 19,560 unit months leased (or 1,630 per month) for FY2015-16.

<u>B: OPERATING BUDGET</u>
Attachment C provides a detailed breakdown of the operating budget including day-to-day operating income and expenses for all areas of the agency's activity. The operating budget includes the rental and commercial properties, Section 8 administration, the Successor Agency, and CDBG, HOME, BMR and other City programs that are reimbursed with City funds. The operating budget does not include HAP pass-through to landlords.

OPERATING INCOME
Total operating income for FY 2016-17 is $13,545,936 which is $520,094 or 3.7% lower than the year before due to lower Admin Fees and the absence of the one-time Stargell Commons ground lease rent received in FY 2015-16.

Rental income includes:

- **Rental income from tenants** in AHA-owned properties. For many households this is 30% of adjusted gross income and this number does not change greatly over time, unless the household income changes.

- **Rental subsidy (HAP)** received from the Section 8 program for Section 8 recipients housed in AHA-owned properties. This is expected to be slightly higher in FY 2016-17 due to the higher payment standards.

- **Tax increment Funding (TIF)** for Independence Plaza estimated to be $1,500,633 for FY 2016-17. This funding is available until 2026, but may be depleted before that time if the property has major capital needs or an increase in operating cost. (See also capital needs for Independence Plaza under the capital budget.)

The operating budget indicates the Gross Potential Rent (GPR), which assumes all units are leased at the current contract rent every night of the year. A 5% vacancy loss has been assumed, as this is a baseline year. (If the rental market continues to be tight and units can be turned quickly, then AHA may outperform this). Showing Gross Potential Rent is an industry standard and allows staff and the Board to monitor economic vacancy more closely. A 1% write-off allowance has also been assumed. Uncollected rent is written off once a year for past tenants. Accounts are sent to collections, when a household moves out and does not pay or establish a payment plan, after two written demand requests.

Grant Income: This income is received through the Family Self Sufficiency (FSS) program and can only be used to support that program.

Administrative Fee Income: The administrative fee is paid by HUD and can only be used by the Authority to cover the cost of administration for the Section 8 programs. The administrative fee is included at a proration of 80%, which has been approved by HUD for calendar year 2016. At times HUD increases this mid–year (81% was the final proration for calendar year 2015), but the budget uses the more conservative proration amount.

Total administrative fees are $1,601,068. This is a decrease of $270,253 from the $1,871,321 expected to be earned for FY 2015-16. This anticipated year-over-year decrease is due to the lower leasing of Housing Choice Vouchers as the Alameda rental market continues to be very competitive. While the new payment standards are expected to help maintain tenants in their units, increased leasing is not expected unless the market declines significantly.

Other Income: Other income includes maintenance fees and late fees, laundry commission, commercial rents (e.g. daycare and parking spaces rented at Esperanza), reimbursement billing from the City of Alameda for managing the CDBG and HOME programs, land trust rents for Regent Street and Santa Clara Avenue properties, and interest income. Few changes are expected in these areas. Interest income is expected to remain low as interest rates continue to be at historic lows. However the investment of $13 million of agency reserves in US Treasuries and Agencies through PFM, may lead to slightly higher interest income over the two years. In FY2015-16, the agency received several one-time sources of income including $400,099 in capitalized ground lease rent from Stargell Commons, a $41,300 reimbursement of the pre-development fee from Stargell Commons, and $52,262 from the City for a China Clipper Project; hence this budget reflects lower income in FY 2016-18 under the other category. AHA's non-profit, Island City Development (ICD) is not included here as the non–profit's budget is approved by the Board of ICD. However, $200,000 in total developer fees is expected to be received by ICD in FY2016-18 from Stargell Commons and Del Monte, as AHA would previously have received them.

OPERATING EXPENSES:
Total operating expenses for FY 2016-17 is $11,661,000, which $188,188 or 1.6% higher year over year mainly due to higher benefit expenses. In a number of areas, the City program costs were under budgeted in last year's budget but have been included in FY 2016-18, leading to a slight increase in some operating expenses. Furthermore, the current budget seeks to breakdown expenses to more detailed line items (see Attachment C) in order to manage costs more closely. Therefore, there are items which show a 100% increase in cost but actually were budgeted in a combined category in prior years and have been broken out for the first time.

Administrative Expenses: Salaries, benefits, office, legal expenses and sundry are included in this category. It is important to note that benefits in prior years were reported under General but have been moved to administrative expenses to provide a clearer picture of overall administrative personnel costs. Overall this category has increased 43% year over year but this is primarily due to the moving of benefits costs from General to this category.

Personnel expenses: The Schedule of Authorized Positions is shown in Attachment E of the proposed budget. Changes made to this schedule since the prior revision in March 2016 include:

- A change of the range for the Housing and Community Development Director to reflect additional responsibilities and to address internal equity issues
- The addition of an Asset Manager in the same department beginning January 1, 2017.
- Change of the Housing Programs Coordinator position to a Housing Programs Supervisor position
- Possible title changes for the Director of Facilities to Director of Property Management, and Maintenance Lead position to a Maintenance Tech II, subject to business need. Ranges will be at or below the current range.

The budget includes a proposed cost of living adjustment (COLA) of up to 3%. The final amount will be calculated in August or September of each year according to the CPI for the San Francisco area as reported from the Bureau of Labor Statistics and proposed to the Board. The COLA, if approved, will be applied retroactively to July 1, except for Y-rated employees. In 2013 a number of adjustments were made to salaries and ranges and a group of staff were Y-rated (i.e. their pay was higher than the market rate) and as such were to be frozen at that higher rate until the range caught up.

The budget also includes several changes in the manner of budgeting for benefits that changes total budgeted benefits from $1,421,015 in FY2015-16 to $1,784,087 in FY2016-17. Benefits include medical, dental, CalPERS pension contribution for the current year, payroll taxes etc. Although the Board is approving the budget for these additional funds at this time, the final employer contribution for 2017 will be brought to the Board for approval in August or September 2016.

Last year, staff was informed that the agency would build in an employee contribution to medical/health care starting in FY2016. The budget assumes a freezing of the maximum AHA contribution to the 2016 Kaiser "employee plus two" cost of $1,940.82 per employee per month plus comparable coverage for dental insurance at a cost of $227.24 per employee per month. The budget also assumes all employees take the medical allowance at the level of the employee plus two dependents. This approach allows more conservative budgeting and will allow headroom for some changes that may be necessary to address regulatory and legal issues in relation to the Affordable Health Care Act and the agency's Public Employees' Medical and Hospital Care Act (PEMHCA) responsibilities. Staff is working with counsel and our benefits providers and will bring recommendations to the Board in an upcoming meeting.

In 2016, AHA embarked on a compensation review, although at the time of this memo, the final report is not yet available. Koff and Associates last conducted a class and compensation study of AHA positions in 2013, just after the AHA left the City. In the current review, the consultant utilized similar comparator agencies to those that were used in 2013. Preliminary results indicate AHA positions are generally within 5 percent of the median salary for the comparator agencies (5 percent represents an acceptable industry margin of error) with almost all positions falling above the median. On salary alone, AHA generally pays at or above the median market salary. The initial review of the benefits package that AHA offers is slightly below market for certain positions, especially senior management positions. The benefit differential is due primarily to:

- lack of social security contributions made by AHA
- employer-paid member contributions (EPMC) to CalPERS
- CalPERS pension is 2 percent at 55 while others may be 2.7 percent at 55
- other agencies provide management leave allowances to senior management positions in addition to vacation leave.

In 2016, staff was offered a vacation payout. This added benefit did not add expense to the operating budget since AHA is required by GASB to record AHA's compensated absence liability each year. Early payout of accrued staff vacation time reduces staff expenses by reducing the inflation impact of vacation liabilities over time and reduces the administrative costs in managing large vacation balances and may potentially reduce the amount of vacation leave to be paid at termination, particularly as we anticipate a number of retirements in the upcoming years. The only negative attribute is that this program may slightly reduce available cash resources, which at present is of minimal financial concern given AHA's substantial cash reserves. Staff intends to offer this opportunity again at least annually in the next two fiscal years.

Legal expenses: Legal expenses for general operations are expected to increase 94%. However the prior year's budget did not include City program legal and the new budget has been adjusted to reflect this. These costs include terminations of tenancy and legal advice on claims against the agency and HR issues.

Training and conferences: these expenses are expected to increase 21%, in part as vacant positions are filled, in part due to under budgeting in prior years, and as an investment in agency-wide training. Staff requires regularly scheduled professional and housing re-certifications to address changing regulations, and we will focus some additional agency time and resources on general staff and supervisor training needs.

Tenant Services: The salaries for resident managers, assistant resident managers, and resident custodians are included in this line item. Their benefits have also been moved here, in-line with the approach adopted for administrative salaries. Tenant Activities include a $20,000 scholarship fund for the Alameda Boys and Girls Club for children and youth who live in Housing Authority complexes or whose families are on the Section 8 Program and the recently approved contract of $145,000 per year for LIfeSTEPS social services provider.

Utilities: The amounts budgeted for utilities are based on actual utility expenditures in the current fiscal year and anticipated changes. Water and sewer are expected to rise as rate increases continue through the proposed fiscal year, although improved water and electric efficiency systems will be put in place to constrain costs. For the first time, garbage has been included in this section (it was previously under maintenance contracts).

Facilities & Maintenance: Maintenance expenditures include salaries and benefits for maintenance employees, maintenance materials and maintenance contract costs and are expected to rise 13%. Maintenance salaries are increasing due to an anticipated COLA. There are no new positions expected in maintenance at this time. The projected cost of maintenance materials is based on current usage and expected vendor price increases. Maintenance contract costs include unit turnover cost, landscaping, floor covering, plumbing and painting. A third party review of the cost review of the maintenance operations is underway. Initial indications are that AHA's maintenance costs exceed those of other affordable housing providers, driven primarily by the higher salaries and employee benefits than in the private affordable rental market. Further proposals to control maintenance costs, including not filling all staff vacancies, are under review and may be brought to the Board over the coming year.

General: This line item includes the cost of community policing and auto/property/ liability insurance. The cost for community policing will stay the same at $210,000 for FY2017 under the contract with the City. The cost of property and liability insurance is expected to go up marginally. Benefits have been removed from here and placed alongside salaries for easier comparison of staffing costs.

Predevelopment Costs are expenses associated with a project under consideration for development (building or extensive rehabilitation) prior to the formal approval process of approving a development and the needed funding. Most predevelopment costs will be paid by Island City Development (ICD), which was formed to manage real estate development on behalf of the Authority. Feasibility studies may be conducted by AHA prior to ICD involvement. AHA Predevelopment Costs are expected to be $100,000 in FY2016-17.

C: CAPITAL IMPROVEMENT PROJECT (CIP) BUDGET

Attachment D shows the two-year capital budget. The Board-approved Capital Projects budget for FY 2015-16 showed a total work value of $4.9 million. Of the approved projects, three projects were completed (roof replacement at Lincoln & Willow, gutter replacement at Independence Plaza and wall heaters at China Clipper); one project has been started (accessibility renovation at Anne B. Diament); and one project will be started by June 30th (fire pulls and angle stops at China Clipper).

The proposed Capital Projects budget for FY 2016-18 includes 35 major and minor repair projects. The estimated total cost of these projects is $4.6 million, including over $2 million of work that is being carried forward from FY 2015-16 into the next budget cycle. A number of new projects were identified in the Physical Needs Assessment inspection reports that were completed in late 2015. On Attachment D these projects are identified as "CNA-2 Yr."

These identified projects include urgent or health and safety projects and work that needs to be completed in the two-year period. Work will be done according to urgency and availability of funds and staff capacity. Once approved in this budget, these projects will be funded from the following sources and where possible, in this order:

- CDBG/HOME or other third party or grant funding (where available)
- Dedicated reserves held by lenders/bond holders, subject to their approval
- Dedicated reserves held by AHA
- Cash flow from the specific property
- Other general reserves held by AHA (generally provided as a loan)
- Cash flow from other properties (generally provided as a loan)

The total value of all capital improvements that will be required at AHA-owned properties within the next five to seven years exceeds $25 million. This amount is much greater than what can be paid directly through AHA funds. The response strategy is to obtain tax credits, apply for grants and loans, and to use bond financing in order to meet the total capital needs backlog. Hence, certain important projects (such as the Rosefield renovation) have been removed from the Capital Projects budget because the work is included in the five-year development pipeline plan.

OPERATING BUDGET BY PROGRAM

Property Management: The table below shows the key operating ratios for each cluster of properties. It should be noted that one AHA-owned property, Rosefield Villas, is expected to transfer to third party management with the John Stewart Company (JSCo) by the year end in order to facilitate the rehabilitation or demolition and rebuild of the site. However, both the income and expense of this property will remain on the AHA books until the property is syndicated with low-income housing tax credits and transferred to a limited partnership. Only those properties with bond financing (Eagle/Parrot and IP) have a reserve requirement. Although there is surplus cash in each group, the 2-year capital needs will use up much of this cash. It is also important to know that these properties currently carry very little debt.

2017 Budget	Parrot & Eagle	AHA Owned	Independence Plaza	Total
Total Income	$2,250,254	$5,719,516	$2,898,717	$10,868,487
Total operating Expenses	$1,423,499	$4,770,460	$1,779,600	$7,973,559
Net Operating Income	**$826,756**	**$949.056**	**$1,119,118**	**$2,894,930**
Debt service & reserves	$218,776	$256,460	$618,546	$1,093,782
Projected Surplus cash	**$607,980**	**$692,596**	**$500,572**	**$1,801,148**
2 year CIP needs	$522,232	$3,088,897	$992,332	$4,603,461

Section 8 Program: It is important to note that the operating budget of the Section 8 Program (see Attachment C) is registering a loss of $622,548 for FY2017. While this is not new, the loss has increased due to lower leasing. At the end of FY 2015, the Section 8 admin fee had a negative equity, after adjustments for GASB 68, of $255,053. In FY2016, staff projected a deficit of more than $300,000. This will not be fully realized due to the elimination of one position and the vacancy of the Director position for several

months. However, the Section 8 program is still expected to increase this deficit in FY2015-16 and again FY2016-18.

