



Berkeley Housing Authority

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Office of the Executive Director

Item 6A
NEW BUSINESS
June 13, 2024

To: Honorable Chairperson and
Members of the Berkeley Housing Authority Board

From: Jesy Yturralde, Finance Manager

Subject: ADOPTION OF THE FISCAL YEAR 2024-2025 BUDGET OF THE BERKELEY HOUSING
AUTHORITY

RECOMMENDATION

Approve a resolution adopting the Fiscal Year 2024-2025 Budget for the Berkeley Housing Authority with a projected net operating income for all programs of \$22,465 after use of available operating reserves (\$59,477); and HAP funding through MTW fungibility (\$399,878).

PROGRAM	FY2024-2025 OPERATING INCOME (DEFICIT)	USE OF RESERVES	FY2024-2025 NET OPERATING INCOME (DEFICIT)
HCV	-	-	-
Mod Rehab	(\$48,631)	\$48,631	-
Mainstream	(\$3,383)	\$3,383	-
EHV	(\$7,462)	\$7,462	-
Other Local Program	\$22,465		\$22,465
Total Operating Income (Deficit)	(\$37,011)	\$59,477	\$22,465

BACKGROUND

The Berkeley Housing Authority (BHA) is a Public Housing Authority as defined in Section 8 of the United States Housing Act of 1937, as amended and a public body corporate and politic established pursuant to the California Housing Authorities Law, Health and Safe Code Sections 34200. BHA administers housing choice and special purpose vouchers, and with full funding could potentially utilize 2,259 vouchers, comprising of:

- 1,949 Section 8 Housing Choice Vouchers (S8 HCV);
- 40 VASH (for Veterans);
- 121 Mainstream vouchers (for non elderly disabled & homeless and at risk of homelessness);
- 51 Emergency Housing Vouchers (for individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability); and
- 98 Moderate Rehabilitation certificates (for homeless in single room occupancy, SRO units).

In 2023, the BHA Board approved the awarding of 59 new project based vouchers (PBV) to three developers, namely, Ephesian Legacy Court (32), St. Paul Terrace (25) and Northern California Land Trust (2). The total PBV vouchers

awarded to various projects in Berkeley is now 494 or 24.84% of the total HCV and VASH vouchers. 392 PBV's are under HAP contract.

BHA's primary source of funding is the U.S. Department of Housing and Urban Development (HUD) for both rental subsidy (Housing Assistance Payments or "HAP") and operational funding (Administrative Fee earned for each unit under contract).

BHA is governed by a seven member Board of Commissioners including two Resident Commissioners, all appointed by the Mayor. The BHA Board has a fiduciary obligation to take actions in the best interest of the Authority including adoption of an annual budget. They are responsible for governance, which includes establishing and monitoring policies, goals and direction for BHA.

BHA became an MTW agency under the Landlord Incentives Cohort in April 2022. The main objective of this cohort is to increase supply of rental housing units by exercising certain flexibilities to attract, engage and maintain landlords' participation in the Section 8 program. BHA is currently waiting for the approval of the FY2023 and FY2024 MTW Supplement before it can implement the MTW incentives included, namely:

- Employing standard utility allowance for its HCV households. Cost effective by reducing staff hours and allowing staff to focus on other matters.
- Elimination of the utility reimbursements. Increase revenue for the authority while making households more self-reliant.
- Elimination of Earned Income Disregard. This will increase operational efficiencies by reducing the time it takes to administratively process EID's.
- Raise payment standard to 150% for Tenant Based Vouchers (TBV) and 120% for Project Based Vouchers (PBV)
- Triannual Rexamination. This will allow families to have a more consistent rent portion over a longer period of time, and will create time for the BHA staff to attend to other business affairs.
- Increase asset self-certification from \$5,000 to \$50,000. This will lessen the regulatory responsibilities of BHA.
- Vacancy loss for landlords of deceased tenants. Allows landlords to receive one month of rent as long as the landlord agrees to rent the unit to another HCV participant.
- Unit Turn-over Program. Allows landlords to reimburse up to \$1,500 of expenses to ready a vacant unit for lease up in the HCV Program..
- Pre-Qualifying Unit Inspections. BHA will allow vacant units to be pre-inspected prior to occupancy.
- Biannual inspections

DISCUSSION AND ANALYSIS

HAP Revenue and Expenses

Housing Assistance Payment (HAP) revenue is funding used to make rental assistance payments to landlords on behalf of our program participants. The proposed FY2024-2025 Budget assumes total HAP revenue of \$42,547,830 (*line 1.a*) and \$38,679,469 (*line 1.b*) in HAP expenses for all programs. The expenses also includes \$219,407 MTW eligible expenses (*line 1.c*). The proposed budget assumes \$399,878 in HAP funding are transferred to operating revenue to cover various administrative expenses (*Line 1.d and 2.e*) The proposed FY2024-2025 Budget anticipates excess HAP funding of \$3,249,084 (*line 1.e*) primarily coming from the HCV, Mainstream and EHV Programs.

