

Budget Presentation For Fiscal Year 2024-2025



June 2024

Louie So, Chief Financial Officer

Budget Introduction

- A budget preview was presented in May 2024 to the Board of Commissioners in the finance memorandum
- Budget authority is for the period of July 1, 2024 through June 30, 2025 (Fiscal Year 2024-2025)
- Budget authority by the Board of Commissioners allows Alameda Housing Authority to operate and serve the residents of Alameda
- Important tool to control the sources (**money in**) and uses (**money out**)
- Variance between actual and budget are reported in the quarterly finance memorandum
- Independent Public Accounting Firm (Novogradac & Company LLP) also reviews as part of their financial audit process

Budget Structure

Fiscal Year 2024-2025 Budget

- A detailed “bottoms up” budget approach with review and input from each Director and Executive Director. To establish budget, we combined historical budget data, running actuals and expected changes in the next fiscal year
- A complete update of personnel costs (salaries, benefits, pension) as these form 65.4% of the operating expense budget compared to 60.4% in the prior fiscal year
- Conservative approach

Fiscal Year 2024-2025 Budget Summary

- Positive Cash Flow: \$87,215
- Capital Improvements Projects: \$12 Million
- Cash and investments at May 2024: in excess of \$30 Million
 - Planned use pursuant to the Reserves Policy as updated in May 2024
 - Maintain sufficient reserves for operations

Budget Structure

Housing Authority of the City of Alameda (“AHA”)

- All internal departments (Executive, Data & Policy, Human Resources, Housing Programs, Housing Development, Property Management, Asset Management, Administrative, Finance)

Alameda Affordable Housing Corporation (“AAHC”)

- “Blended Component Unit” – AHA’s affiliate Non-Profit Corporation holding company
- Alameda Affordable Housing Trust Fund
- All members of the AHA Board of Commissioners also serve on the AAHC Board of Directors
- Presented here in operating budget on a consolidated basis but will be approved in separate agenda item **in the AAHC Board of Directors meeting in Jun 2024**

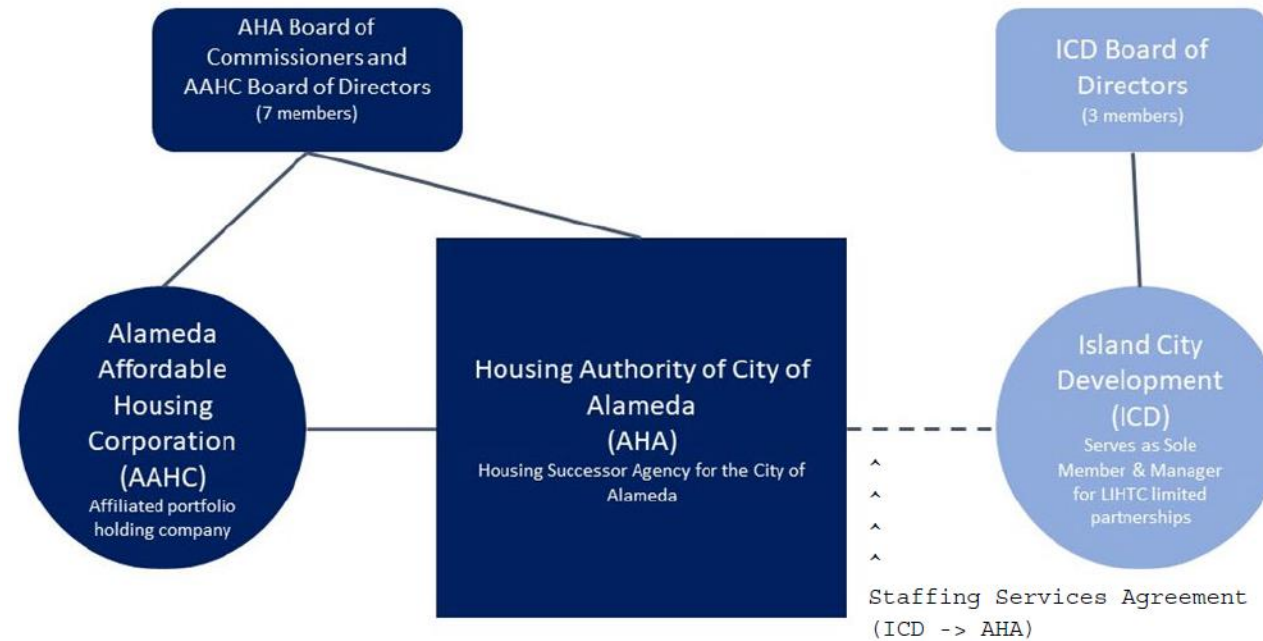
Does not include Island City Development (“ICD”)