In the past year, significant improvements have been made in efficiency in this department - for example, biennial inspections, use of handheld technology and increasing the threshold for an interim re-exam when a participant's income increases. Further administrative savings are being proposed at the May Board meeting. The Quadel report from 2015 indicated that the department was overstaffed. However, in order to realize financial savings made by efficiencies and to stem this annual loss, it will be important in the coming year to address staffing costs in this department.

City Programs: The City Housing Programs include CDBG, HOME, BMR homeownership, and other related housing initiatives.

Successor Housing Agency: The Successor Housing Agency's expenses for FY 2016-17 is as follows:

Salary, Benefits and Administrative	$ 203,000
Pre-development expenses General	$ 100,000

Total Successor Agency Budget	$ 303,000

Salary and benefit costs are limited by State law to $200,000 annually for Housing Successor Agency administration. The remaining $3,000 will be paid from unrestricted AHA funds. Income is not included in the budgeted as it was received in prior years. However, currently the Successor Housing Agency and related funds has over $600,000 in cash and investment reserves to pay for the budgeted items. All Housing Successor funds are segregated in the Low and Moderate Income Housing Asset Fund. Expenses are expected to be similar in FY 2017-18.

D: RENT PROGRAM

The Rent Program budget reflects the budget previously provided to the Board in March 2015, with the addition of the COLA and a change in the benefits allocation to match the agency-wide costs. The budget is for the 6 months of the remaining contract and, with the except of an administrative fee and the rent charged for our facilities, the program is a reimbursement-only program, so expenses are not expected to exceed income.

DISCUSSION OF ACCOUNTING ISSUES

Cost Allocation Plan: The Cost Allocation Plan (CAP) (available on request) is completed at least once a year, and allocates costs based on metrics. The metrics range from the number of hours worked on a project to the number of bedrooms in a complex to the amount of expenses paid for a program the prior year. The metrics are mostly pulled from the Agency's database, Yardi, or from verifiable data (such as the number of units in a specific complex). The CAP explains the logic behind the distribution of different costs including legal costs, audit costs, travel and training, and salaries and benefits. Staff calculates out a salary distribution for every position in the Agency based on the position's primary duties and functions. Some positions are allocated to only one department while others are allocated across numerous departments.

Cash Adjustments: This section (shown on Attachment A) is intended to adjust the operating budget prepared on a GAAP basis to actual cash outflows. First, depreciation is added back to the operating income since it is a paper transaction that does not involve cash. Then, since the principal portion of mortgage payments are not recorded in the operating budget as an expense (because principal payments are not an expense, but a reduction in debt) they are therefore a reduction to the GAAP based operating income. Replacement reserves and equipment reserve deposits are also not an operating expense, so they are subtracted from operating income as well. Then as mentioned above, CIP's are not an expense item, so they are also a reduction to the operating income. The Net Cash Adjustments line on the budget shows the cash surplus, or if in brackets a loss, for each major fund for the fiscal year. In FY 2016-17, the budgeted cash loss is $2,980,565, which is a decrease of $363,450 over the FY 2015-16 approved budget. The major reason for the decreased loss in cash reserves is mainly due to the capital improvement projects being extended over the next two fiscal years. These cash losses will be paid from significant accumulated cash surpluses generated from prior years' operating surpluses.

Fund Transfers: The General Fund is used for capital costs and was previously used for Shelter Plus Care accounting and predevelopment. These later two have been moved to Section 8 and HCD respectively, although a sub-budget also exists for Shelter Plus Care. The General Fund is not an operating fund, and therefore does not generate its own cash flow. The only way to get cash into the general fund is to make transfers from other funds with available excess cash reserves. Staff will make transfers as necessary during the budget years in accordance with the agency's interfund transfer policy.

Depreciation: Depreciation is an accounting method to recognize the cost of wear and tear of buildings and equipment over time. In a new policy, the Capitalization Policy which will be proposed to be adopted effective July 1, 2016, the Housing Authority will use the straight-line method of depreciation and depreciate. The following are the depreciation periods proposed in this policy: buildings over a 40-year period, building improvements over a 10-year life and furniture and equipment from three to five years. Depreciation expense is increasing slightly in FY 2015 due to recent capital improvements at all AHA properties. Depreciation is not a cash expense but a paper expense to financially recognize the deterioration of assets.

Profit and Loss-only items: Certain items are not budget items but will impact available cash in FYs 2016-18.

- **Jack Capon Villa**: AHA expects to receive a $18,000 principal payment from Jack Capon Villa for the loan it made to the limited partnership.

- **Estuary Park**: In July 2014, the Board approved a grant of $1 million to the City of Alameda to help fund the development of Estuary Park. The 8-acre park will be located on the north side of Mosley Avenue, adjacent to North Housing development site. The park will be constructed in two phases and construction will begin in the summer of 2016. The park includes playing fields, picnic and play areas and will be accessible to persons with disabilities. The total development cost is approximately $7 million and the Housing Authority funds will be used to help pay for the first phase. The AHA grant will be paid as reimbursement to the City for work completed. This $1 million expenditure will occur in FY 2016-17 and will be drawn from Housing Authority unrestricted reserve funds.

- **2100 Clement:** In February 2016, the Board approved the purchase of four of the 58 units to be built at a new development at 2100 Clement; the cost to acquire will be approximately $675,000. These four Below Market Rate (BMR) units may be rented or sold to income-eligible households, and the project is expected to begin construction in 2016. This approved expenditure will occur in FY 2016-17 and will be drawn from Housing Authority unrestricted reserve funds.

Payments to CalPERS for GASB 68 for outstanding liabilities: As a local government agency, AHA has to maintain its books by standards set by the Government Accounting Standards Board (GASB). Each year the GASB sets guidelines for accounting practices and identifies them by number. In FY16, AHA has had to operate by GASB rule 68, which is commonly known as GASB-68. This rule, GASB-68, requires all government agencies (States, Counties, Cities and Special Purpose Local Governments) to report pension liabilities up front which have historically been reported on a pay as you go basis by all government entities. Since AHA is a member of the CalPERS retirement system, AHA is required to report each year on any unfunded pension liability.

According to the CalPERS Actuarial Valuation Report as of June 30, 2014 for the Miscellaneous Plan of the Housing Authority of the City of Alameda, the estimated balance of the Authority's Unfunded Accrued Liability (UAL) as of June 30, 2016 would be $1,600,594, which remains unpaid as of yet. This is lower than the previous estimate of $1,874,684. According to the Senior Pension Actuary at CalPERS Actuarial Office, there is no penalty if the liability remains unpaid, but the plan charges 7.5% on any existing unfunded liability.

Although the Board has approved a payment of $1,954,024 to pay down the liability, staff has delayed the payment as previously reported in order to obtain further information from

CalPERS. Staff intends to make a payment of at least $1,000,000 by the end of June 2016 to avoid the 7.5% interest charge on outstanding liabilities. This is due to the concern that if the Unfunded Accrued Liability (UAL) balances decrease more, as we have observed for the past year, AHA would not want to take the risk of overpaying the UAL. The staff will continue monitoring the UAL balance to make recommendations of either paying down or paying off the balance.

FISCAL IMPACT

The operating budget for FY 2016-17 reflects an operating surplus of $1,884,935 and FY 2017-18 shows an operating surplus of $1,856,740. Substantial CIP projects will result in cash flows (after principal and reserves payments) for FY 2016-17 of negative cash flow 2,980,565 and for FY 2017-18, negative cash flow of $101,599 (See table on Page 1 of memo.)The negative cash flow will need to be paid from accumulated operating reserves if project-specific funding or property reserves are not available. AHA unrestricted operating reserves as of March 31, 2016 were $28,144,842.

RECOMMENDATION

The Executive Director and staff recommend the Board of Commissioners of the Housing Authority of the City of Alameda adopts the Housing Authority's Budget for Fiscal Years 2016-18 including approval of :

i. Housing Assistance Payment (HAP) Budget and related expenditure of HUD-held HAP reserves
ii. Operating Income and Expenses
iii. Rent Program Budget for 6 months to December 31, 2016
iv. Capital Improvement Project (CIP) Budget and related use of property and agency reserves and surplus operating cash in Fiscal Years 2016-18 to cover these expenses
v. Revised Schedule of Authorized Positions to be effective July 1, 2016
vi. Transfer by the Executive Director of up to $622,548 in each budget year, as needed, from AHA property reserves to cover losses in the Section 8 operating budget.

Respectfully submitted,

Vanessa Cooper

Vanessa M. Cooper
Executive Director

VC:MW

Attachments:
Attachment A: Summary of the FY 2016-18 Budgets
Attachment B: Housing Assistance Payments (HAP) budget
Attachment C: Detailed 2016-17 Operating Budget and Rent Programs Budget
Attachment D: Capital Improvement Project (CIP) Budget
Attachment E: Schedule of Authorized positions to be effective July 1, 2016

Housing Authority of the City of Alameda

Attachment A: Summary of the FY 2016-18 Budgets

	FY 16-17 Budget	Revised FY 15-16 Budget	Increase/ (Decrease)	% at +/-	FY 17-18 Budget
HAP income	$ 27,858,249	$ 24,048,627	$ 3,809,622	16%	$ 27,858,249
HAP Expenses	$ 27,858,249	$ 24,048,627	$ 3,809,622	16%	$ 27,858,249
Net HAP Income	$ -	$ -	$ -	0%	$ -
Net Rental Income	$ 10,721,171	$ 10,531,026	$ 190,145	2%	$ 11,042,806
Grant Income (FSS)	$ 69,000	$ 38,682	$ 30,318	78%	$ 69,000
Admin fees (Section 8)	$ 1,601,068	$ 1,871,321	-$ 270,253	-14%	$ 1,601,068
Total Other Income	$ 1,154,697	$ 1,625,001	-$ 470,304	-29%	$ 1,154,697
TOTAL INCOME	$ 13,545,936	$ 14,066,030	$ (520,094)	-4%	$ 13,867,571
Total Administrative Expense	$ 5,659,322	$ 3,972,211	$ 1,687,111	42%	$ 5,829,102
Total Tenant/Social Services	$ 393,067	$ 251,002	$ 142,065	57%	$ 404,859
Total Utilities	$ 1,221,872	$ 756,532	$ 465,340	62%	$ 1,258,528
Total Maintenance	$ 2,871,888	$ 2,549,519	$ 322,369	13%	$ 2,958,044
Total General Expenses	$ 320,555	$ 1,735,874	$ (1,415,319)	-82%	$ 330,172
Total Other Expenses	$ 1,194,298	$ 2,207,674	$ (1,013,376)	-46%	$ 1,230,127
TOTAL EXPENSES	$ 11,661,000	$ 11,472,812	$ 188,188	2%	$ 12,010,830
NET INCOME	$ 1,884,935	$ 2,593,218	$ (708,283)	-27%	$ 1,856,740
Depreciation (paper expense)	$ (1,435,815)	$ (1,305,286)	$ (130,529)	10%	$ (1,507,605)
Operating Income after Depr.	$ 449,121	$ 1,287,932	$ (838,811)	-65%	$ 349,135
GAAP to Cash Adjustments					
Cash Adjustments					
Addback Depreciation	$ 1,435,815	$ 1,305,286	$ 130,529	10%	$ 1,507,606
Subtotal	$ 1,884,935	$ 2,593,218	$ (708,283)	-27%	$ 1,856,740
Debt Services/Reserve Adjustments					
Subtract Mortgage Principal Payments	$ (929,275)	$ (875,485)	$ (53,790)	-6%	$ (957,153)
Subtract Replacement Reserve	$ (154,897)	$ (142,976)	$ (11,921)	-8%	$ (159,544)
Subtract Equipment Reserve	$ (9,610)	$ (9,000)	$ (610)	-7%	$ (9,898)
Total Debt Services/ Reserve Adjustments	$ (1,093,782)	$ (1,027,461)	$ (66,321)	-6%	$ (1,126,595)
Adjusted Net Cash/Operations	$ 791,153	$ 1,565,757	$ (774,604)	-49%	$ 730,144
Capital Improvements					
Capital Improvement Projects	$ (3,771,718)	$ (4,909,772)	$ 1,138,054	23%	$ (831,743)
Net Cash Adjustments	$ (2,980,565)	$ (3,344,015)	$ 363,450	11%	$ (101,599)

Housing Authority of the City of Alameda

Attachment B: Housing Assistance Payments (HAP) Pass-through Budget

	HCV/ Section 8	Shelter Plus	Bessie Coleman SRO	Total	Revised FY 15-16 Budget	Increase/(Decrease)	% at +/-
HUD Subsidy Received	$ 24,021,952	$ 299,256	$ 206,664	$ 24,527,872			
HAP Projected increase due to Payment Standard	$ 3,330,377			$ 3,330,377			
Total HUD Subsidy	$ 27,352,329	$ 299,256	$ 206,664	$ 27,858,249	24,048,627	$ 3,809,622	15.8%
HAP Payments to Landlords							
HAP Payments to Landlords	$ 27,352,329	$ 299,256	$ 206,664	$ 27,858,249	24,048,627	$ 3,809,622	15.8%
Total Expenses	$ 27,352,329	$ 299,256	$ 206,664	$ 27,858,249	24,048,627	$ 3,809,622	15.8%
Operating Income/Loss	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CY 2016 HCV Renewal Funding	$ 25,688,987						
Estimated Utilization of HUD Reserve	$ 1,663,342						

Note:

1.Subsidy: $1,317.86 * 1,519 units * 12 months = $24,021,952

2. Shelter Plus: $24,938 per month * 12 = $299,256.
   The HUD Awarded Subsidy is $352,600.

3. SRO: $17,222 per month *12 = $206,664

4. FY 2017-18: Assumes funding at the same level as FY 2016-17.

Housing Authority of the City of Alameda

Attachment C: Detailed 2016-17 Operating Budget and Rent Programs Budget

	Schedule A	Schedule B	Schedule C	Schedule D	Schedule E/F					Schedule G	
	Parrot & Eagle (92 units)	AHA Owned (294 units)	Independence Plaza (186 units)	HCV/Section 8 Operations (no HAP)	Total HCD/CDBG/Suc Agency/DEV/Other Properties	Total FY16-17 Budget	Total FY 15-16 Budget	Increase/ (Decrease)	% at +/-	Rent Program 6 Month Budget (Previously approved)	Total FY17-18 Budget
RENTAL INCOME											
Tenant Rent Received	$ 581,736	$ 1,503,684	$ 1,582,081	$ -		$ 3,667,501	$ 3,398,808	$ 268,693	7.9%		$ 3,777,526
HAP Subsidy Received	$ 1,830,034	$ 4,537,685		$ -		$ 6,367,720	$ 5,895,828	$ 471,892	8.0%		$ 6,558,751
City Subsidy Received			$ 1,500,633	$ -		$ 1,500,633	$ 1,500,633	$ -	0.0%		$ 1,545,652
Gross Potential Rent	$ 2,411,770	$ 6,041,369	$ 3,082,714	$ -		$ 11,535,854	$ 10,795,269	$ 740,585	6.9%		$ 11,881,929
Vacancy Loss (5%)	$ (120,589)	$ (302,068)	$ (154,136)	$ -		$ (576,793)	$ (232,956)	$ (343,837)	147.6%		$ (594,096)
Rent Free Unit	$ (31,668)	$ (68,148)	$ (22,716)			$ (122,532)	$ -	$ (122,532)			$ (126,208)
Write Off (1%)	$ (24,118)	$ (60,414)	$ (30,827)			$ (115,359)	$ (31,287)	$ (84,072)	268.7%		$ (118,819)
Write Off Recovery	$ -		$ -			$ -					
Net Rental Income	$ 2,235,396	$ 5,610,739	$ 2,875,035	$ -		$ 10,721,171	$ 10,531,026	$ 190,145	1.8%		$ 11,042,806
GRANT INCOME (FSS)				$ 69,000		$ 69,000	$ 38,682	$ 30,318	78.4%		$ 69,000
ADMINISTRATIVE FEES (Section 8)				$ 1,601,068		$ 1,601,068	$ 1,871,321	$ (270,253)	-14.4%		$ 1,601,068
OTHER INCOME											
Maintenance Charge, Late Fee	$ 2,300	$ 7,350	$ 4,650		$ -	$ 14,300	$ -	$ 14,300	100.0%		$ 14,300
Laundry Commission		$ 14,379	$ 16,293		$ -	$ 30,672	$ -	$ 30,672	100.0%		$ 30,672
Commercial Rents		$ 27,911			$ -	$ 27,911	$ -	$ 27,911	100.0%		$ 27,911
Office Rental Income				$ -	$ -	$ -	$ -	$ -	100.0%	$ -	$ -
Land Lease Rent					$ 9,405	$ 9,405	$ -	$ 9,405	100.0%		$ 9,405
Developer Fee					$ -	$ -	$ -	$ -	100.0%		$ -
Professional Service				$ -	$ 988,101	$ 988,101	$ -	$ 988,101	100.0%	$ 527,859	$ 988,101
FY 15-16 Other Income						$ -	$ 1,554,001	$ (1,554,001)	-100.0%		$ -
Interest Income	$ 12,558	$ 59,137	$ 2,739	$ 491	$ 9,383	$ 84,308	$ 71,000	$ 13,308	18.7%		$ 84,308
Total Other Income	$ 14,858	$ 108,777	$ 23,682	$ 491	$ 1,006,889	$ 1,154,697	$ 1,625,001	$ (470,304)	-28.9%	$ 527,859	$ 1,154,697
TOTAL INCOME	$ 2,250,254	$ 5,719,516	$ 2,898,717	$ 1,670,559	$ 1,006,889	$ 13,545,936	$ 14,066,030	$ (520,094)	-3.7%	$ 527,859	$ 13,867,571
Administrative											
Administrative Salaries	$ 224,176	$ 717,770	$ 216,573	$ 1,246,697	$ 669,516	$ 3,074,733	$ 3,046,693	$ 28,040	0.9%	$ 278,944	$ 3,166,975
Employee Benefits		$ -									

Housing Authority of the City of Alameda
Attachment C: Detailed 2016-17 Operating Budget and Rent Programs Budget

	Schedule A	Schedule B	Schedule C	Schedule D	Schedule E/F					Schedule G	
	Parrot & Eagle (92 units)	AHA Owned (294 units)	Independence Plaza (186 units)	HCV/Section 8 Operations (no HAP)	Total HCD/CDBG/Suc Agency/DEV/Other Properties	Total FY16-17 Budget	Total FY 15-16 Budget	Increase/ (Decrease)	% at +/-	Rent Program 6 Month Budget (Previously approved)	Total FY17-18 Budget
Employee Benefits - PERS/PARS	$ 19,862	$ 63,568	$ 19,187	$ 104,777	$ 61,315	$ 268,709	$ -	$ 268,709	100.0%	$ 21,509	$ 276,770
Employee Benefits - FICA- Med C	$ 3,316	$ 10,620	$ 3,204	$ 17,528	$ 9,573	$ 44,242	$ -	$ 44,242	100.0%	$ 20,427	$ 45,569
Employee Benefits - SUI	$ 774	$ 2,464	$ 747	$ 4,010	$ 1,692	$ 9,687	$ -	$ 9,687	100.0%	$ 19,069	$ 9,978
Employee Benefits - Medical/Dental	$ 65,228	$ 208,977	$ 63,022	$ 345,253	$ 138,489	$ 820,968	$ -	$ 820,968	100.0%	$ 17,135	$ 845,598
Employee Benefits Contributions - Life/LTD	$ 1,519	$ 4,862	$ 1,468	$ 8,016	$ 4,191	$ 20,056	$ -	$ 20,056	100.0%	$ 16,916	$ 20,657
Worker's Compensation	$ 1,994	$ 6,380	$ 1,926	$ 10,515	$ 6,181	$ 26,996	$ -	$ 26,996	100.0%	$ 16,916	$ 27,806
Total Employee Benefits Contributions	$ 92,693	$ 296,872	$ 89,554	$ 490,098	$ 221,441	$ 1,190,658	$ -	$ 1,190,658	100.0%	$ 111,972	$ 1,226,377
Total Admin Staff Salaries & Benefits	$ 316,869	$ 1,014,642	$ 306,127	$ 1,736,795	$ 890,957	$ 4,265,390	$ 3,046,693	$ 1,218,697	40.0%	$ 390,916	$ 4,393,352
Temporary Labor/Agency/Consultant	$ 7,504	$ 24,223	$ 7,259	$ 40,698	$ 111,876	$ 191,560	$ -	$ 191,560	100.0%	$ 17,000	$ 197,307
Legal Expense	$ 12,039	$ 38,864	$ 11,646	$ 65,296	$ 19,510	$ 147,354	$ 75,701	$ 71,653	94.7%		$ 151,775
Training Conferences and Travel	$ 7,495	$ 24,195	$ 7,250	$ 40,650	$ 17,188	$ 96,777	$ 79,883	$ 16,894	21.1%	$ 2,250	$ 99,680
Auditing Fees	$ 6,499	$ 18,551	$ 7,996	$ 6,341	$ 5,000	$ 44,387	$ 35,806	$ 8,581	24.0%	$ 1,250	$ 45,719
Office Supplies/Equipment	$ 4,892	$ 15,424	$ 6,489	$ 27,732	$ 6,500	$ 61,036	$ 56,256	$ 4,780	8.5%	$ 9,480	$ 62,868
Notices and Publications	$ 1,799	$ 2,079	$ 183	$ 1,300	$ 10,800	$ 16,160	$ 4,597	$ 11,563	251.5%	$ -	$ 16,645
Administrative Services	$ 12,408	$ 33,338	$ 8,683	$ 39,047	$ 191,337	$ 284,814	$ -	$ 284,814	100.0%	$ 5,000	$ 293,358
Application Service Provider (Yardi)	$ 13,929	$ 44,966	$ 13,475	$ 75,549	$ 3,482	$ 151,400	$ -	$ 151,400	100.0%	$ -	$ 155,942
Telephone	$ 4,099	$ 14,411	$ 10,601	$ 10,900	$ -	$ 40,011	$ 33,952	$ 6,059	17.8%	$ 1,617	$ 41,211
IT/ Computer/Telephone Maintenance	$ 8,056	$ 26,005	$ 7,793	$ 43,692	$ 27,054	$ 112,600	$ -	$ 112,600	100.0%	$ 9,950	$ 115,978
Web Hosting/Maintenance	$ 2,423	$ 7,411	$ 3,427	$ 10,371	$ -	$ 23,631	$ -	$ 23,631	100.0%	$ 12,500	$ 24,340
Recruitment/ HR Services	$ 3,680	$ 11,880	$ 3,560	$ 19,960	$ 920	$ 40,000	$ -	$ 40,000	100.0%	$ 3,000	$ 41,200
Housing Inspection Services (HQS)	$ 1,260	$ 3,815	$ 6,510	$ 39,723	$ -	$ 51,308	$ -	$ 51,308	100.0%		$ 52,847
Office Machine Maintenance	$ 1,599	$ 4,917	$ 2,164	$ 6,671	$ -	$ 15,351	$ -	$ 15,351	100.0%		$ 15,811
Condo Dues		$ 28,400	$ -		$ -	$ 28,400	$ 28,400	$ -	0.0%		$ 29,252
Misc- including Office Rent		$ -			$ 8,500	$ 8,500	$ -	$ 8,500	100.0%	$ 8,470	$ 8,755
Professional Services (other)		$ -			$ -	$ -	$ -	$ -		$ 47,500	$ -
FY 15-16 General Admin Expenses							$ 610,923	$ (610,923)	-100.0%		$ -
Sundry - Postages	$ 2,401	$ 7,436	$ 10,601	$ 12,828	$ -	$ 33,267	$ -	$ 33,267	100.0%	$ 20,000	$ 34,265
Sundry - Payroll Charges	$ 945	$ 2,597	$ 1,385	$ 2,231	$ -	$ 7,159	$ -	$ 7,159	100.0%		$ 7,373
Sundry - Dues & Subscription/Membership Du	$ 744	$ 2,402	$ 720	$ 4,036	$ 186	$ 8,089	$ -	$ 8,089	100.0%		$ 8,332
Sundry - Bank Charges.	$ 3,440	$ 10,360	$ 4,061	$ 13,808	$ 460	$ 32,129	$ -	$ 32,129	100.0%		$ 33,093
Total Admin Non-Personnel Expenses	$ 95,209	$ 321,274	$ 113,803	$ 460,833	$ 402,812	$ 1,393,932	$ 925,518	$ 468,414	50.6%	$ 138,017	$ 1,435,749
Total Administrative Expense	$ 412,078	$ 1,335,916	$ 419,930	$ 2,197,628	$ 1,293,770	$ 5,659,322	$ 3,972,211	$ 1,687,111	42.5%	$ 528,933	$ 5,829,102

Housing Authority of the City of Alameda
Attachment C: Detailed 2016-17 Operating Budget and Rent Programs Budget

	Schedule A	Schedule B	Schedule C	Schedule D	Schedule E/F					Schedule G	
	Parrot & Eagle (92 units)	AHA Owned (294 units)	Independence Plaza (186 units)	HCV/Section 8 Operations (no HAP)	Total HCD/CDBG/Suc Agency/DEV/Other Properties	Total FY16-17 Budget	Total FY 15-16 Budget	Increase/ (Decrease)	% at +/-	Rent Program 6 Month Budget (Previously approved)	Total FY17-18 Budget
Tenant/Social Services											
Tenant Services - Salaries	$ 24,798	$ 73,190	$ 29,508		$ -	$ 127,495	$ 95,902	$ 31,593	32.9%		$ 131,320
Tenant Services - Employee Benefits	$ 13,096	$ 40,698	$ 14,330		$ -	$ 68,124	$ -	$ 68,124	100.0%		$ 70,168
Tenant Services - Activities	$ 26,539	$ 84,810	$ 53,655	$ 3,333	$ -	$ 168,338	$ 155,100	$ 13,238	8.5%		$ 173,388
Relocation Cost		$ 29,109			$ -	$ 29,109	$ -	$ 29,109	100.0%		$ 29,983
Total Tenant/Social Sevices	$ 64,433	$ 227,807	$ 97,493	$ 3,333	$ -	$ 393,067	$ 251,002	$ 142,065	56.6%	$ -	$ 404,859
Utilities											
Water	$ 57,621	$ 128,794	$ 56,330	$ 1,321	$ -	$ 244,067	$ -	$ 244,067	100.0%		$ 251,389
Sewer	$ 58,736	$ 164,889	$ 86,916	$ 443	$ -	$ 310,983	$ -	$ 310,983	100.0%		$ 320,313
FY 15-16 Water/Sewer						$ -	$ 532,470	$ (532,470)	-100.0%		$ -
Electricity	$ 15,758	$ 60,440	$ 47,410	$ 9,705	$ -	$ 133,313	$ 149,004	$ (15,691)	-10.5%		$ 137,312
Gas	$ 302	$ 31,557	$ 21,023	$ 568	$ -	$ 53,450	$ 75,058	$ (21,608)	-28.8%		$ 55,053
Garbage	$ 123,961	$ 264,472	$ 89,326	$ 2,300	$ -	$ 480,059	$ -	$ 480,059	100.0%		$ 494,461
Total Utilities	$ 256,377	$ 650,151	$ 301,005	$ 14,337	$ -	$ 1,221,872	$ 756,532	$ 465,340	61.5%	$ -	$ 1,258,528
Facilities/ Maintenance											
Maintenance - Salaries	$ 164,103	$ 458,447	$ 245,720		$ -	$ 868,270	$ -	$ 868,270	100.0%		$ 894,318
Facilities - Salaries	$ 53,165	$ 157,232	$ 71,829		$ 566	$ 282,791	$ -	$ 282,791	100.0%		$ 291,275
Total Maintenance/Facilities Salaries	$ 217,268	$ 615,678	$ 317,549	$ -	$ 566	$ 1,151,061	$ 1,114,470	$ 36,591	3.3%		$ 1,185,593
Employee Benefits											
Employee Benefits - PERS/PARS	$ 18,648	$ 52,095	$ 27,922		$ -	$ 98,665	$ -	$ 98,665	100.0%		$ 101,625
Employee Benefits - FICA	$ 3,154	$ 8,812	$ 4,723		$ -	$ 16,690	$ -	$ 16,690	100.0%		$ 17,191
Employee Benefits - SUI	$ 741	$ 2,069	$ 1,109		$ -	$ 3,918	$ -	$ 3,918	100.0%		$ 4,035
Employee Benefits - Medical/Dental	$ 67,119	$ 187,508	$ 100,502		$ -	$ 355,129	$ -	$ 355,129	100.0%		$ 365,783
Employee Benefits Contributions - Life/LTD	$ 1,574	$ 4,398	$ 2,357		$ -	$ 8,329	$ -	$ 8,329	100.0%		$ 8,578
Worker's Compensation	$ 8,047	$ 22,480	$ 12,049		$ -	$ 42,575	$ -	$ 42,575	100.0%		$ 43,852
Total Employee Benefits Contributions	$ 99,283	$ 277,361	$ 148,662	$ -	$ -	$ 525,305	$ -	$ 525,305	100.0%	$ -	$ 541,064
Total Facilities Staff Salaries & Benefits	$ 316,551	$ 893,040	$ 466,211	$ -	$ 566	$ 1,676,366	$ 1,114,470	$ 561,896	50.4%		$ 1,726,657