	DESCRIPTION HUD Authorized Units ==>	Grand Total PROPOSED BUDGET FY2025	HUD PROGRAMS				MODIFIED BUDGET FY2024	Increase (Decrease)	%
			HCV Program 1,989 Units	Mod. Rehab Program 98 Units	Mainstream 121 Units	EHV 51 Units			
		(a) = (b + c + d + e + f)	(b)	(c)	(d)	(e)	(b)	(i) = (a - h)	
1	HOUSING ASSISTANCE PAYMENTS (HAP)								
1.a	HAP Revenue from HUD	\$ 42,547,835	\$ 37,302,627	\$ 934,920	\$ 3,012,502	\$ 1,297,786	\$ 41,671,355	\$ 876,480	2%
1.b	HAP Expenses to Owners	\$ (38,679,469)	\$ (34,430,545)	\$ (934,920)	\$ (2,156,394)	\$ (1,157,610)	\$ (37,967,128)	\$ (712,342)	2%
1.c	MTW eligible expenses	\$ (219,407)	\$ (219,407)				\$ (311,080)	\$ 91,673	-29%
1.d	Transfer to Operating Revenue	\$ (399,878)	\$ (399,878)						
1.e	Estimated excess (shortfall) in HAP revenue	\$ 3,249,081	2,252,797.68	\$ -	\$ 856,108	\$ 140,176	\$ 3,704,227	\$ (455,146)	
	UTILIZATION - BUDGET		79.0%	100%	84%	92%			

1. **HCV Program** (column b):

HAP Revenue. The FY2024-2025 proposed budget assumes HAP Revenue in the HCV program would equal the CY2024 total available funding of \$37,302,627 calculated as follows:

CY2023 Actual HAP and Non HAP expenses reported in VMS	\$33,531,472
Renewal Funding Inflation Factor (2.788%)	<u>X 1.02788</u>
Inflated CY2023 HAP and Non HAP expenses	\$34,466,329
Pro-ration Factor	<u>x 99.50%</u>
CY2024 Pro-rated Eligibility	\$34,293,997
Add: CY2023 HAP Reserve (excess HAP)	<u>3,008,630</u>
CY2024 Total available funding	<u>\$37,302,627</u>

HAP expenses (\$34,430,545). This is calculated using the most recent Two-Year-Tool that projects an average of 79% unit-months-leased (UML) or voucher utilization vouchers; and \$1,826 per-unit-cost (PUC) for the period July 2024 through June 2025.

Other MTW eligible activities of \$219,407.

Fungibility: \$399,878 in HAP funding is transferred to operations to cover various administrative expenses.

The proposed budget assumes an excess HAP Funding of \$2,252,798 on June 30, 2025.

2. **Mod Rehab** (column c): HAP revenue and expenses for the Moderate Rehabilitation program is based upon a 100% utilization of our Mod Rehab vouchers (98) at an average per unit cost of \$795. (98 certificates x \$795 x 12 months = \$934,920)

3. **Mainstream Program** (column d):

HAP Revenue in the Mainstream program assumes CY2024 total available funding of \$3,012,502 calculated as follows:

CY2023 Actual HAP and Non HAP expenses reported in VMS	\$1,755,489
Renewal Funding Inflation Factor (2.788%)	<u>X .02788</u>
Inflated CY2023 HAP and Non HAP expenses	\$1,804,432
Pro-ration Factor	<u>x 100%</u>
CY2024 Pro-rated Eligibility	\$1,804,255
Add: CY2023 HAP Reserve (excess HAP)	<u>1,208,070</u>
CY2024 Total available funding	<u>\$3,012,502</u>

HAP expenditures of \$2,156,394 assume a 84% utilization of 121 Mainstream vouchers at an average PUC of \$1,768.

4. **Emergency Housing Voucher (EHV) Program** (column e):

HAP revenue in the EHV program is \$1,297,786 which is calculated as follows.