- Rosefield Village, Everett Commons, Littlejohn Commons, Estuary I, Linnet Corner, North Housing Predevelopment, The Poplar (fka Tilden Commons)
- Separate calendar year budget 2025 will be brought to the Island City Development Board of Directors later in 2024

Budget Structure

Housing Authority of the City of Alameda Related Entity Organizational Chart

As AHA and AAHC have common control, the budget is presented on a consolidated basis.



Budget Structure

- **Operating Income and Expenses (Exhibit A)**
 - All AHA and AAHC Properties rents, HUD administrative fee income, Successor Agency, grants, interest income, internal departments, vendor contracts, third party management
- **Housing Assistance Payments (HAP pass-through income and expenses) (Exhibit B)**
- **Capital Improvement Projects (CIP) (Exhibit C)**
- **Additional Exhibits/Attachments include the Pay Schedule and Schedule of Authorized Positions**

Fiscal Year 2024-2025 Budget Highlights

(Exhibit A – Board of Commissioners Memo)

Operating Income

- Fiscal Year 2024-2025 Budgeted Total Operating Income is **\$2,366,921 (11%)** higher than Fiscal Year Budgeted 2023-2024 Operating Income

Income sources:

- **Rental income** from tenants in AHA & AAHC-owned properties
- **Rental subsidy (HAP)** received for voucher recipients in AHA & AAHC-owned properties
- **Tax Increment Funding** for Independence Plaza (sunset in 2026)
- **Grant Income** for the Family Self Sufficiency (FSS) program of approximately \$100,000.
- **Administrative Fee Income from HUD:**
 - Only to cover the cost of administration for Housing Department programs
 - Included at a proration of 91%
- **Other income** – interest income, developer fee, Alameda Unified School District Recognized Obligation Payment Schedule funds (AUSD ROPS)

AHA and AAHC Properties

- Excess cash may be used for capital projects and to subsidize Housing Programs Department which has historically ran as a deficit. Most properties are cash flowing, with the exception of the smaller properties
- Third Party Management: All properties are managed by FPI Management, Inc.

Operating Expenses

- Fiscal Year 2024-2025 total budgeted operating expenses is **\$1,273,999 (6%)** higher than the prior fiscal year budgeted amounts
- This includes:
 - Salary and Benefits
 - Biggest driver of operating expense increase
 - Cost of Living Adjustments (“COLA”) (budget at 4%)
 - Staff will come back to BOC in August 2024 with COLA data based on the Consumer Price Index
 - Increases in Benefit Costs
 - Vacant positions included in budget
 - Human Resources is hard at work recruiting in this challenging recruiting environment
 - Technology budget increase software updates, support remote working, hardware deployment, and online client services.
 - Again, Third Party Management manages AHA/AAHC’s properties
 - Administering Alameda Affordable Housing Trust Fund, Successor Agency to the Community Improvement Commission Assets, Ombudsman Program
 - Satellite Office at South Shore Center