Housing Authority of the City of Alameda
Attachment C: Detailed 2016-17 Operating Budget and Rent Programs Budget

	Schedule A	Schedule B	Schedule C	Schedule D	Schedule E/F					Schedule G	
	Parrot & Eagle (92 units)	AHA Owned (294 units)	Independence Plaza (186 units)	HCV/Section 8 Operations (no HAP)	Total HCD/CDBG/Suc Agency/DEV/Other Properties	Total FY16-17 Budget	Total FY 15-16 Budget	Increase/ (Decrease)	% at +/-	Rent Program 6 Month Budget (Previously approved)	Total FY17-18 Budget
Maintenance Materials	$ 50,493	$ 129,640	$ 55,978	$ 3,414	$ -	$ 239,526	$ 219,597	$ 19,929	9.1%		$ 246,712
Maintenance Contracts											
Maintenance Contracts - Unit Turnaround	$ 59,797	$ 206,755	$ 24,317			$ 290,869	$ -	$ 290,869	100.0%		$ 299,595
Maintenance Contracts - Cycle Painting	$ 15,400	$ 11,661	$ 4,400			$ 31,461	$ -	$ 31,461	100.0%		$ 32,404
Maintenance Contracts - Floor Covering	$ 25,310	$ 40,369	$ 3,234	$ 375		$ 69,288	$ -	$ 69,288	100.0%		$ 71,367
Maintenance Contracts - Services	$ 35,920	$ 96,928	$ 7,628	$ 2,372		$ 142,847	$ -	$ 142,847	100.0%		$ 147,133
Maintenance Contracts - Painting	$ 3,659	$ 10,189	$ 3,511	$ 5,996		$ 23,355	$ -	$ 23,355	100.0%		$ 24,056
Maintenance Contracts - Plumbing	$ 10,009	$ 33,939	$ 10,193	$ -		$ 54,141	$ -	$ 54,141	100.0%		$ 55,765
Maintenance Contracts - Landscape, Pool, Pon	$ 32,210	$ 79,534	$ 21,146	$ 210		$ 133,100	$ -	$ 133,100	100.0%		$ 137,093
Maintenance Contracts - HVAC Maintenar	$ 700	$ 15,032	$ 983	$ 2,398		$ 19,112	$ -	$ 19,112	100.0%		$ 19,685
Maintenance Contracts - Elevator	$ 198	$ 20,284	$ 15,437	$ 469		$ 36,388	$ -	$ 36,388	100.0%		$ 37,480
Maintenance Contracts - Extermination	$ 8,103	$ 22,402	$ 17,616	$ 21		$ 48,142	$ -	$ 48,142	100.0%		$ 49,586
Maintenance Contracts - Electrical Mainte	$ 318	$ 13,153		$ -		$ 13,471	$ -	$ 13,471	100.0%		$ 13,875
Maintenance Contracts - Security and Nurse C	$ 1,223	$ 15,186	$ 8,515	$ 5,023		$ 29,948	$ -	$ 29,948	100.0%		$ 30,846
Maintenance Contracts - Gutter Cleaning	$ 1,684	$ 5,954	$ 2,840	$ -		$ 10,478	$ -	$ 10,478	100.0%		$ 10,792
Maintenance Contracts - Flooring Replmt/	$ 1,085	$ 2,640	$ 4,195	$ -		$ 7,920	$ -	$ 7,920	100.0%		$ 8,158
Maintenance Contracts - Other	$ 1,536	$ 3,326	$ 1,634	$ -		$ 6,496	$ -	$ 6,496	100.0%		$ 6,691
FY 15-16 Maint Contract Costs						$ -	$ 1,215,452	$ (1,215,452)	-100.0%		$ -
Maintenance Contracts - Vehicle Mainten	$ 934	$ 2,696	$ 1,272	$ 305		$ 5,207	$ -	$ 5,207	100.0%		$ 5,363
Maintenance Contracts - Janitorial	$ 2,942	$ 17,008	$ 7,627	$ 6,195		$ 33,772	$ -	$ 33,772	100.0%		$ 34,786
Total Maintenance Contract Cost	$ 201,030	$ 597,054	$ 134,547	$ 23,364	$ -	$ 955,995	$ 1,215,452	$ (259,457)	-21.3%	$ -	$ 984,675
Total Maintenance	**$ 568,074**	**$ 1,619,734**	**$ 656,737**	**$ 26,778**	**$ 566**	**$ 2,871,888**	**$ 2,549,519**	**$ 322,369**	**12.6%**	**$ -**	**$ 2,958,044**
General Expenses											
Police Services	$ 27,300	$ 94,920	$ 36,750	$ 51,030		$ 210,000	$ 210,000	$ -	0.0%		$ 216,300
FY 15-16 Employee Benefit						$ -	$ 1,421,015	$ (1,421,015)	-100.0%		$ -
FY 15-16 Insurance						$ -	$ 104,859	$ (104,859)	-100.0%		$ -
Insurance - Liability	$ 4,874	$ 15,575	$ 9,854	$ -		$ 30,303	$ -	$ 30,303	100.0%		$ 31,212
Insurance - Property	$ 20,017	$ 30,841	$ 19,512	$ -		$ 70,370	$ -	$ 70,370	100.0%		$ 72,481
Insurance - Vehicle	$ 1,589	$ 5,079	$ 3,213	$ -		$ 9,882	$ -	$ 9,882	100.0%		$ 10,179
Total General Expenses	$ 53,780	$ 146,416	$ 69,329	$ 51,030	$ -	$ 320,555	$ 1,735,874	$ (1,415,319)	-81.5%	$ -	$ 330,172
Other Expenses											

Housing Authority of the City of Alameda
Attachment C: Detailed 2016-17 Operating Budget and Rent Programs Budget

	Schedule A	Schedule B	Schedule C	Schedule D	Schedule E/F					Schedule G	
	Parrot & Eagle (92 units)	AHA Owned (294 units)	Independence Plaza (186 units)	HCV/Section 8 Operations (no HAP)	Total HCD/CDBG/Suc Agency/DEV/Other Properties	Total FY16-17 Budget	Total FY 15-16 Budget	Increase/ (Decrease)	% at +/-	Rent Program 6 Month Budget (Previously approved)	Total FY17-18 Budget
Mortgage Interest/Fees	$ 68,756	$ 790,436	$ 235,106	$ -		$ 1,094,298	$ 1,115,380	$ (21,082)	-1.9%		$ 1,127,127
FY 15-16 Extraordinary Maintenance						$ -	$ 924,294	$ (924,294)	-100.0%		$ -
Pre-Development Costs					$ 100,000	$ 100,000	$ 168,000	$ (68,000)	-40.5%		$ 103,000
Total Other Expenses	$ 68,756	$ 790,436	$ 235,106	$ -	$ 100,000	$ 1,194,298	$ 2,207,674	$ (1,013,376)	-45.9%	$ -	$ 1,230,127
TOTAL EXPENSES	**$ 1,423,499**	**$ 4,770,460**	**$ 1,779,600**	**$ 2,293,107**	**$ 1,394,336**	**$ 11,661,000**	**$ 11,472,812**	$ 188,188	1.6%	**$ 528,933**	**$ 12,010,830**
Net Income	**$ 826,756**	**$ 949,056**	**$ 1,119,118**	**$ (622,548)**	**$ (387,447)**	**$ 1,884,935**	**$ 2,593,218**	$ (708,283)	-27.3%	**$ (1,075)**	**$ 1,856,740**
Salary Expenses	$ 466,241	$ 1,406,638	$ 563,630	$ 1,246,697	$ 670,082	$ 4,353,289	$ 4,257,065	$ 96,224	2.3%	$ 278,944	$ 4,483,888
Benefit Expenses	$ 205,072	$ 614,931	$ 252,545	$ 490,098	$ 221,441	$ 1,784,087	$ 1,421,015	$ 363,072	25.6%	$ 111,972	$ 1,837,609
Total Personnel Expenses	$ 671,314	$ 2,021,570	$ 816,175	$ 1,736,795	$ 891,523	$ 6,137,376	$ 5,678,080	$ 459,296	8.1%	$ 390,916	$ 6,321,497
Total Non-Personnel Expenses	$ 752,185	$ 2,748,891	$ 963,425	$ 556,312	$ 502,812	$ 5,523,625	$ 5,794,732	$ (271,107)	-4.7%	$ 138,017	$ 5,689,333
Total Expenses	$ 1,423,499	$ 4,770,460	$ 1,779,600	$ 2,293,107	$ 1,394,336	$ 11,661,000	$ 11,472,812	$ 188,188	1.6%	$ 528,933	$ 12,010,830

Housing Authority of the City of Alameda
Attachment D: FY 16-18 Capital Improvement Project (CIP) Budget

May 2016

Code	Project No	Project Description	Prior Approved CIP for FY 2016	CNA Identified	Combined Amount	Proposed Budget Year
GF	GF-C1-13	Maintenance vans (1)	30,000		30,000	2017
GF	GF-C4-16	ADA Automatic Door Openers (Main Office/1 each)	5,000		5,000	2017
GF	GF-C5-16	Replace flat roof with vinyl type	15,000		15,000	2017
GF	GF-C6-17	Main Office reconfiguration-second floor	75,000		75,000	2017
ABD	ABD-C1-13	Convert (4) units to Section 504	505,000		505,000	2017
ABD	ABD-C4-16	ADA Automatic Door Openers	5,000		5,000	2017
ABD	CNA-2 Yr	roof-replace 100 SQ		120,000	120,000	2017
CC	CC-C4-16	ADA Automatic Door Openers	5,000		5,000	2017
CC	CC-C1-16	Replace unit entry doors	48,000		48,000	2018
CC	CC-C3-16	Replace cabinetry & cabinets in all units (kitchen & bath)	250,000		250,000	2018
CC	CNA-2 Yr	exterior concrete treads cracked-320 SF		14,125	14,125	2017
CC	CNA-2 Yr	replace 104 interior doors		39,104	39,104	2018
CC	PNA	Replace electrical sub-panels in 26 units		50,590	50,590	2017
ESP	ESP-E1-15	Clean out heater vents	40,000		40,000	2017
ESP	ESP-E1-16	Replace gate valves	5,500		5,500	2017
ESP	ESP-C1-16	Replace breaker panels	453,900		453,900	2017
ESP	ESP-C2-16	Landscaping	250,000		250,000	2017
ESP	CNA-2 Yr	replace 460 LF metal guardrail		73,278	73,278	2018
ESP	CNA-2 Yr	replace 198 gas wall furnace		237,996	237,996	2017
ESP	CNA-2 Yr	replace 198 bath exhaust fans (Humidistat)		89,100	89,100	2017
EV	CNA-2 Yr	install GFCI outlets (kitchen/bathroom)-99 each		13,365	13,365	2017
EV	CNA-2 Yr	replace 126 closet doors		38,657	38,657	2018
EV	CNA-2 Yr	replace 168 interior doors		63,168	63,168	2018
EV	CNA-2 Yr	replace 42 gas fired furnaces		102,984	102,984	2018
EV	CNA-2 Yr	replace 57 bath exhaust fans (Humidistat)		25,650	25,650	2018
EV	CNA-2 Yr	replace 57 bath vanity, sink, countertop		46,070	46,070	2018
IP	IP-C2-15	Replace fire alarm panel & A/C condensing unit	28,500		28,500	2017
IP	IP-C2-16	Replace electric wall board heaters and flooring	789,000		789,000	2017
IP	IP-C4-16	ADA Automatic Door Openers	30,000		30,000	2017
IP	IP-E2-16	Common area misc. safety items	61,132		61,132	2018
IP	CNA-2 Yr	replace 186 bath exhaust fans (Humidistat)		83,700	83,700	2018
LW	LW-C1-16	Misc Repairs and Rehab	75,000		75,000	2017
PV	PV-C3-15	Replace angle stops in kitchens, bathroom, etc.	25,000		25,000	2017
PV	CNA-2 Yr	replace 91 gas wall heaters		207,248	207,248	2017
RV	RV-C1-16	Temporary repair-secure prior to major work	550,000		550,000	2017
SHM	SH-C1-16	replace electrical conduit to sump pump	26,400		26,400	2017
SHM	CNA-2 Yr	replace roof covering membrane 5,000 SF		85,000	85,000	2017
SHM	CNA-2 Yr	replace 18 gas wall heaters		40,994	40,994	2017
			3,272,432	**1,331,029**	**4,603,461**	