CY2023 Actual HAP and Non HAP expenses reported in VMS	\$1,023,489
Renewal Funding Inflation Factor (2.788%)	X .02788
Inflated CY2023 HAP and Non HAP expenses	\$1,051,697
Pro-ration Factor	x 100%
CY2024 Pro-rated Eligibility	\$1,051,697
Less: Offset	(\$ 51,721)
CY2024 Eligibility after Offset	\$ 999,976
Add: CY2023 HAP Reserve (excess HAP)	297,810
CY2024 Total available funding	<u>\$1,297,786</u>

HAP expenditures of \$1,157,610 assume a 92% utilization of 121 Mainstream vouchers at an average PUC of \$2,056.

Operating Revenue and Expenses

The total projected operating revenue in FY2024-2025 is \$3,850,492 (line 2), of which \$399,878 (line 2.e) are transferred from HAP funding, and \$362,878 (line 2.h) are interest earned from a restricted asset attributable to the 61 federal units that BHA sold in 2014. The total operating expenses and capital expenditures are \$3,524,625 (line 8+line 9), resulting in a projected annual operating deficit of \$37,011 (line 11), and a net operating income of \$22,466 (line 13) after utilization available administrative reserves in the various programs to cover the deficit.

DESCRIPTION	Grand Total PROPOSED BUDGET FY2025	HUD PROGRAMS				(RESTRICTED) Other Federal Programs (Dispo Proceeds)	(UNREST.) Other Local Programs	MODIFIED BUDGET FY2024	Increase (Decrease)	%
		HCV Program 1,989 Units	Mod. Rehab Program 98 Units	Mainstream 121 Units	EHV 51 Units					
HUD Authorized Units ==>	(a) = (b + c + d + e + f)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i) = (a - h)	
UTILIZATION - BUDGET		79.0%	100%	84%	92%					
2 OPERATING REVENUE										
2.a Administrative Fees	\$ 2,941,783	\$ 2,510,316	\$ 183,933	\$ 169,355	\$ 78,179			\$ 2,863,839	\$ 77,944	3%
2.b Administrative Fee earned for managed incoming ports	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	0%
2.c Administrative Fee Paid for managed outgoing ports	\$ (75,894)	\$ (49,766)	\$ -	\$ (12,442)	\$ (13,686)			\$ (105,965)	\$ 30,071	-28%
2.d Net Administrative Fee	\$ 2,865,889	\$ 2,460,549	\$ 183,933	\$ 156,913	\$ 64,493			\$ 2,757,874	\$ 108,015	4%
2.e Transfer from HAP funding	\$ 399,878	\$ 399,878							\$ 399,878	
2.f BHA Oversight Fee	\$ 6,922	\$ 6,922	\$ -					\$ 6,720	\$ 202	3%
2.g Preliminary Fee & Service Fee (Unit Turnover)	\$ 80,000	\$ 50,000		\$ 30,000				\$ 100,000	\$ (20,000)	-20%
2.h Miscellaneous Income	\$ 60,600	\$ 57,200	\$ 3,400					\$ 8,000	\$ 52,600	658%
2.i Interest Income on Disposition income	\$ 437,203					\$ 362,878	\$ 74,325			
2 Total Operating Revenue	\$ 3,850,492	\$ 2,974,549	\$ 187,333	\$ 186,913	\$ 64,493	\$ 362,878	\$ 74,325	\$2,872,594	\$ 977,898	34%
OPERATING EXPENSES										
ADMINISTRATION										
3.a Salaries	\$ 1,400,840	\$ 1,175,472	\$ 95,809	\$ 67,792	\$ 28,017		\$ 33,750	\$ 1,228,695	\$ 172,145	14%
3.b Employee Benefits	\$ 1,069,176	\$ 903,797	\$ 73,635	\$ 52,252	\$ 21,384		\$ 18,109	\$ 925,465	\$ 143,711	16%
3 Sub-total salaries and employee benefits	\$ 2,470,016	\$ 2,079,270	\$ 169,444	\$ 120,044	\$ 49,400			\$ 2,154,160	\$ 315,856	15%
4 Total Administrative Expenses	\$ 760,601	\$ 657,549	\$ 51,942	\$ 32,222	\$ 18,889			\$ 879,016	\$ (118,415)	-13%
5 Total Tenant Services	\$ 80,000	\$ 50,000	\$ -	\$ 30,000	\$ -			\$ 100,000	\$ (20,000)	-20%
6 Total Routine Maintenance	\$ 5,860	\$ 5,098	\$ 410	\$ 234	\$ 117			\$ 4,000	\$ 1,860	47%
7 Total General Expenses	\$ 113,147	\$ 99,982	\$ 7,519	\$ 3,997	\$ 1,649			\$ 127,690	\$ (14,543)	-11%
8 TOTAL OPERATING EXPENSES	\$ 3,429,625	\$ 2,891,899	\$ 229,315	\$ 186,497	\$ 70,055			\$ 3,264,866	\$ 164,759	5%
9 TOTAL CAPITAL EXPENDITURE	\$ 95,000	\$ 82,650	\$ 6,650	\$ 3,800	\$ 1,900			\$ 24,000	\$ 71,000	296%
10 OPERATING SURPLUS (DEFICIT)	\$ 325,867	\$ (0)	\$ (48,631)	\$ (3,383)	\$ (7,462)	\$ 362,878	\$ 22,466	\$ (392,272)	\$ 718,140	-183%
11 INTEREST INCOME TRANSFERRED TO REST ACCT.										
11.a Interest Income on Notes Receivable and Dispo Proceeds	\$ (362,878)					\$ (362,878)		\$ 324,327	\$ (687,205)	-212%
11 NET SURPLUS AND DEFICIT	\$ (37,011)	\$ (0)	\$ (48,631)	\$ (3,383)	\$ (7,462)	\$ -	\$ 22,466	\$ (67,945)	\$ 30,934	-46%
12 USE OF DISPOSITION PROCEEDS /PROGRAM RESERVES										
12 USE OF DISPOSITION PROCEEDS /PROGRAM RESERVES	\$ 59,477	\$ 0	\$ 48,631	\$ 3,383	\$ 7,462	\$ -				
13 NET SURPLUS (DEFICIT)	\$ 22,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,466			
DISPOSITION PROCEEDS OR OPERATING RESERVE BALANCE, 07/01/20		\$ 2,126,474	\$ 243,150	\$ 16,397	\$ 32,280					
12 TOTAL NON-ROUTINE EXPENSES / CAPITAL IMPR	\$ -	\$ (0)	\$ (48,631)	\$ (3,383)	\$ (7,462)					
PROJECTED RUNNING DISPO PROCEEDS BALANCE		\$ 2,126,474	\$ 194,519	\$ 13,014	\$ 24,818					