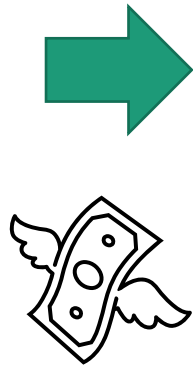
Fiscal Year 2024-2025 Budget Highlights

Attachment A: Summary FY 2024-2025 Budget (July 1, 2024 through June 30, 2025)																
Housing Authority of the City of Alameda & Alameda Affordable Housing Corporation - Consolidated Activity																
FY 2023-2024 Budget Amounts have been reclassified for Presentation Purposes. No Net Changes to Net Cash Flow.																
Decimals Hidden for Presentation																
*Does not include Island City Development and Low-Income Housing Tax Credit Partnerships																
Account Name	A	B	C	D	E		F		G		H		I		J	
					FY 2023-2024 PROJECTED ACTUALS		FY 2023-2024 BUDGET		FY 2024-2025 BUDGET		FY 2023-2024 Actuals versus FY 2023-2024 Budget		FY 2024-2025 Budget versus FY 2023-2024 Budget		FY 2023-2024 Budget versus FY 2023-2024 Actuals	
											B minus C		D minus C		D minus B	
											\$	%	\$	%	\$	%
OPERATING BUDGET																
1	Rental Income and HAP Income, net of vacancy	14,189,498	13,796,449	15,085,810	393,050	3%	1,289,361	9%	896,312	6%						
2	Tax Increment Payment - Independence Plaza	2,886,976	2,886,976	2,561,722	-	0%	(325,254)	-11%	(325,254)	-11%						
3	HAP Administrative Fee Income (Including EHV)	2,640,412	2,602,865	2,802,069	37,548	1%	199,204	8%	161,656	6%						
4	Other Income and Grants	5,231,276	2,847,390	4,051,000	2,383,886	46%	1,203,610	42%	(1,180,276)	-23%						
5	OPERATING INCOME	24,948,162	22,133,680	24,500,601	2,814,483	11%	2,366,921	11%	(447,561)	-2%						
6	Administrative	3,048,572	2,033,296	1,502,385	1,015,276	33%	(530,911)	-26%	(1,546,188)	-51%						
7	AHA Staff Salaries + Benefits	7,662,818	12,456,766	14,327,764	(4,793,948)	-63%	1,870,998	15%	6,664,946	87%						
8	Tenant/Social Services	286,167	286,808	336,363	(641)	0%	49,555	17%	50,195	18%						
9	3rd Party Management Salaries + Benefits	1,266,114	1,420,390	1,528,570	(154,276)	-12%	108,179	8%	262,456	21%						
10	Utilities	1,356,002	1,198,291	1,396,682	157,711	12%	198,391	17%	40,680	3%						
11	Maintenance	2,628,514	1,409,628	1,012,412	1,218,886	46%	(397,216)	-28%	(1,616,102)	-61%						
12	General/Insurance/Interest Expense	1,711,252	1,814,964	1,789,967	(103,713)	-6%	(24,997)	-1%	78,716	5%						
13	OPERATING EXPENSE	17,959,439	20,620,144	21,894,142	(2,660,704)	-15%	1,273,999	6%	3,934,703	22%						
14	NET OPERATING INCOME	6,988,723	1,513,536	2,606,459	5,475,187	78%	1,092,923	72%	(4,382,264)	-63%						
15	HAP Income	39,827,800	38,251,685	38,384,925	1,576,115	4%	133,240	0%	(1,442,875)	-4%						
16	HAP Expenses	39,829,569	38,251,685	39,624,646	1,577,884	4%	1,372,961	4%	(204,923)	-1%						
17	NET HOUSING ASSISTANCE PAYMENTS/(DEFICIT)	(1,769)	-	(1,239,721)	(1,769)	100%	(1,239,721)	N/A	(1,237,952)	69970%						
18	NET INCOME BEFORE DEPRECIATION	6,986,954	1,513,536	1,366,738	5,473,418	78%	(146,798)	-10%	(5,620,216)	-80%						
19	LESS: DEPRECIATION (NON-CASH)	1,713,000	1,713,000	1,720,000	-	0%	7,000	0%	7,000	0%						
20	NET INCOME (LOSS) AFTER DEPRECIATION	5,273,954	(199,464)	(353,262)	5,473,418	104%	(153,798)	77%	(5,627,216)	-107%						
21	TOTAL INCOME AND EXPENSES (ACCRUAL BASIS)															
22	TOTAL INCOME	64,775,962	60,385,365	62,885,526	4,390,597	7%	2,500,161	4%	(1,890,436)	-3%						
23	TOTAL EXPENSES	59,502,009	60,584,829	63,238,789	(1,082,821)	-2%	2,653,959	4%	3,736,780	6%						
24	NET INCOME (LOSS) AFTER DEPRECIATION	5,273,954	(199,464)	(353,262)	5,473,418	104%	(153,798)	77%	(5,627,216)	-107%						
25	OPERATING CASH FLOW															
26	NET INCOME (LOSS) AFTER DEPRECIATION	5,273,954	(199,464)	(353,262)	5,473,418	104%	(153,798)	77%	(5,627,216)	-107%						
27	ADD: DEPRECIATION (NON-CASH)	1,713,000	1,713,000	1,720,000	-	0%	7,000	0%	7,000	0%						
28	LESS: PAY DOWN MORTGAGE PRINCIPAL	1,228,410	1,228,410	1,279,523	-	0%	51,113	4%	51,113	4%						
29	OPERATING CASH FLOW	5,758,544	285,126	87,215	5,473,418	95%	(197,911)	-69%	(5,671,329)	-98%						
30	REQUEST FOR ADDITIONAL HUD FUNDING PENDING	-	-	1,239,721	-	N/A	1,239,721	N/A	1,239,721	N/A						
31	ADJUSTED CASH FLOW	5,758,544	285,126	1,326,936	5,473,418	95%	1,041,810	365%	(4,431,608)	-77%						