2016-17	$ 3,771,718
2017-18	$ 831,743
Total	$ 4,603,461

Housing Authority of the City of Alameda
Schedule of Authorized Positions
July 1, 2016

Department/Position Title		Approved FTE 2016	Proposed FTE 2017
Administration and Managed Housing Department			
Executive Director		1.00	1.00
Deputy Executive Director		0.00	0.00
Director of HR and Operations		1.00	1.00
Executive Assistant		1.00	1.00
Senior Management Analyst		1.00	1.00
Management Analyst		1.00	1.00
Senior Property Manager		1.00	1.00
Housing Specialist I		2.00	2.00
	Sub-total	8.00	8.00
Finance Department			
Director of Finance		1.00	1.00
Accounting Officer		1.00	1.00
Senior Accounting Technician		1.00	1.00
Accounting Technician		1.00	1.00
	Sub-total	4.00	4.00
Housing Programs Department			
Director of Housing Programs		1.00	1.00
Housing Programs Supervisor		1.00	2.00
Housing Programs Supervisor/FSS Coordinator		1.00	0.00
Housing Specialist III		1.00	1.00
Housing Specialist I & II	(See note B)	8.00	7.00
Housing Assistant		5.00	5.00
	Sub-total	17.00	16.00
Facilities and Maintenance Department			
Director of Facilities/Director of Property Management		1.00	1.00
Facilities Project Specialist	(See Note G)	1.00	0.00
Maintenance Supervisor		1.00	1.00
Lead Maintenance Technician	(See note E)	1.00	1.00
Maintenance Technician I & II	(See note D)	7.00	7.00
Maintenance Specialist		1.00	1.00
Custodian		1.00	1.00
Resident Manager	(See note A)	4.65	4.65
Assistant Resident Manager	(See note A)	0.75	0.75
Resident Custodian	(See note A)	0.75	0.75
	Sub-total	19.15	18.15
Housing and Community Development Department			
Director of Housing and Community Development		1.00	1.00
Housing and Community Development Program Manager		2.00	2.00
Senior Project Manager		1.00	1.00
Project Manager		1.00	1.00
Asset Manager	(See Note C)	0.00	1.00
Facilities Project Specialist	(See Note G)	0.00	1.00
Program Assistant		1.00	1.00
	Sub-total	6.00	8.00
Rental Programs Department	(See note F)		
Director of Rental and Community Programs		1.00	1.00
Program Manager		1.00	1.00
Analyst		1.00	1.00
Rental and Community Programs Specialist		2.00	2.00
Program Assstant		1.00	1.00
	Sub-total	6.00	6.00
	Total	60.15	60.15

Note A: Resident employees are contracted employees and are required to reside on-site at assigned Housing Authority complexes. Each Resident employee has an individual employment contract. Note that 1 Resident Manager position is being filled on a temporary basis and is budgeted at .25 FTE.

Note B: One HS II position was left unfilled in 2016. This position was eliminated in the 2017 budget.Housing Specialist I and II are combined as a total count to allow flor flexibility in staffing

Note C: This position will not be hired until January 2017

Note D: Maintenance Technician I and II are combined as a total count to allow flor flexibility in staffing

Note E: This position will be vacant by the start of FY 2017. It may be filled at the current level or a lower, ie Tecnician II, level.

Note F: The Rent Programs Department positions are billed to the City of Alameda to support the rent ordinance work; current funding commitments are for 9 months beginning April 2016

Note G: This position shifted from the Facilities and Maintenance Dept to HCD in 2016.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
SCHEDULE OF AUTHORIZED POSITIONS
July 1, 2016

Position Titles	Grade	Monthly Wage Range Beginning	Highest
Custodian	7	$ 3,745	$ 4,552
Housing Assistant	8	$ 3,836	$ 4,663
Accounting Technician	10	$ 4,028	$ 4,896
Program Assistant	12	$ 4,230	$ 5,141
Housing Specialist I	14	$ 4,441	$ 5,398
Maintenance Technician I	14	$ 4,441	$ 5,398
Facilities Project Specialist	14	$ 4,441	$ 5,398
Senior Accounting Technician	15	$ 4,552	$ 5,533
Housing Specialist II	18	$ 4,896	$ 5,952
Rental and Community Programs Specialist	18	$ 4,896	$ 5,952
Maintenance Specialist	19	$ 5,018	$ 6,100
Maintenance Technician II	20	$ 5,141	$ 6,249
Executive Assistant	22	$ 5,398	$ 6,562
Housing Specialist III	24	$ 5,667	$ 6,889
Lead Maintenance Technician	24	$ 5,667	$ 6,889
Senior Property Manager	26	$ 5,952	$ 7,234
Housing Programs Supervisor	26	$ 5,952	$ 7,234
Maintenance Supervisor	26	$ 5,952	$ 7,234
Accounting Officer	28	$ 6,249	$ 7,595
Management Analyst	32	$ 6,889	$ 8,374
Analyst	32	$ 6,889	$ 8,374
Project Manager	33	$ 7,061	$ 8,584
Asset Manager	33	$ 7,061	$ 8,584
Senior Management Analyst	35	$ 7,415	$ 9,012
Housing & Community Devt Program Manager	37	$ 7,785	$ 9,463
Senior Project Manager	37	$ 7,785	$ 9,463
Program Manager	37	$ 7,785	$ 9,463
Director of Housing Programs	43	$ 9,012	$ 10,955
Director of Facilities/Property Management	43	$ 9,012	$ 10,955
Director of Rental and Community Programs	43	$ 9,012	$ 10,955
Director of HR and Operations	47	$ 9,936	$ 12,077
Director of Housing and Community Development	47	$ 9,936	$ 12,077
Director of Finance	50	$ 10,688	$ 12,991
Deputy Executive Director	51	$ 10,955	$ 13,315
Executive Director	N/A	N/A	$ 17,619
Resident Manager	N/A	Hourly Rate	$ 10.30
Assistant Resident Manager	N/A	Hourly Rate	$ 10.30
Resident Custodian	N/A	Hourly Rate	$ 10.30

HOUSING AUTHORITY OF THE CITY OF ALAMEDA

Resolution No. ___

APPROVING AND ADOPTING HOUSING AUTHORITY'S TWO YEAR BUDGET FOR FISCAL YEARS 2016-2018

WHEREAS, the Executive Director has submitted a proposed budget to the Board of Commissioners of the Housing Authority of the City of Alameda; and

WHEREAS, the Housing Authority has sufficient operating reserves to meet the working capital needs of its properties; and

WHEREAS, the proposed budget includes expenditures that are necessary for the efficient and economical operation of the housing for the purpose of serving low-income residents; and

WHEREAS, the proposed budget indicates sources of funds adequate to cover all proposed expenditures; and

WHEREAS, the Housing Authority will comply with all state and federal wage rate requirements and requirements for access to records and audits.

NOW, THEREFORE. BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of the City of Alameda hereby adopts the Housing Authority's Budget for Fiscal Years 2016-18 including approval of:

- Housing Payment Standards (HAP) Budget and related expenditure of HUD-held HAP reserves
- Operating Income and Expenses
- Rent Program Budget for 6 months to December 31, 2016
- Capital Improvement Project (CIP) Budget and related use of property and agency reserves and surplus operating cash in Fiscal Years 2016-18 to cover these expenses
- Revised Schedule of Authorized Positions to be effective July 1, 2016
- Transfer by the Executive Director of up to $622,548 in each budget year, as needed, from AHA property reserves to cover losses in the Section 8 operating budget.

ATTEST:

____
Arthur Kurrasch, Chair

____
Vanessa M. Cooper, Secretary

Housing Authority of the City of Alameda
701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper, Executive Director

Submitted by: Marie Wang, Finance Director

Date: May 18, 2016

RE: Adoption of Capitalization Policy Effective July 1, 2016

BACKGROUND

AHA needs to adopt a capitalization policy to ensure consistent and appropriate financial treatment of capital assets.

DISCUSSION

This policy sets a minimum capitalization amount of $5,000 to be applied to justify the capitalization of property and equipment, with an estimated useful life of more than one year, on the financial statements as fixed assets and consequently maintaining continuing property records. It also sets out the controls and financial records required for capital assets.

AHA's auditors, Cropper Rowe LLP, have reviewed the attached policy, and the policy is line with GAAP and best practices for organizations of a similar business type. If adopted, the policy will be effective July 1, 2016 in line with the start of the new budget year.

RECOMMENDATION

It is recommended that the Board of Commissioners adopt the Capitalization Policy effective July 1, 2016.

Respectfully submitted,

Vanessa Coo

Vanessa M. Cooper
Executive Director

Attachments: Capitalization Policy and Attachments

Housing Authority of the City of Alameda

CAPITALIZATION POLICY

Minimum Capitalization Amount:

It is established through this policy that a minimum capitalization amount of $5,000 shall be applied to justify the capitalization of property and equipment, with an estimated useful life of more than 1 Year, on the financial statements as fixed assets and consequently maintaining continuing property records.

The $5,000 minimum is applicable to per unit cost and/or a system or products made up of complimentary units purchased or acquired together of lesser unit costs, which when combined amounts to $5,000 or more.

Financial Controls:

The determination to capitalize a particular property or equipment as 'non-expendable' for budgetary and financial control purposes shall be based on sound principles of property management and GAAP (Generally Accepted Accounting Principles) after giving full consideration of the following factors:

1) The factors and standards relating to the nature of the expenditure and the characteristics of the property unit that shall consider criteria that include:

- Retention of identity when put into use.
- Relatively long services, usually more than one year.
- Repeated use, rather than one-time use and no need for frequent replacement.
- Sufficient value to justify maintaining continuing monetary property records.

2) Succinctly stated, the basic control criteria shall be established to assure classification and disclosure on financial statements of the following assertions:

- property existence
- valuation
- financial presentation

3) Financial planning purposes for the purchase of new equipment or replacements.

- A source of information is provided for insurance coverage and claims.

- A valid basis is provided for the comparison of physical inventories with the records.
- An effective basis is provided for custodial accountability.

Accordingly, as a minimum, property and equipment capitalized shall provide a broad classification for the financial statements presentation as per Attachment 1:

The ranges and the refrigerators (other appliances) generally do not meet the minimum threshold of $5,000 and thus would not be capitalized. However, as required by Financial Control the ranges and the refrigerators would be separately tracked by means of memorandum subsidiary book log entries and annually, at fiscal year-end, reconciled to the physical count. (See attachment 2 for further clarification)

Capitalized Assets Record Keeping and Annual Physical Verification:

All capitalized property and Equipment will be recorded in the Capitalized Asset Log/register. With respect to each asset in each of the classifications, will include the following information;

a. Description/Name/title of the asset - mode/serial number, other id.

b. Inventory/Stock control number.

c. Date of acquisition

d. Cost or FMV

e. Depreciation method

f. Estimated useful life

g. If applicable: Funding source – Federal/Grant- its restriction/share of cost/vesting of title.

h. Other information – insurance purposes, limitation and restriction, etc.

Each of the above necessary information shall be cross referenced to supporting documents, (invoices, appraisals, funding source etc.) that are maintained in the permanent Capitalized Asset Binder/Folder. The register should be updated as needed, for every purchase, disposal (sold, donated, scrapped etc.), stolen assets, depreciation, etc., and appropriately required calculations made for the depreciation and gain or loss. In addition, updates must be accounted for in the general ledger and reconciled.

Each year, at the end of the fiscal year, a physical count of the inventory is to be undertaken of all the capitalized property and equipment based on the procedures on Attachment 2.

All the required and necessary documents, register and other records reconciled as applicable must be readily available for the annual independent audit and periodic asset management reviews.

Impairment of Investment in Real Estate:

Annually, a consideration must be made for the impact of impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be fully recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate (normally building and site improvements) to the future net undiscounted cash flow expected to be generated by the rental property, including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. Such impairment amount will be reviewed by the AHA Facilities and Finance Department and approved by the Director of Facilities and Finance, and authorized by the Board of Commissioners.

Donated or Contributed Assets:

Donated or Contributed Assets with an appropriate determined fair market values of $5,000 or more, as in accordance with all the criteria of this capitalization policy, shall be capitalized as fixed assets on the financial statements. Fair Market values will be determined by the Finance Department through an appraisal or other objective research with due consideration of the condition, usefulness and other relevant applicable criteria as applicable.

Repairs to Capitalized Property and Equipment:

Costs of repairs to capitalized property and equipment are normally expensed as they are generally believed not to enhance the value or extend the useful life of a capitalized asset.

However, if the repairs are extensive, then further consideration must be made if overall it represents a complete or significant replacement of the asset and if it is likely to extend the life and value of the asset. If so, then the asset replaced (roof, sidings, etc.) may require appropriate financial and accounting entries to recognize the loss by removing the replaced asset's original cost and accumulated depreciation and recognize the loss. In its place, the new replacement's capitalize cost needs to be capitalized and depreciated over its new useful life.

At times, the original cost of a section of a building, which is being replaced is not identifiable in the overall original building cost; therefore, it is not determinable. In such circumstances, it is recommended that the area's Construction CPI be used to discount the new replacement cost to determine an estimate of what its original cost would have been when the item (section) was first capitalized. The index to reference can be located at the following website:

http://enr.construction.com/economics/ or for subscription at
http://rsmeans.reedconstructiondata.com/

The present Net Book Value (NBV) of the replaced section can be determined by deducting accumulated depreciation calculated over its life to date from the Estimated Original Cost (calculated as noted in the previous paragraph). The present NBV is then removed from the records by removing from the original building costs the estimated original cost of the section and the determined accumulated depreciation, and is recognized as a loss. Lastly, the new replacement capitalized cost replaces the original capitalized costs of the item (section) replaced and the new replacement capitalized cost will be depreciated over its new useful life.