Operating Revenue (\$3,850,492): (Line 2)

- a. Administrative Fee is the fee received from HUD for every voucher in service on the first of the month. The projected administrative fee revenue, net of estimated administrative fee paid for managed outgoing portable vouchers is \$2,865,889 (*line 2.d*). This amount reflects HUD's S8 Administrative Fee rates in effect for calendar year (2024) at 90% pro-ration; and at different utilization levels for the HCV (79%), Mainstream (84%) and EHV (92%) programs. The projected Administrative Fee revenue in the Mod Rehab Program assumes 100% utilization of all 98 units program.
- b. HAP funding to be used for Non-HAP expenses, \$399,878 (*line 2.e*)
- c. BHA Oversight Fee (\$6,922) (*Line 2.f*) for operation oversight of the scattered site units pursuant to the Disposition, Development and Loan Agreement (DDLA) with Berkeley 75.
- d. Preliminary Fee & Service Fee income (\$80,000) represent income for Unit Turnover recognized during the fiscal year. (*see Line 2.g*)
- e. Miscellaneous income (\$60,600) primarily interest earned from investments/deposits placed with the State Treasurer Local Agency Investment Fund (LAIF) and and other de minimis income such as collection of fraud recoveries, copying requests for large documents, and others. (*see Line 2.h*)
- f. \$437,203 in interest income on disposition proceeds and Note Receivable from Berkeley 75, of this total \$362,878 are restricted for development of affordable housing and cannot be used for operating expenses. (*see Line 2.i*)

Operating Expenses (\$3,524,625): (Line 8 + Line 9)

- a. Salary and benefits (\$2,470,016) (*see line 3*) About 72% of our total operating expenses is attributable to salary and benefits. The total amount projected is based on the following assumptions:
 - 13 full time equivalent (FTE) staff, including a new Office Assistant II/Eligibility Clerk position.
 - The proposed budget assumes 3% COLA adjustments for all classifications. Labor contracts for Local 1021, Local One and Unrepresented members are expiring on June 30, 2024, and negotiations with the bargaining units are ongoing.
 - CALPERS employer contributions are 16.94% for classic members (up by 0.07% from FY2024 rate); and 8.18% for new members (up by 0.18% from FY2024 rate).
 - Assumes a 4% increase in Kaiser premium beginning January 1, 2025.
 - Includes an actuarial based adjustment for Pension and Other Post Employment Benefits (OPEB) estimated to be \$200,000. Recognition of this adjustment is required by Government Accounting Standard Board (GASB) pronouncements.
 - All other benefits remain the same as in the prior year.
- b. Projected administrative expenses are \$760,601. (*line 4*) This includes among other things, legal and consultant fees, office rent, inspections, IT Cost allocated by the City of Berkeley IT Department, equipment lease, utilities, supplies, software maintenance, postage and other administrative expenses.