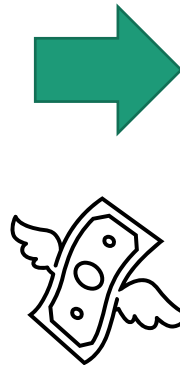
HAP Budget Highlights

(Exhibit B of the Board of Commissioners Memorandum)

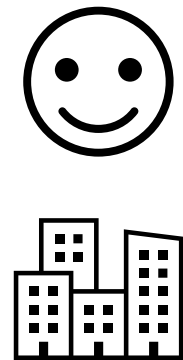
Housing Assistance Payments (HAP Pass-Through)



**HAP
Income**



**HAP
Expense**



Alameda Landlords

HUD remits HAP to AHA, then AHA remits HAP to Alameda landlords.

AHA and AAHC are also Alameda landlords.

Housing Assistance Payments

(HAP Pass-Through)

- There is a HAP shortfall as total HAP income is projected to be \$38,384,925, whereas HAP expense to landlords is expected to be \$39,624,646
 - AHA Staff is in discussions with the HUD shortfall prevention team and have applied for additional funding in June 2024.
 - The shortfall is expected in December as HUD budgets on a calendar basis
- Federal funds must be kept separate from all other Housing Authority funds
- Assume conservative leasing of 20,064 units (1,672+/- per month) in Fiscal Year 2024-2025, versus 18,521 units (1,543+/- per month) in Fiscal Year 2023-2024

Housing Assistance Payments

(HAP Pass-Through)