Replacement Reserves:

If applicable, the Replacement Reserves requirements are normally governed by the partnership agreement that provides the directive on how the reserves need to be used to fund for the replacement of the capital assets. Those requirements are independent and exclusive of this capitalization policy. This policy and its criteria may provide necessary support to apply the reserves for the replacement of the capitalized assets. However, it is important to also consider that assets considered as expendable- assets (appliances etc.) and expensed under this capitalization policy, may qualify for the use of the replacement reserves. Such a determination must be based only on the Replacement Reserves requirements.

Depreciation Method and the Useful life:

All the depreciable assets shall be depreciated over their useful life using the straight-line method. The useful life, for the depreciation purpose only, of each type of fixed assets is as noted below:

- Building * — 27.5 - 40 years
- Land & site improvements (fences, sewer, roads etc.) ** — 10 years
- Dwelling & non Dwelling - Furniture/equipment — 5 years
- Autos/Trucks/other motor vehicles — 5 years
- Computer hardware and software — 3 years

For tax credit development, there are two standard depreciation schedules as follows:

1) 27.5years - residential property; 15 years site work; 5 years personal property, OR
2) 40 years - residential property; 20 years site work; 9 years personal property

* Normally buildings are depreciated over a useful life of forty (40) years for the purpose of GAAP and twenty seven and a half (27.5) years for IRS Tax reporting purposes. However, certain buildings may currently have a useful life on a GAAP depreciation schedule that differs from forty years. However, in those instances this policy does not specifically mandate that the useful life of such buildings be changed to comply with this policy.

** The site improvement acquired before July 1, 2016 are depreciated over 15 year.

In the year of acquisition and disposition the depreciation is based on the full number of months that an asset is in use. Also, one full month depreciation amount will be made irrespective when in the month the depreciating asset was purchased (and/or placed in use) and/or disposed.

If the useful life of the capitalized asset applied is later considered inappropriate and needs to be adjusted, then the change must be approved by the Director of Finance and the Director of Facilities. Additionally, the appropriate accounting corrections need to be made and reflected on the general ledger and the Capitalized Asset Register.

Major Rehabilitation Construction Costs:

Significant construction costs associated with a major rehabilitation of a building that replaces or substantially alters the structure, will need to comply with the best practices and the rules of the Construction Cost Accounting. The costs that need to be capitalized and the original building costs that need to be removed are beyond the scope of this policy.

Policy Official Effective Implementation:

To be effective this policy must be approved by the Board of the Commissioners. This policy also must be updated or renewed, as required, based on the evolving best practices of the Property Management and the Financial Accounting rules or for any other reasons that may be considered appropriate. Such updated or renewed policy must also be approved by the Board of the Commissioners.

Attachments: The following are attachments to this policy.

Attachment 1- Classification of Real and Personal Property.

Attachment 2-Inventory of Capitalized Property and Equipment.

ATTACHMENT 1- CLASSIFICATION OF REAL AND PERSONAL PROPERTY

A. Real Property. Real property is comprised of all land and buildings and all fixtures permanently attached thereto, installed in a fixed position, such as elevators, boilers, all heating equipment, Exception: space heaters not connected to ducts or pipes for the distribution of heat; water, gas, and electric meters; fixed cabinets, shelving, and other built-in facilities, such as, fences, garbage stations, and other similar appurtenances.

B. Personal Property – Personal Property encompasses all materials, supplies, equipment, and fixtures, which are not attached to the land or the buildings and are not installed in a fixed position, such as ranges, water heaters, refrigerators, screens, window shades, movable kitchen cabinets and tables, office equipment, community space equipment, maintenance equipment, individual space heaters not connected to ducts or pipes for the distribution of heat, and playground equipment, benches, etc. not permanently installed in a fixed position.

For accounting purposes, personal property is treated in three general classes of items as follows:

1. Materials and Supplies – normally expensed, these are defined as items of property which,

a. can be used only once, such as fuel, cleaning supplies, etc.;

b. are spent in use, such as brooms, brushes, etc.; or

c. lose their identity or become an integral part of other property when put into use, such as nails, lumber, cement, repair parts, etc.

d. The term "Materials and Supplies" also includes items of small tools and equipment having a useful life of one year or less.

2. Expendable Equipment – normally expensed, these are defined as items of equipment having a useful life of more than one year, the cost of which, when purchased, is not treated as a capital expenditure (e.g. stoves, refrigerators, small tool, calculator).

3. Non-expendable Equipment - defined as items of equipment that has a useful life of more than one year, the cost of which is treated as a capital expenditure and for which financial control is maintained through appropriate control accounts in the general ledger.

Examples are:

a. Office Furniture and fixtures; desks; file cabinets

b. Office Equipment - Copiers; postage machine

c. Information Technology- Computer and communication system equipment (servers)

d. Autos, trucks and vans

e. Non-dwelling equipment

C. Classification of Assets:

In connection with accounting for property, fixed assets are classified into 12 separate accounts:

1. Site Acquisition
2. Site Improvement
3. Dwelling Structures
4. Dwelling Equipment - Non-expendable
5. Dwelling Equipment – Expendable (may be separately tracked but expensed and is not capitalized)
6. Non-dwelling Structures
7. Indirect Development Costs
8. Office Furniture and Equipment
9. Maintenance Equipment
10. Community Space Equipment
11. Automotive Equipment
12. Expendable Equipment – if required to maintain separate inventory, e.g. ranges and other appliances.

ATTACHMENT 2- INVENTORY OF CAPITALIZED PROPERTY AND EQUIPMENT

There shall be an annual physical inventory undertaken, preferably at the fiscal year-end, of all non-expendable items and equipment and the outcome of the physical inventory compared with the inventory records that are reconciled to the general ledger.

The purpose of the physical inventory is to provide the following objectives:

- Financial Reporting. Fulfill current fiscal reporting requirements; establish audit compliance with Generally Accepted Accounting Principles (GAAP).
- Accountability and Control. Meet current requirements for accountability and custodianship. Enhance operational efficiency through identification, control, re-inventory and maintenance of equipment.
- Insurance. Provide basis for current insurable values for replacement and proof of loss.
- Capital Expenditure Planning. Establish a basis for projecting capital asset improvements and replacements to assist the Housing Authority in planning and budgeting processes.

Differences between the amounts shown on the records and the amounts obtained through a physical count arising out of errors, other than theft, destruction, or obsolescence, shall be adjusted by means of inventory adjustment reports approved by the Director of Facilities and the Director of Finance.

Losses from theft destruction or obsolescence shall first be evaluated by the Director of Facilities and will be reported to and approved for write off by the Director of Facilities and the Director of Finance.

Generally, due to the capitalization threshold of $5,000, Ranges and Refrigerators (other appliances) will not be capitalized. However, as required by Financial Control the ranges and the refrigerators would be separately tracked by means memorandum subsidiary book log entries and annually, at fiscal year-end, reconciled to the physical count. Accordingly, a complete listing of ranges and refrigerators inventory should be annually reconciled to the physical count as if they are capitalized fixed assets, and the normal inventory procedures in this attachment will be applicable.

Housing
Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - TEL: (510) 747-4300 - FAX: (510) 522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Prepared by: Tonya Schuler, Senior Management Analyst

Date: May 18, 2016

Re: Amend the Administrative Plan Chapters 3, 6, 7, 9, 11, 15 and the Glossary to implement streamlining options and requirements including changing the verification deadlines for applicant families with newly added children under 6 years of age; updating the definition of extremely low-income families to match HUD's new definition; adding fees and other charges to tuition in the student rule; limiting the Earned Income Disallowance to 12 months at 100% and 12 months at 50%; allowing for reasonable accommodations in the use of payment standard and utility allowances; and implementing the optional streamlining with fixed income sources and assets under $5,000. These revisions also add language suggested by HUD in recently issued guidance for arrest records. Also, it include a streamlining effort by the Housing Authority to not collecting a Request for Tenancy Approval when not required by HUD. Amendment (2016-03)

BACKGROUND

On March 8, 2016, in the Federal Register HUD published the Streamlining Administrative Regulations for Public Housing, Housing Choice Voucher, Multifamily Housing, and Community Planning and Development Programs (Streamlining Rule). This final rule implemented mandatory streamlining, and gave Housing Authorities the option to implement other flexibilities.

DISCUSSION

The Housing Authority is implementing all the required streamlining with revisions to the Administrative Plan, but has selected to only implement a portion of the optional changes.

The Streamlining Rule provides two options for Housing Quality Standards (HQS) that the Housing Authority has decided not to implement. The Streamlining Rule allows Housing Authorities to charge owners for failed re-inspections if the owner has certified the repairs were made or the deadline for repairs has passed. Staff feels that this discourages owners at a time when it is difficult to retain owners. The Streamlining Rule also allows the use of Alternative Inspections (such as HOME or Tax Credit inspections). There are not that many units that would allow for the use of other inspections. It also requires the Housing Authority to obtain the sampling method used to select the units and the universe of units from which the sample was obtained in order to show that units assisted by the Housing Authority were in the possible universe and could possibly have been selected. This seems to add an administrative burden to coordinate with the Agency performing the inspections for very little benefit.

The last optional streamlining rule that the Housing Authority has declined to implement is allowing utility reimbursement checks under $45 to only be issued quarterly. If this is implemented, a hardship process must be included. The Housing Authority decided not to issue paper checks for these payment years ago, so the Housing Authority does not have the problem of uncashed paper check. The Housing Authority places the amount on a bank card. There are no fees associated with the cards given to participants for their utility reimbursement, so this would result in more work for staff due to the processing of the hardship exception process.

The first mandatory rule change allows applicant families to receive housing if they have added children under the age of six within the 6-month period before the issuance of a voucher without providing verification of a Social Security Number (SSN). The family will then have up to 90 days after the date of lease-up to provide the necessary SSN and documentation.

HUD also changed the regulations to match the revised definition for an extremely low-income family. The new definition now takes into account the federal poverty level along with area income levels. HUD issues the income limits, and applies this definition when publishing the limits, so this is a clerical correction to the Administrative Plan.

The streamlining rule also mandated a change to tuition from just tuition to "tuition and required fees and charges" when calculating the portion of financial assistance to be counted in annual income. All financial assistance below the amount paid to tuition and required fees and charges is now not counted as income for some students under the student rule.

The streamlining rule outlines two reasonable accommodations that the Housing Authority can offer. The first, to use the utility allowance for the size of the unit leased if the family is in a unit that exceeds the subsidy standard for the family's size, is mandatory. The second, to approve the use of a payment standard up to 120% of the Fair Market Rents to allow an individual to lease a unit with features meeting the needs of a person with disabilities, allows for streamlining a process that could take a few weeks when waiting on the HUD Field Office to approve the request. This delay has caused participants to loose units in the past because the landlords were not willing to wait for this approval. By implementing the option for the Housing Authority to make this approval without Field Office approval, the housing choice may be expanded for families needing units with special features.

Two additional optional streamlining rules that the Housing Authority has decided to implement relate to fixed income sources and household assets of $5,000 and less. The Housing Authority is electing to only collect verifications of fixed income sources and household assets of $5,000 and less every third year. During the other two years, for fixed income sources, the Housing Authority would obtain a 3rd party verified cost of living adjustment amount and apply this amount to all fixed income sources. For household assets of $5,000 and less, during the other two years, the Housing Authority would obtain a statement, signed by all adult family members, that lists the value of all assets and the income from each of those assets for the family.

On November 2, 2015, HUD published Notice PIH 2015-19 Guidance for Public Housing Agencies and Owners of Federally-Assisted Housing on Excluding the Use of Arrest Records in Housing Decisions. At that time, the Housing Authority reviewed its policies for compliance with the notice. On April 4, 2016, HUD's Office of General Counsel issued additional guidance. In response, HUD issued an FAQ document including the proposed language relating to arrests being added to the Administrative Plan.

One item that was also revised was Chapter 9 to remove the Request for Tenancy Approval (RFTA) requirements when a new lease is signed by the owner and participant. This was not part of the streamlining rule, but it does result in a streamlined process for the department and the forms that were required are not required by HUD unless there is a utility change or a new contract.

FINANCIAL IMPACT

This Amendment to the HCVP Administrative Plan will not have an immediate significant financial impact, but allows for a small savings in administrative functions over a long period.

RECOMMENDATION

We recommend approval of the attached Amendment (2016-03) to the HCVP Administrative Plan.

Respectfully submitted,

Vanessa M. Cooper
Executive Director

VMC/tms

Attachments: AHA Housing Choice Voucher Program Administrative Plan Amendment 2016-03

AHA Housing Choice Voucher Program Administrative Plan Amendment: 2016-03

Program: Housing Choice Voucher Program (HCVP)

Effective Date: May 19, 2016

Purpose: This amendment to the Administrative Plan of the Housing Authority of the City of Alameda (AHA) Section 8 Administrative Plan revises Chapters 3, 6, 7, 9, 15 and the Glossary to implement streamlining options and requirements including changing the verification deadlines for applicant families with newly added children under 6 years of age; updating the definition of extremely low-income families to match HUD's new definition; adding fees and other charges to tuition in the student rule; limiting the Earned Income Disallowance to 12 months at 100% and 12 months at 50%; allowing for reasonable accommodations in the use of payment standard and utility allowances; and implementing the optional streamlining with fixed income sources and assets under $5,000. These revisions also add language suggested by HUD in recently issued guidance for arrest records. Also, it include a streamlining effort by the Housing Authority to not collecting a Request for Tenancy Approval when not required by HUD.

Proposed deletions are struck-out and proposed additions are underlined.