We project the FY2025 budget for administrative expenses will be lower by \$118,415 compared to the FY2024 modified budget (\$879,016), because during FY2024, BHA hired the services of consultants who are experts in different fields like HCV/PBV Program, MTW, Human Resources/Hiring, and etc. We anticipate the need for such expertise to taper down in FY2025 since all internal positions have been filled to perform these functions.

- c. Tenant services, \$80,000 includes expenses pertaining to the Unit Turn-over program that will be funded from the City of Berkeley grant and special administrative fee in the Mainstream Program. (*Line 5*)

- d. Routine maintenance (\$5,860) includes file shredding services, and other office maintenance expenses. *(Line 6)*
- e. General expenses (\$113,147) include premium for general liability and workers' compensation insurance, depreciation and other contingency expenses. *(Line 7)*
- f. Capital Expenditure (\$95,000) which include \$70K for the creation and development of the BHA website, and \$25K for pc's/laptop's upgrade.

Reserves and other funds available to close/cover deficit and balance the proposed FY2025 budget:

- \$1,556,589 remaining from the \$2.7 million disposition proceeds previously approved by HUD to be used for operations.
- Operating reserves. The Berkeley Housing Authority anticipates an operating reserve balance of approximately \$2,369,624 in the HCV and Mod Rehab programs on June 30, 2024.

The Board may recall that in 2023 HUD recaptured/offset approximately \$1.6 million in HAP reserves because BHA had a significant HAP reserve that exceeded the allowable threshold. To circumvent another possible recapture of excess HAP in CY2024, BHA exercised fungibility and used HAP dollars to pay for operating expenses for the months of July to December 2023. The unused administrative fees revenue received during the said period flowed into operating reserves (unrestricted).

- Proceeds from the sale of 14 former RHCP units and other unrestricted funds (\$1.5 Million now in bank)

10-Year Revenue and Expense Projection: (Attachment 3)

A 10-Year budget projection covering fiscal years 2025 to 2034 is prepared using the proposed FY2025 budget as the base year. The 10-year projection also based upon the following assumptions:

1. 3% annual increase in administrative fee rates using rates in effect in CY2024 as base rate.
2. 90% pro-ratio for Administrative Fee rates all through out the fiscal years.
3. HCV utilization: 79% lease up beginning FY2025, increasing by approximately 1% annually or up to the level supportable by available HAP funding.
4. Mainstream utilization : 84% lease up in FY2025, increasing by approximately 1% annually or up to the level supportable by available HAP funding.
5. EHV: 92% lease up in FY2025 down to 83% in FY 2034. EHV vouchers are not going to be renewed.
6. 5% annual increase in HAP per unit cost (PUC).
7. 13 FTE for all ten years.
8. 3% annual increase in most operating expense items, except for rent which followed the rates according to the lease.
9. 3% annual COLA adjustment beginning FY2025

Using the aforementioned assumptions, BHA projects the following operating surplus/(deficits) over the ten year period FY2025 to FY2034. (Attachment 2)