Housing Authority of the City of Alameda & Alameda Affordable Housing Corporation									
Attachment B: HAP Passthrough for FY 2024-2025									
	A	B	C	D	E	F	G	H	I
		Housing Assistance Payments (HAP)	Shelter Plus Care (17)	Bessie Coleman SRO Mod Rehab (30)	Emergency Housing (57) and Stabilization Vouchers (10)	FY 2024-2025 Total	FY 2023-2024 Budget	Increase/ (Decrease) \$	%
1	HUD Subsidy Revenue	36,055,386		350,000	1,509,897	37,915,283	37,791,499	123,784	0.33%
2	Rental Assistance (from Alameda County)		469,642			469,642	460,186	9,456	2.05%
3	Total HUD Subsidy Revenue	36,055,386	469,642	350,000	1,509,897	38,384,925	38,251,685	133,240	-2.84%
4									
5	HAP Payments to Landlords	37,292,004	469,642	350,000	1,513,000	39,624,646	38,251,685	1,372,961	3.59%
6	Total Expenses	37,292,004	469,642	350,000	1,513,000	39,624,646	38,251,685	1,372,961	3.59%
7									
8	HAP Income/Loss	-1,236,618	0	0	-3,103	-1,239,721	0	-1,239,721	N/A

Capital Improvement Projects (CIPs)

(Exhibit C of the Board of Commissioners Memorandum)

Capital Improvement Projects

- Primary Sources to pay for these include:
 - Cash flow from the specific property, including approved tax increment funding for Independence Plaza
 - Replacement reserves held by lenders/bond holders which are generally to specific properties (subject to their approval)
 - Reserves held by AHA/AAHC for specific properties
 - Additional funds required by Island City Development properties are also showcased via predevelopment or acquisition loans from AHA/AAHC
 - Primary Sources to pay for these include:
- Projected reserves balance
 - (\$30 Million in reserves less \$12 Million in CIP) = \$18 Million

Capital Improvement Projects

Attachment C: Capital Improvement Projects ("CIP") for Fiscal Year 2024-2025															
Housing Authority of the City of Alameda ("AHA") & Alameda Affordable Housing Corporation ("AAHC")															
Island City Development ("ICD") Showcased for reference to funds required from AHA and AAHC															
Please note: This schedule does not include potential projected refunds from specific project and other sources															
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1		AAHC	AAHC	AAHC	AAHC	AAHC	AAHC	AAHC	AAHC	AHA	AHA	AHA + AAHC	AHA, AAHC	ICD	AHA, AAHC + ICD
2	Project Description	Esperanza	Scattered Sites	Parrot Village	Parrot Gardens	Eagle Village	China Clipper	Anne B. Diamant	Indepen. Plaza	AHA Main Office	Scattered Sites	All Properties	Total	Multiple Projects	Memo Total
3	IP - Faircloth to RAD Financing Costs	-	-	-	-	-	-	-	4,670,250	-	-	-	4,670,250	-	4,670,250
4	North Housing Master Plan	-	-	-	-	-	-	-	-	-	-	-	-	1,500,000	1,500,000
5	The Poplar (FKA Tilden Commons)	-	-	-	-	-	-	-	-	-	-	-	-	2,100,000	2,100,000
6	Life, Safety and Immediate Needs	507,600	27,200	105,000	133,800	98,632	73,000	25,000	532,264	158,350	139,834	-	1,800,680	-	1,800,680
7	Paint & Carpet (10% of Portfolio)	-	-	-	-	-	-	-	-	-	-	420,000	420,000	-	420,000
8	Fences	60,000	-	-	-	-	-	-	-	-	-	-	60,000	-	60,000
9	Garage Partial Conversion - Design	-	-	-	-	-	-	-	-	250,000	-	-	250,000	-	250,000
10	Tree Removal	-	-	-	-	-	-	-	20,000	-	-	-	20,000	-	20,000
11	Water Heaters	-	-	10,000	-	-	-	-	-	-	-	-	10,000	-	10,000
12	Balcony Repairs	-	-	-	-	-	-	1,100,000	-	-	-	-	1,100,000	-	1,100,000
13	Appliance Replacements	6,000	4,500	6,000	1,500	6,500	6,500	-	6,000	-	6,000	-	43,000	-	43,000
14	Interior and Exterior Replacements	30,000	5,000	25,000	-	25,000	5,000	-	70,000	-	5,000	-	165,000	-	165,000
15	Total Reserve Expenditures	603,600	36,700	146,000	135,300	130,132	84,500	1,125,000	5,298,514	408,350	150,834	420,000	8,538,930	3,600,000	12,138,930