1. Revise Chapter 3, Section *3-II.A. INCOME ELIGIBILITY AND TARGETING* to reflect the new definition of an extremely low-income family.

Extremely low-income family. A <u>very-low income</u> family whose annual income does not exceed <u>the higher of</u> 30 percent of the <u>area</u> median income <u>or the federal poverty level</u> for the area, adjusted for family size.

2. Revise Chapter 3, Section *3-II.C. SOCIAL SECURITY NUMBER [24 CFR 5.216 AND 5.218]* to comply with changes in regulation on providing Social Security Numbers for children under the age of 6 in applicant households.

<u>3-II.C. SOCIAL SECURITY NUMBERS [24 CFR 5.216 and 5.218]</u>

For every family member contending eligible immigration status the family must provide documentation of a valid Social Security Number (SSN). Assistance cannot be provided to a family until all SSN documentation requirements are met. <u>If a family member under the age of six years is added to the household within the six months prior to voucher issuance, the family will have 90 days from the date of admission to the program to obtain an SSN for the newly added child.</u> A detailed discussion of acceptable documentation is provided in Chapter 7. A family may remain on the waiting list without providing the SSN documentation until a request for verification is made by the AHA staff. Once the request is made, the family will be given a deadline by which all verification must be received. Failure of the family to provide any requested verification, including the SSN verification, will result in the withdrawal of the family from the waiting list. The AHA must deny assistance to an applicant family if they do not meet the SSN disclosure, documentation and verification, and certification requirements contained in 24 CFR 5.216.

3. Revise Chapter 3, Section *3-III.C. OTHER PERMITTED REASONS FOR DENIAL OF ASSISTANCE* to comply with new Fair Housing decisions concerning the use of arrest records in denial decisions and recently issued guidance from HUD.

Criminal Activity [24 CFR 982.553]

HUD permits, but does not require, the AHA to deny assistance if the AHA determines that any household member is currently engaged in, or has engaged in during a reasonable time before the family would receive assistance, certain types of criminal activity.

If any household member is currently engaged in, or has engaged in any of the following criminal activities, within the past five years, the family will be denied assistance.

Drug-related criminal activity, defined by HUD as the illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with intent to manufacture, sell, distribute or use the drug [24 CFR 5.100].

Violent criminal activity, defined by HUD as any criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force substantial enough to cause, or be reasonably likely to cause, serious bodily injury or property damage [24 CFR 5.100].

Criminal activity that may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents or persons residing in the immediate vicinity; or

Criminal activity that may threaten the health or safety of property owners and management staff, and persons performing contract administration functions or other responsibilities on behalf of the AHA (including a AHA employee or a AHA contractor, subcontractor, or agent).

Immediate vicinity means within a three-block radius of the premises.

Evidence of such criminal activity includes, but is not limited to:

- Conviction for drug-related or violent criminal activity within the past 5 years.
- Any record of eviction from public or privately-owned housing as a result of criminal activity within the past 5 years.

<u>The fact that an applicant or tenant was arrested for a disqualifying offense shall not be treated or regarded as proof that the applicant or tenant engaged in disqualifying criminal activity. The arrest may, however, trigger an investigation to determine whether the applicant or tenant actually engaged in disqualifying criminal activity. As part of its investigation, the AHA may obtain the police report associated with the arrest and consider the reported circumstances of the arrest. The AHA may also consider any statements made by witnesses or the applicant or tenant not included in the police report;</u>

whether criminal charges were filed; whether, if filed, criminal charges were abandoned, dismissed, not prosecuted, or ultimately result in an acquittal; and any other evidence relevant to determining whether or not the applicant or tenant engaged in disqualifying activity.

In making its decision to deny assistance, the AHA will consider the factors discussed in Section 3-III.E. Upon consideration of such factors, the AHA may, on a case-by-case basis, decide not to deny assistance.

4. Revise Chapter 6, Section 6-I.E. *EARNED INCOME DISALLOWANCE FOR PERSONS WITH DISABILITIES [24 CFR 5.617]* to conform with the streamlining changes for EID.

Initial 12-Month Exclusion. During the initial 12-month exclusion period, the full amount (100 percent) of any increase in income attributable to new employment or increased earnings is excluded. The 12 months are ~~cumulative and need not be~~ consecutive.

The initial EID exclusion period will begin on the first of the month following the date an eligible member of a qualified family is first employed or first experiences an increase in earnings.

Second 12-Month Exclusion and Phase-In. During the second 12-month exclusion period, the exclusion is reduced to half (50 percent) of any increase in income attributable to employment or increased earnings. The 12 months are ~~cumulative and need not be~~ consecutive.

Lifetime Limitation. The EID has a ~~four~~ two-year (~~48~~ 24-month) lifetime maximum. The ~~four~~ two-year eligibility period begins at the same time that the initial exclusion period begins and ends ~~48~~ 24 months later. The one-time eligibility for the EID applies even if the eligible individual begins to receive assistance from another housing agency, if the individual moves between public housing and Section 8 assistance, or if there are breaks in assistance.

During the ~~48~~ 24-month eligibility period, the AHA will schedule and conduct an interim reexamination each time there is a change in the family member's annual income that affects or is affected by the EID (e.g., when the family member's income falls to a level at or below his/her prequalifying income, when one of the exclusion periods ends, and at the end of the lifetime maximum eligibility period).

5. Revise Chapter 6, Section 6-I.L. *STUDENT FINANCIAL ASSISTANCE [24 CFR 5.609]* to conform with the streamlining changes for the student rule.

For students who satisfy these three conditions, any financial assistance in excess of tuition and required fees received: (1) under the 1965 HEA, (2) from a private source, or (3) from an institution of higher education, as defined under the 1965 HEA, must be included in annual income.

6. Revise Chapter 6, Section 6-III.D. *APPLYING UTILITY ALLOWANCES [24 CFR 982.517]* to conform with the streamlining changes to the application of the utility allowance.

Reasonable Accommodation

The AHA will approve a utility allowance amount higher than shown on the AHA's schedule if a higher allowance is needed as a reasonable accommodation for a family member with a disability. For example, if a family member with a disability requires such an accommodation, the AHA will approve an allowance for air-conditioning, even if the AHA has determined that an allowance for air-conditioning generally is not needed.

In cases where the unit size leased exceeds the family unit size, the AHA may use the utility allowance for the size of the dwelling unit actually leased as a reasonable accommodation.

The family must request these higher allowances and provide the AHA with an explanation of the need for the reasonable accommodation and information about the amount of additional allowance required [HCV GB, p. 18-8]. The AHA will verify all information provided.

7. Revise Chapter 6, Exhibit 6-1: *ANNUAL INCOME INCLUSIONS* to conform with the streamlining changes for the student rule.

(9) For section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition and any other required fees or charges, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1002 et seq.)

8. Revise Chapter 6, Exhibit 6-4: *EARNED INCOME DISALLOWANCE FOR PERSONS WITH DISABLITIES* to conform with the streamlining changes for EID

EXHIBIT 6-4: EARNED INCOME DISALLOWANCE FOR PERSONS WITH DISABILITIES

24 CFR 5.617 Self-sufficiency incentives for persons with disabilities–Disallowance of increase in annual income.

(a) Applicable programs. The disallowance of increase in annual income provided by this section is applicable only to the following programs: HOME Investment Partnerships Program (24 CFR part 92); Housing Opportunities for Persons with AIDS (24 CFR part 574); Supportive Housing Program (24 CFR part 583); and the Housing Choice Voucher Program (24 CFR part 982).

(b) Definitions. The following definitions apply for purposes of this section.

Baseline income. The annual income immediately prior to implementation of the disallowance described in paragraph (c)(1) of this section of a person with disabilities (who is a member of a qualified family).

Disallowance. Exclusion from annual income.

Previously unemployed includes a person with disabilities who has earned, in the twelve months previous to employment, no more than would be received for 10 hours of work per week for 50 weeks at the established minimum wage.

Qualified family. A family residing in housing assisted under one of the programs listed in paragraph (a) of this section or receiving tenant-based rental assistance under one of the programs listed in paragraph (a) of this section.

(1) Whose annual income increases as a result of employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment;

(2) Whose annual income increases as a result of increased earnings by a family member who is a person with disabilities during participation in any economic self-sufficiency or other job training program; or

(3) Whose annual income increases, as a result of new employment or increased earnings of a family member who is a person with disabilities, during or within six months after receiving assistance, benefits or services under any state program for temporary assistance for needy families funded under Part A of Title IV of the Social Security Act, as determined by the responsible entity in consultation with the local agencies administering temporary assistance for needy families (TANF) and Welfare-to-Work (WTW) programs. The TANF program is not limited to monthly income maintenance, but also includes such benefits and services as one-time payments, wage subsidies and transportation assistance– provided that the total amount over a six-month period is at least $500.

(c) Disallowance of increase in annual income—

(1) *Initial 12-month exclusion.* During the 12-month period beginning on the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the responsible entity must exclude from annual income (as defined in the regulations governing the applicable program listed in paragraph (a) of this section) of a qualified family any increase

in income of the family member who is a person with disabilities as a result of employment over prior income of that family member. ~~*Disallowance of increase in annual income—*~~

~~(1) Initial twelve month exclusion. During the cumulative twelve month period beginning on the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the responsible entity must exclude from annual income (as defined in the regulations governing the applicable program listed in paragraph (a) of this section) of a qualified family any increase in income of the family member who is a person with disabilities as a result of employment over prior income of that family member.~~

(2) *Second 12-month exclusion and phase-in.* Upon the expiration of the 12-month period defined in paragraph (c)(1) of this section and for the subsequent 12-month period, the responsible entity must exclude from annual income of a qualified family at least 50 percent of any increase in income of such family member as a result of employment over the family member's baseline income.~~Second twelve month exclusion and phase-in. During the second cumulative twelve month period after the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the responsible entity must exclude from annual income of a qualified family fifty percent of any increase in income of such family member as a result of employment over income of that family member prior to the beginning of such employment.~~

(3) *Maximum 2-year disallowance.* The disallowance of increased income of an individual family member who is a person with disabilities as provided in paragraph (c)(1) or (c)(2) of this section is limited to a lifetime 24-month period. The disallowance applies for a maximum of 12 months for disallowance under paragraph (c)(1) of this section and a maximum of 12 months for disallowance under paragraph (c)(2) of this section, during the 24- month period starting from the initial exclusion under paragraph (c)(1) of this section.

(4) *Effect of changes on currently participating families.* Families eligible for and participating in the disallowance of earned income under this section prior to May 9, 2016 will continue to be governed by this section in effect as it existed immediately prior to that date (see 24 CFR parts 0 to 199, revised as of April 1, 2016). ~~(3) Maximum four year disallowance. The disallowance of increased income of an individual family member who is a person with disabilities as provided in paragraph (c)(1) or (c)(2) is limited to a lifetime 48 month period. The disallowance only applies for a maximum of twelve months for disallowance under paragraph (c)(1) and a maximum of twelve months for disallowance under paragraph (c)(2), during the 48 month period starting from the initial exclusion under paragraph (c)(1) of this section.~~

(d) Inapplicability to admission. The disallowance of increases in income as a result of employment of persons with disabilities under this section does not apply for purposes of admission to the program (including the determination of income eligibility or any income targeting that may be applicable).

9. Revise Chapter 7, Section 7-I.B. *OVERVIEW OF VERIFICATION REQURIEMENTS* to allow for self-certification of assets less than $5,000 and for the application of a cost of living adjustment to fixed sources of income.

Requirements for Acceptable Documents

Any documents used for verification generally must be dated within the 60-day period preceding the reexamination or AHA request date. The documents must not be damaged, altered or in any way illegible.

Print-outs from web pages, e-mails and faxes are considered original documents.

The AHA staff member who views the original document must make a photocopy, annotate the copy with the name of the person who provided the document and the date the original was viewed, and sign the copy.

Any family self declarations must be made in a format acceptable to the AHA.

<u>HUD allows the AHA to obtain certifications in cases of assets less than $5,000 and for fixed sources of incomes. The AHA has decided to conduct full reexaminations with all verifications during years divisible by 3. During the next two years, AHA will obtain only self-certifications for households with assets less than $5,000. During the same two years, the AHA will evaluate if a source of income meets HUD's definition of a fixed-source income. If income is determined to be fixed, AHA will apply a 3rd party cost of living adjustment without obtaining further verification.</u>

10. Revise Chapter 7, Section 7-I.D. *THIRD PARTY VERIFICATIONS* to allow for self-certification of assets $5,000 and less.

    Certain Assets and Expenses
    The AHA will accept a self declaration from a family as verification of assets disposed of for less than fair market value [HCV GB, p. 5-28].

    <u>For assets $5,000 and less and fixed sources of income, the AHA will not verify except every third year.</u>

11. Revise Chapter 7, Section 7-I.E. *SELF DECLARATION* to allow for self-certification of assets.

    7-I.E. SELF DECLARATION

    When information cannot be verified by a third party through Written Third Party Verifications, Written Third Party Verifications Forms, or Oral Third Party Verifications, family members will be required to submit self declarations attesting to the accuracy of the information they have provided to the AHA.

    The AHA may require a family to certify that a family member does <u>not</u> receive a particular type of income or benefit.

The self declaration must be made in a format acceptable to the AHA and must be signed by the family member whose information or status is being verified.

Third-party verification of all family assets is required at least every 3 years. Staff shall accept a family's declaration of the amount of assets of $5,000 and less for years not requiring a third-party verification. This declaration must also include the amount of income expected to be received from those assets. The AHA's self-certification document, which is signed by all adult family members 18 years of age and older, can serve as the declaration. Where the family has net family assets equal to or less than $5000, the AHA does not need to request supporting documentation (e.g. bank statements) from the family to confirm the assets or the amount of income expected to be received from those assets. Where the family has net family assets in excess of $5000, the AHA must obtain supporting documentation (e.g. bank statements) from the family to confirm the assets.