	DESCRIPTION	Grand Total PROJECTED BUDGET FY2025	Grand Total PROJECTED BUDGET FY2026	Grand Total PROJECTED BUDGET FY2027	Grand Total PROJECTED BUDGET FY2028	Grand Total PROJECTED BUDGET FY2029	Grand Total PROJECTED BUDGET FY2030	Grand Total PROJECTED BUDGET FY2031	Grand Total PROJECTED BUDGET FY2032	Grand Total PROJECTED BUDGET FY2033	Grand Total PROJECTED BUDGET FY2034
		FY 1	FY 2	FY 3	FY 4	FY 5	FY 6	FY 7	FY 8	FY 9	FY 10
ASSUMPTIONS:											
a	2024 Admin Fee rates increasing at the rate of 3% annually	FY2024 rates	3% increase								
b	HUD Pro-ration on Admin Fees	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
c	Utilization (HCV) -	79%	80%	81%	82%	83%	84%	85%	86%	87%	88%
d	UML (HCV+Mainstream+EHV+Mod Rehab)	1,818	1,838	1,859	1,880	1,900	1,921	1,941	1,962	1,983	2,003
e	FTE	13	13	13	13	13	13	13	13	13	13
f	Average Caseload/Case worker	573	580	587	594	601	608	614	621	628	635
g	Average Per Unit Cost increasing 5% annually (HCV)	\$ 1,826	\$ 1,917	\$ 2,013	\$ 2,114	\$ 2,220	\$ 2,330	\$ 2,447	\$ 2,569	\$ 2,698	\$ 2,833
h	Annual increase in operating expenses except for rent (3%)	Prop FY2025 Budget	3%	3%	3%	3%	3%	3%	3%	3%	3%
i	COLA Adjustment		3%	3%	3%	3%	3%	3%	3%	3%	3%
HOUSING ASSISTANCE PAYMENTS (HAP)											
1	HAP Revenue from HUD	\$ 42,547,835	\$ 44,629,770	\$ 46,249,389	\$ 48,813,297	\$ 51,534,587	\$ 54,425,914	\$ 57,494,129	\$ 60,749,772	\$ 64,203,999	\$ 67,868,618
1.a	HAP Expenses to Owners	\$ (38,679,469)	\$ (41,833,845)	\$ (43,538,150)	\$ (46,187,991)	\$ (48,996,308)	\$ (51,972,323)	\$ (55,125,787)	\$ (58,467,003)	\$ (62,006,864)	\$ (65,756,881)
1.b	MTW eligible expenses	\$ (219,407)	\$ (230,377)	\$ (241,896)	\$ (253,991)	\$ (267,026)	\$ (281,077)	\$ (296,191)	\$ (312,427)	\$ (330,009)	\$ (349,719)
1.c	HAP Funding transferred to Operating Revenue	\$ (441,067)	\$ (264,936)	\$ (247,913)	\$ (229,578)	\$ (209,928)	\$ (188,964)	\$ (166,689)	\$ (143,115)	\$ (118,256)	\$ (92,135)
1.d	Estimated excess (shortfall) in HAP revenue	\$ 3,207,892	\$ 2,300,611	\$ 2,221,429	\$ 2,141,737	\$ 2,007,325	\$ 1,927,550	\$ 1,847,723	\$ 1,768,026	\$ 1,688,670	\$ 1,609,883
OPERATING REVENUE											
2	Administrative Fees	\$ 2,941,783	\$ 3,068,389	\$ 3,194,479	\$ 3,325,376	\$ 3,461,253	\$ 3,602,292	\$ 3,748,681	\$ 3,900,614	\$ 4,058,291	\$ 4,221,920
2.a	Administrative Fee earned for managed incoming ports	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.b	Administrative Fee Paid for managed outgoing ports	\$ (75,894)	\$ (51,349)	\$ (52,889)	\$ (54,476)	\$ (56,110)	\$ (57,794)	\$ (59,527)	\$ (61,313)	\$ (63,153)	\$ (65,047)
2.c	Net Administrative Fee	\$ 2,865,889	\$ 3,017,040	\$ 3,141,590	\$ 3,270,899	\$ 3,405,143	\$ 3,544,499	\$ 3,689,154	\$ 3,839,301	\$ 3,995,138	\$ 4,156,873
2.d	HAP Funding transferred to Operating Revenue	\$ 399,878	\$ 264,936	\$ 247,913	\$ 229,578	\$ 209,928	\$ 188,964	\$ 166,689	\$ 143,115	\$ 118,256	\$ 92,135
2.e	BHA Oversight Fee	\$ 6,922	\$ 7,130	\$ 7,343	\$ 7,564	\$ 7,791	\$ 8,024	\$ 8,265	\$ 8,513	\$ 8,769	\$ 9,032
2.f	Preliminary Fee & Service Fee (Unit Turnover)	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
2.g	Miscellaneous Income	\$ 60,600	\$ 62,418	\$ 64,291	\$ 66,219	\$ 68,206	\$ 70,252	\$ 72,360	\$ 74,530	\$ 76,766	\$ 79,069