Capital Improvement Projects



2615 EAGLE AVE, ALAMEDA
CA 94501

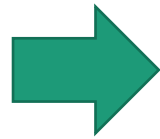


Housing Programs Department Operating Deficit

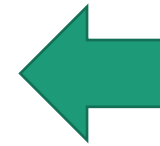
Housing Programs Operating Deficit

- Fiscal Year 2024-2025 Net Loss expected - \$1,377,999
- Cost issues – 9th year of losses
 - HUD has not provided sufficient administrative fee income to support the Housing Program
 - Actual projected loss for FY 2023-24 is lower than expected due to staff vacancies and some cost efficiencies.
 - Budgeted loss for FY 2023-2024 was \$1,338,094, but expected actual loss is approximately \$1 million+.
 - Streamlining initiatives with HUD
 - Staffing may need to be reallocated/reduced in future years to balance the Housing Programs Department budget
 - MTW fungibility
- Proposed Board Action
 - Approve fund transfer of up to \$1,377,999 in next fiscal year, as needed, from property operating income to the Housing Programs Department and or from Moving-to-Work fungible funds

Housing Programs Operating Deficit



Housing Authority
— of the —
City of Alameda



Housing Authority
— of the —
City of Alameda



Admin Fees – for AHA to administer vouchers. Insufficient to cover cost of running program.



AHA Operating Properties that runs at a cash surplus backfills this deficit (and HUD reserves are available, utilize due to MTW fungibility)



Fiscal Year 2024-2025 Positions and Salaries

(Exhibit D and E of the Board of Commissioners Memorandum)

Positions and Salaries

- This agenda item will carry over budget authority of the Salaries and Positions forward to Fiscal Year 2024-2025.

Staff Recommendation

(Exhibit F of the Board of Commissioners Memorandum)

Staff Recommendation

- Adoption of the Housing Authority of the City Alameda’s Budget for Fiscal Year 2024-2025

HOUSING AUTHORITY OF THE CITY OF ALAMEDA

Resolution No. _____

APPROVING AND ADOPTING
HOUSING AUTHORITY’S ONE YEAR BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

HOUSING AUTHORITY OF THE CITY OF ALAMEDA

Resolution No. _____

APPROVING AND ADOPTING
HOUSING AUTHORITY’S ONE YEAR BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2025

WHEREAS, the Executive Director has submitted a one year 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 a source of funds adequate to cover all proposed expenditures; and

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

WHEREAS, the proposed Fiscal Year 2024-2025 budget includes approval of:

- i. Summary of the Fiscal Year 2024-2025 Budget and related income and expenses
- ii. Housing Assistance Payment (HAP) Budget and related expenditure of HUD-held HAP reserves
- iii. Capital Improvement Project (CIP) Budget and related use of property and agency reserves and surplus operating cash from Fiscal Years 2024-2025 to cover these expenses
- iv. Transfer by the Executive Director of up to \$1,377,999 in this budget year, as needed, from AHA property reserves or from HUD Held Moving-To-Work fungible funds to cover losses in the Housing Programs administrative operating budget
- v. Adopt the revised Schedule of Authorized Positions for Fiscal Year 2024-2025 and Pay Schedule for Fiscal Year 2024 and 2025

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 Resolution for the fiscal year ending June 30, 2025.

ATTEST:

Vanessa M. Cooper
Secretary/Executive Director

Carly Grob, Chair
Board of Commissioners

Adopted: _____

Thank you to the Board of Commissioners
and AHA staff!