12. Revise Chapter 7, Section 7-II.B. *SOCIAL SECURITY NUMBERS [24 CFR 5.216 AND HCV GB P.5-12]* to allow for an applicant family time to provide a Social Security Number for a recently added child under 6 years of age.

If any family member obtains an SSN after admission to the program, the new SSN must be disclosed at the next regularly scheduled reexamination and verification must be submitted. If the family reports a SSN, but cannot provide acceptable documentation of the number, the AHA will require a self-certification stating that documentation of the SSN cannot be provided at this time. The AHA will require documentation of the SSN within 30 calendar days from the date of the family member's self-certification mentioned above. If the family is an applicant, assistance cannot be provided until proper documentation of the SSN is provided for all members over the age of 6 years. For children under the age of 6, proper documentation must be provided unless the child was added within 6 months of the issuance of voucher. In that case, the family has until 90 days after initial lease-up to provide the documentation.

13. Revise Chapter 7, Section 7-III.E. *ASSETS AND INCOME FROM ASSETS* to allow for asset verifications being collected every third year.

Verification requirements Bank Account Assets

The family must supply the AHA with the most recent statement from the financial institution including all pages when required to supply verification of assets (see Section 7-I.B.). The Housing Authority may also require additional statements as needed, including verification that previously reported bank account assets which are not reported at the following annual re-examination have been closed.

Assets of Added Family Members

Whenever a family member is added, AHA must obtain third-party verification of that family member's assets.

At the next annual reexamination of income following the addition of that family member, the AHA must obtain third-party verification of all family assets if the addition of that family member's assets puts the family above the $5,000 asset threshold.

If the addition of that family member's assets does not put the family above the $5,000 asset threshold, then the AHA is not required to obtain third-party verification of all family assets at the next annual reexamination of income following the addition of the family member. However, third-party verification of all family assets is required at least every 3 year.

14. Revise Chapter 7, Section 7-III.J. *STUDENT FINANCIAL ASSISTANCE* to exclude fees as part of tuition under the student rule.

7-III.J. STUDENT FINANCIAL ASSISTANCE

Any financial assistance, in excess of amounts received for tuition and required fees, that a person attending an institution of higher education receives under the Higher Education Act of 1965, from private sources, or from an institution of higher education must be considered income unless the student is over the age of 23 with dependent children or is residing with parents who are seeking or receiving HCV assistance [24 CFR 5.609(b)(9) and FR 4/10/06].

For students over the age of 23 with dependent children or students residing with parents who are seeking or receiving HCV assistance, the full amount of student financial assistance is excluded from annual income [24 CFR 5.609(c)(6)]. The full amount of student financial assistance is also excluded for students attending schools that do not qualify as institutions of higher education (as defined in Exhibit 3-2). Excluded amounts are verified only if, without verification, the AHA would not be able to determine whether or to what extent the income is to be excluded (see Section 7-III.H).

For a student subject to having a portion of his/her student financial assistance included in annual income in accordance with 24 CFR 5.609(b)(9), the AHA will request written third party verification or use written third party verification forms to verify both the source and the amount from the educational institution attended by the student as well as from any other person or entity providing such assistance, as reported by the student.

In addition, the AHA will request written verification regarding the student's tuition and required fee amount such as invoices showing reason for each charge made to student and amount of each charge. If the student is unable to provide written third party verification, the AHA will use a written third party verification form to obtain the amount of tuition and required fees.

15. Revise Chapter 9, Section 9-I.H. *CHANGES IN LEASE OR RENT [24 CFR 982.308]* to remove the policy for the Housing Authority to collect a new Request for Tenant Approval with every new lease.

Generally, AHA approval of tenancy and execution of a new HAP contract are not required for changes in the lease. However, under certain circumstances, voucher assistance in the unit shall not be continued unless the AHA has approved a new tenancy in accordance with program requirements and has executed a new HAP contract with the owner. These circumstances include:

- Changes in lease requirements governing tenant or owner responsibilities for utilities or appliances
- Changes in lease provisions governing the term of the lease
- The family moves to a new unit, even if the unit is in the same building or complex

In these cases, if the HCV assistance is to continue, the family must submit a new <u>dwelling lease containing the altered terms. If the responsibilities for utilities has been altered, a new</u> Request for Tenancy Approval (RFTA<u>) must be submitted</u> ~~along with a new dwelling lease containing the altered terms~~. <u>In both cases, a new HAP contract must be executed.</u> ~~A new tenancy must then be approved in accordance with this chapter~~

16. Revise Chapter 11, Section 11-I.C. *CONDUCTING ANNUAL REEXAMINATIONS* to allow for streamlined verification of fixed income sources.

The information provided by the family generally must be verified in accordance with the policies in Chapter 7. Unless the family reports a change, or the agency has reason to believe a change has occurred in information previously reported by the family, certain types of information that are verified at admission typically do not need to be re-verified on an annual basis. These include:

- Legal identity
- Age
- Social security numbers
- A person's disability status
- Citizenship or immigration status

<u>**Streamlined annual re-certification for fixed sources of incomes. 24 CFR 982.516**</u>

<u>The AHA has selected to adopt a streamlined income determination for any family member with a fixed source of income. Note that the family member may also have non-fixed sources of income, which remain subject to third-party verification.</u>

<u>For the family member's income from fixed sources, the AHA must perform third-party verification at least every three years. The AHA must continue to conduct third-party verification of deductions. For the fixed income source on the first year after the third-party verification, the AHA will determine if the source is a fixed source of income, and if it is, will use a third-party verified cost of living adjustment (COLA) to calculate the increased income. The second year after the third-party verification, the AHA will use</u>

a third-party verified cost of living adjustment (COLA) to calculate the increased income. The next year will require a third-party verification of the fixed source of income and not just the COLA. Public sources, such as the Social Security Administration's website can be used to verify a COLA. To allow for simplified file management, the AHA will obtain the third-party verification of the fixed income source in years that are divisible by three (3).

Fixed sources of income includes income from:

- Social Security payments, to include Supplemental Security Income (SSI) and Supplemental Security Disability Insurance (SSDI);
- Federal, state, local, and private pension plans;
- Other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic payments; or
- Any other source of income subject to adjustment by a verifiable COLA or current rate of interest.

Adding New Family Member

If adding a new family member to the unit causes overcrowding according to the Housing Quality Standards (HQS) (see Chapter 8), the AHA must issue the family a new voucher, and the family and AHA must try to find an acceptable unit as soon as possible. If an acceptable unit is available for rental by the family, the AHA must terminate the HAP contract in accordance with its terms [24 CFR 982.403].

17. Revise Chapter 15, Section 15-II.B. *PAYMENT STANDARDS [24 CFR 982.503]* to allow for approval of a higher payment standard due to a reasonable accommodation.

Unit-by-Unit Exceptions [24 CFR 982.505~~503(c)(2)(ii)~~]

Unit-by-unit exceptions to the AHA's payment standards generally are not permitted. However, an exception may be made as a reasonable accommodation for a family that includes a person with disabilities. (See Chapter 2 for a discussion of reasonable accommodations.) This type of exception does not affect the AHA's payment standard schedule.

When needed as a reasonable accommodation, the AHA may make an exception to the payment standard without HUD approval if the exception amount does not exceed ~~110~~ 120 percent of the applicable FMR for the unit size ~~[HCV GB 7-9]. PIH Notice 2013-03 gives the AHA temporary authorization to apply a payment standard not more than 120 percent of the FMR for a particular family to rent a specific unit as a reasonable accommodation without HUD approval. The provision allowing the AHA to approve a higher payment standard expires March 31, 2014 unless HUD grants an extension.~~ . The AHA must maintain documentation that the unit has the feature(s) required to meet the needs of the person with disabilities.

18. Revise Chapter 15, Section 15-II.C. *UTILITY ALLOWANCES [24 CFR 982.517]* to allow for required reasonable accommodation.

The AHA will approve a utility allowance amount higher than shown on the AHA's schedule if a higher allowance is needed as a reasonable accommodation for a family member with a disability. For example, if a family member with a disability requires such an accommodation, the AHA will approve an allowance for air-conditioning, even if the AHA has determined that an allowance for air-conditioning generally is not needed <u>or the AHA will approve the use of the utility allowance for the actual unit leased if the family is in a unit higher than their voucher size</u> (See Chapter 2 for policies regarding the request and approval of reasonable accommodations).

19. Revise the *Glossary* to revise the definition of Extremely Low-Income Family to match HUD's new definition.

EXTREMELY LOW-INCOME FAMILY. A <u>very low-income</u> family whose annual income does not exceed the higher of the Federal poverty level or 30 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD may establish income ceilings higher or lower than 30% of medical income for an area if HUD finds such variations are necessary due to unusually high or low family incomes.

Housing Authority of the City of Alameda
701 Atlantic Avenue, Alameda, CA 94501 ~ Phone: (510) 747-4300 ~ Fax (510) 522-7848 ~ TDD: (510) 522-8467 ~ Web: www.alamedahsg.org

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper, Executive Director

Prepared by: Victoria Johnson
Director of Housing and Community Development

Date: May 18, 2016

Re: Eagle Avenue Project Update; Authorize the Executive Director to Execute Documents Necessary for a Tax Credit Application; Authorize a Housing Authority Loan of Up to $2.3 million for Project Development; Authorize an increase in Design Contract Costs from $600,000 to $650,000

BACKGROUND

In December the Board authorized staff to submit an application for competitive 9% tax credits to the California Tax Credit Allocation Committee (TCAC) and an application for Alameda County Boomerang funds on behalf of the a family rental project at 2437 Eagle Avenue. The project includes 22 one, two, and three-bedroom units and a community room and office in four buildings. The Board also approved a commitment of $2 million in Housing Authority funds.

Neither of the two funding applications were successful. The County funds were awarded to another project that scored higher on 'readiness to proceed', and the tax credit application did not achieve a sufficiently competitive tie-breaker (ratio of requested funds to total development cost).

DISCUSSION

Staff has recently received an updated construction cost estimate that is based on the approved design. This cost estimate came in higher than expected, and staff has been working with the estimator and design consultants to reduce costs. One key way to reduce development costs is to reduce the number of units from 22 to 20. Significant savings will be achieved because this will make it possible to reduce the number of buildings from four to three while retaining the design features that are pleasing to the community. There is a slight loss in rental income but this is more than offset by the reduced upfront costs.

The Planning Board must vote on the revised site plan, and the project is scheduled to be reviewed by the Planning Board on June 13th. The design revisions will also include the aesthetic changes that were requested by the Planning Board in December 2015.

The redesign of the project requires some additional costs for design services. The original Board approved budget for A&E included $550,000 plus $50,000 contingency. The new budget proposes $620,000 in A & E design costs plus $30,000 contingency.

Staff is working to prepare a new application for the funding. To make the application more competitive in the second round, the tie-breaker will be improved by decreasing construction costs (by removing two units) and by decreasing the amount of developer fee from $1.4m to $900,000. The proposed development timeline that reflects a second round application is as follows:

12/15	Board Approval to proceed; Commitment of $2m permanent funding
03/16	First Round Application to Tax Credit Committee
03/16	Second Round Application to Tax Credit Committee
09/16	Tax Credit Allocation
10/16	Select Lender and Tax Credit Investor; RFP for General Contractor
12/16	ICD Board Approval of Construction Contract
02/17	Board and ICD Approval of Guarantees, Financial Plan and Closing Agreements
03/17	Loan Closing and Commence Construction
07/18	Complete Construction
09/18	Final Lease-Up

Financial Structure (Permanent): The table below shows the updated total development budget including construction costs, soft costs (includes pre-development expenses and interest costs) and developer fee. The land will be leased to the tax credit partnership and the value counts as a contribution of public funds. The estimated gap is $2.3 million, or approximately $115,000 per unit.

SOURCES (rounded)		USES	
Tax Credit Equity	$9,400,000	Ground Lease	$2,400,000
Permanent Loan	1,500,000	Construction (hard) Costs	8,220,000
Housing Authority Loan	2,300,000	Permits and Fees	680,000
General Partner Equity	1,000	Soft Costs	2,885,000
City fee waivers	324,000	Contingency	600,000
Land Value	2,400,000	Reserves	320,000
Deferred Developer Fee	80,000	Developer Fee	900,000
TOTAL	$16,005,000		$16,005,000

Due to the extremely competitive market for 9% tax credits the award of credits is not guaranteed. If unsuccessful, staff will work with the financial consultant to craft an alternative financing scheme that includes non-competitive 4% credits and other State or County sources.

FINANCIAL IMPACT

The previously approved budget included a $2 million dollar Housing Authority loan and $600,000 in County funds. The revised budget excludes the county funds and shows a funding gap of $2.3 million. Housing Authority funds will be loaned at a 3% rate of interest (or the applicable federal rate) and will be repaid from available cash flow in proportion to other soft loans made to the Project. The loan will be due in full in 57 years. The source of funds will be the Housing Authority Reserve Funds set aside for development.

Legal and other eligible costs incurred during the pre-development period have been paid from the approved (short-term) Housing Authority loan to Island City Development (ICD) and will be reimbursed when the construction loan closes.

As project developer, the Housing Authority or ICD will be eligible to earn development fee in the approximate amount of $900,000. Some portion of this fee may be deferred, but will be paid from project cash flow. Additionally, ground lease payments may be made from available cash flow subject to the terms of the Limited Partnership Agreement that will be negotiated with the tax credit investor.

RECOMMENDATION

Authorize and approve actions necessary to proceed with the financing and construction of the Eagle Avenue project including: a) Authorize the Executive Director and designee to execute documents necessary for the submission of applications for tax credits or other available funding source and all related documents; b) Authorize the commitment of a $2.3 million loan to the project from Housing Authority reserve funds: c) Approve an increase in the A&E design budget from $600,000 to $650,000 including an increase to the Anne Phillips contract to NTE $620,000.

Respectfully submitted,

Vanessa Cooper

Vanessa M. Cooper
Executive Director

VC:VJ