2.h	Interest Income on Disposition income	\$ 437,203	\$ 415,343	\$ 394,576	\$ 374,847	\$ 356,105	\$ 338,299	\$ 321,384	\$ 305,315	\$ 290,049	\$ 275,547
2.i	Total Operating Revenue	\$ 3,850,492	\$ 3,846,866	\$ 3,935,712	\$ 4,029,107	\$ 4,127,172	\$ 4,230,039	\$ 4,337,852	\$ 4,450,774	\$ 4,568,978	\$ 4,692,655
OPERATING EXPENSES											
ADMINISTRATION											
3.a	Salaries	\$ 1,400,840	\$ 1,442,865	\$ 1,486,151	\$ 1,530,736	\$ 1,576,658	\$ 1,623,957	\$ 1,672,676	\$ 1,722,857	\$ 1,774,542	\$ 1,827,778
3.b	Employee Benefits	\$ 1,069,176	\$ 1,101,251	\$ 1,134,289	\$ 1,168,317	\$ 1,203,367	\$ 1,239,468	\$ 1,276,652	\$ 1,314,952	\$ 1,354,400	\$ 1,395,032
3.c	Sub-total salaries and employee benefits	2,470,016	2,544,116	2,620,440	2,699,053	2,780,025	2,863,426	2,949,328	3,037,808	3,128,942	3,222,811
4	Total Administrative Expenses	\$ 760,601	\$ 781,989	\$ 803,989	\$ 826,620	\$ 849,900	\$ 873,848	\$ 898,484	\$ 923,827	\$ 949,898	\$ 976,718
5	Total Tenant Services	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
6	Total Routine Maintenance	\$ 5,860	\$ 5,977	\$ 6,097	\$ 6,219	\$ 6,343	\$ 6,470	\$ 6,599	\$ 6,731	\$ 6,866	\$ 7,003
7	Total General Expenses	\$ 113,147	\$ 90,049	\$ 97,689	\$ 106,093	\$ 115,338	\$ 125,506	\$ 136,692	\$ 148,996	\$ 162,531	\$ 177,419
8	TOTAL OPERATING EXPENSES	\$ 3,429,624.38	\$ 3,502,132	\$ 3,608,215	\$ 3,717,985	\$ 3,831,605	\$ 3,949,250	\$ 4,071,103	\$ 4,197,362	\$ 4,328,237	\$ 4,463,951
CAPITAL EXPENDITURE											
9	Website Development & Laptops	\$ 95,000									
9	TOTAL CAPITAL EXPENDITURE	\$ 95,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	OPERATING SURPLUS (DEFICIT)	\$ 325,867	\$ 344,735	\$ 327,498	\$ 311,123	\$ 295,566	\$ 280,789	\$ 266,749	\$ 253,412	\$ 240,741	\$ 228,704
INTEREST INCOME TRANSFERRED TO REST ACCT.											
11	Interest Income on Notes Receivable and Dispo Proceeds	\$ (362,878)	\$ (344,735)	\$ (327,498)	\$ (311,123)	\$ (295,567)	\$ (280,788)	\$ (266,749)	\$ (253,412)	\$ (240,741)	\$ (228,704)
11.a	NET SURPLUS (DEFICIT)	\$ (37,011)	\$ 0	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)
TRANSFER TO/FROM RESERVE OR DISPOSITION PROCEEDS TO COVER DEFICIT											
12.a		\$ 59,477									
12	NET SURPLUS (DEFICIT)	\$ 22,466	\$ 0	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)
PROJECTED OPERATING RESERVE BALANCE ON 07/01/2024											
12.c	TOTAL NON-ROUTINE EXPENSES / CAPITAL IMPROVEMENTS	\$ 2,369,624	\$ 2,369,624	\$ 2,369,624	\$ 2,369,624	\$ 2,369,624	\$ 2,369,623	\$ 2,369,623	\$ 2,369,623	\$ 2,369,623	\$ 2,369,623
12.c	TOTAL NON-ROUTINE EXPENSES / CAPITAL IMPROVEMENTS	\$ 0	\$ 0	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)
12.c	PROJECTED RUNNING DISPO PROCEEDS BALANCE	\$ 2,369,624	\$ 2,369,624	\$ 2,369,624	\$ 2,369,624	\$ 2,369,623	\$ 2,369,623	\$ 2,369,623	\$ 2,369,623	\$ 2,369,623	\$ 2,369,624
DISPOSITION PROCEEDS BALANCE											
12.c	TOTAL NON-ROUTINE EXPENSES / CAPITAL IMPROVEMENTS	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000
12.c	PROJECTED RUNNING OPERATING RESERVE BALANCE	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000	\$ 1,556,000
RHCP PROCEEDS (in bank)											
12.c	TOTAL NON-ROUTINE EXPENSES / CAPITAL IMPROVEMENTS	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955
12.c	PROJECTED RUNNING DISPO PROCEEDS BALANCE	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955	\$ 2,196,955

Two Year Tool

While BHA operates on a July to June fiscal year, HUD funds PHA's on a Calendar Year period. In funding for HAP eligibility, HUD uses the PHA's preceding year's actual HAP expenses reported on HUD's Voucher Management System (VMS) adjusted by the Renewal Funding Inflation Factor (RFIF) and pro-ration. (see page 3 above) PHAs are only allowed to retain a certain level of reserves. That is why HUD calculates the amount of excess HAP funding remaining on December 31 every year to determine the amount of reserves that can potentially be recaptured or offset. For BHA and other PHA's with 500 and above units, we are only allowed to maintain 4% of our HAP eligibility in reserves.

The Two-Year-Tool (TYT) and Payment Standard Tool (PST) are two instruments utilized by HUD and PHAs in projecting the PHA's utilization of its vouchers and funding over multiple calendar years. The TYT uses variables such as success rate, attrition rate, vouchers issued and time of issuance to HAP effective date, among other things, to

complete its projection. The most recent TYT generated for BHA anticipates a \$4,262,000 HAP reserves on December 31, 2024. BHA is allowed to retain up to \$1,370,000 in HAP reserves in CY2025. The excess HAP funding of \$2,892,000 is included in the \$3.3 million that the Board committed in August 2023 to be used for BHA's MTW local, non-traditional programs and service provision programs by way of Resolution# 2023-18.

Staff acknowledges Jonathan Zimmerman from Section Eight Associates for his guidance and assistance, and for verifying our numbers used in this budget.

CONTACT PERSON

Jesy Yturalde, Finance Manager, 981-5488

Attachments:

1. Resolution
EXHIBIT A: Proposed FY2024-2025 Budget
2. 10-Year Budget

BERKELEY HOUSING AUTHORITY

Resolution 24-__

ADOPTION OF THE FISCAL YEAR ENDING 2024-2025 BUDGET OF THE BERKELEY HOUSING AUTHORITY WITH A NET OPERATING INCOME OF \$22,466.

WHEREAS, The Berkeley Housing Authority (“BHA” or “Authority”) is a public body, corporate and politic, organized pursuant to the Housing Authorities Law, California Health and Safety Code Section 34200 et. seq.; and

WHEREAS, BHA operates on a July 1-June 30 fiscal year and HUD funding is on a calendar year; and

WHEREAS, operating budgets for the BHA’s various programs must be adopted prior to the beginning of the fiscal year July 1, 2024 – June 30, 2025; and

WHEREAS, formal adoption of a fiscal year budget by Board Commissioners is one of the duties of the Board of the Authority; and

WHEREAS, the budget for Fiscal Year Ending 2024-2025 includes the various HUD programs administered by BHA, including Section 8 Housing Choice Voucher, Moderate Rehabilitation, Mainstream and Emergency Housing Voucher Programs; and

WHEREAS, the budget for Fiscal Year Ending 2024-2025 utilized data from HUD’s Two Year Tool for HAP revenue and expenses and assumed CY2024 administrative fee rates and 90% pro-ration; and

WHEREAS, the proposed FYE2024-2025 Budget assumes a utilization of only 79% of our HCV units, 84% in the Mainstream program and 92% in the EHV program.; and

WHEREAS, the proposed FYE2024-2025 Budget assumes 13 FTE, include a new Office Assistant II (Eligibility Clerk); and

WHEREAS, the proposed FYE2024-2025 Budget reflects a 3% COLA adjustment for represented and unrepresented employees as the labor union contracts with Local 1021 and Local One; and the Unrepresented Employee Agreement are about to expire on June 30, 2024; and

WHEREAS, the proposed FYE2024-2025 Budget exercised MTW fungibility by using \$399,878 in HAP funding for Non-HAP expenses; and

WHEREAS, the proposed FY2024-2025 Budget reflects a projected annual operating income income of \$22,466 after utilization of availabe administrative fee reserve; and

WHEREAS, staff and the Board are continuing to engage in strategic analysis of Authority operations, including critical decisions on public housing development, contract services, programs, and staffing levels; and

NOW, THEREFORE BE IT RESOLVED that the proposed FY Ending 2025 BHA Budget, including 13 Full Time Equivalent positions, attached as Exhibits A, is approved.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on June 13, 2024 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: _____

James E. Williams, Secretary

EXHIBIT A
FY2024 – 2025 Budget