




Berkeley Housing Authority

ACTION CALENDAR

June 27, 2006

To: Honorable Chairperson and
Members of the Housing Authority Board

From:  Phil Kamlarz, Executive Officer

Submitted by: Stephen Barton, Director, Housing Department

Subject: Berkeley Housing Authority FY 2007 Budget Adoption

RECOMMENDATION

Adopt a Resolution approving the Berkeley Housing Authority budget for FY 2007 in the amount of \$27,387,112 for all programs.

FISCAL IMPACTS OF RECOMMENDATIONS

The Berkeley Housing Authority has sufficient fund balances and anticipated revenue to maintain the current staffing and non-personnel budget but this staffing level is not sufficient to maintain operations at a level that will meet the US Department of Housing and Urban Development (HUD) designation of “standard performer.” Therefore the recommended budget incorporates a General Fund subsidy of \$150,000 for additional staffing.

CURRENT SITUATION AND ITS EFFECTS

Anticipated revenue for FY 2007 is \$23,410,116 for Housing Choice Voucher, \$657,775 for Moderate Rehabilitation, \$2,502,896 for Shelter+ Care and \$587,909 for Public Housing, for a total revenue budget of \$27,158,696. The proposed FY 2007 budget for the BHA is \$27,387,112. The shortfall in the FY 2007 budget will be bridged with current fund balances from the various programs.

The Berkeley Housing Authority has a projected shortfall caused by growing expenditures, mainly due to cost of living and personnel benefit increases, and reductions in the administrative fees/subsidies funded by HUD. If this trend continues, the BHA will have to find either another source of funding or start reducing its staff costs.

Staffing costs at the BHA represents only six percent (6%) of the overall budget. Based on current staffing costs, the BHA does not have adequate administrative fees/subsidies to pay for the necessary positions to perform all of the required functions. Specifically, there are not enough clerical positions to assist the case managers with basic clerical support (scheduling, processing paperwork, filing, etc.). With caseloads between 415 and 430 per case manager, there is not enough time to process all of the annual re-examinations, interim re-examinations, and Requests for Tenancy.

By far, the largest percentage of the budget (92%) goes towards program operations in the form of Housing Assistance Payments for the Section 8 program and Rent Subsidies for public housing. The revenue for these programs comes from HUD and passes directly through to the landlords (Section 8) and Affordable Housing Associates (public housing).

The remaining two percent (2%) of the budget is for non-personnel costs such as the building lease for 1901 Fairview Street, professional services, software maintenance, postage, office supplies, etc. This represents a “bare bones” operation and does not leave much to work with when HUD reduces the administrative fees and operating subsidies.

The BHA needs an additional 1.0 FTE in clerical support and .50 FTE in case management to reduce the workload to the maintaining the “standard performer” designation. In addition, the BHA needs approximately \$85,000 in assistance to pay for professional services such as a contract for inspection services.

BACKGROUND

HUD has significantly reduced the administrative fees and operating subsidies for all of its housing assistance programs in the last few years. In response to these reduced funds, the BHA has significantly reduced the number of staff performing day-to-day operations. In response to HUD findings the Public Housing program, BHA now contracts with Affordable Housing Associates for the management of the public housing and state-funded units. On a temporary basis, BHA has contracted with Sterling to perform Section 8 Housing Quality Standards (HQS) inspections.

The Acting Manager recommends continuing to contract out the annual HQS inspections and to contract out the janitorial services for the 1901 Fairview Street office, which is not a city-owned building. The contract with Affordable Housing Associates for public housing management was approved at the May 23, 2006 BHA Board meeting with an ending date of December 31, 2006. Wherever possible, the BHA will look for opportunities to reduce costs through efficiencies, outside contracts or opportunities to share costs with other entities.

RATIONALE FOR RECOMMENDATION

HUD requires that the BHA meet the requirements for “standard performer” in the Section 8 Management Assessment Program. In order to do so, the BHA must decrease its staff workload, find more efficient ways to provide its services and become more effective in implementing the HUD regulations and BHA policies. This proposed FY 2007 budget is the first step in meeting these goals.

ALTERNATIVE ACTIONS CONSIDERED

The BHA can contract out all of its functions with a significant decrease in operating costs. A full evaluation of this and other options is not practical until HUD has determined whether or not the BHA has met the “standard performer” requirements for FY 2006.

CONTACT PERSON

Beverli Marshall, Acting Manager, 981-5471

Attachments:

1: Resolution

Exhibit A: FY 2007 Budget Allocation: All Expenses

Exhibit B: FY 2007 Budget Allocation: Payroll Distribution

2: FY 2007 Budget Recommendations

3: FY 2007 Position Summary

RESOLUTION NO. _____-N.S.

APPROVING THE BERKELEY HOUSING AUTHORITY BUDGET FOR FY 2007 IN THE
AMOUNT OF \$27,387,112 FOR ALL PROGRAMS

WHEREAS, the Berkeley Housing Authority Board has reviewed the FY 2007 proposed budget for the Housing Choice Voucher, Moderate Rehabilitation, Shelter+ Care, and Public Housing programs; and

WHEREAS, the Berkeley Housing Authority Board finds that the proposed expenditures are necessary for the efficient and economical operations of all its programs in FY 2007; and

WHEREAS, the Berkeley Housing Authority Board recognizes that the administrative fees and operating subsidies received from HUD are not sufficient to fund the staff and non-personnel costs needed to achieve and maintain a “standard performer” designation by the US Department of Housing and Urban Development and that additional financial assistance is need from the City of Berkeley General Fund.

NOW THEREFORE, BE IT RESOLVED by the Housing Authority of the City of Berkeley that the FY 2007 budget for all programs in the amount of \$27,387,112, as shown in Exhibits A and B, are hereby approved.

BERKELEY HOUSING AUTHORITY
FY 2007 Budget Allocation
All Expenses

Exhibit A

| | HCV | Mod Rehab | S+C HUD | S+C AICo | LIPH | LIPH CIP | RHCP | GF | TOTAL |
|-------------------------|----------------------|-------------------|---------------------|-------------------|--------------------|-------------------|-------------------|---------------------|----------------------|
| HAP | 21,910,244 | 573,549 | 1,961,487 | 340,817 | | | | | 24,786,097 |
| Salaries & Benefits | 1,272,382 | 74,518 | 130,017 | 22,944 | 29,940 | 35,100 | 6,335 | 65,092 | 1,636,329 |
| Admin fees for Ports | 20,000 | - | - | - | - | - | - | - | 20,000 |
| Stipends | 940 | 59 | - | - | 51 | - | - | - | 1,050 |
| Audit | 20,567 | 1,095 | - | - | 681 | - | 157 | - | 22,500 |
| Professional Services | 64,592 | - | - | - | 306,934 | - | 128,751 | 84,908 | 585,185 |
| Office Equip. Maint. | 3,738 | 199 | - | - | 124 | - | 28 | - | 4,089 |
| Rental of Land/Bldgs | 98,329 | 4,494 | - | - | 3,235 | - | 742 | - | 106,800 |
| Tenant Services | - | - | 43,000 | - | - | - | - | - | 43,000 |
| County/State/Fed | 5,484 | 292 | - | - | 182 | - | 42 | - | 6,000 |
| Professional Dues | 2,300 | - | - | - | 1,000 | - | - | - | 3,300 |
| Insurance | 3,474 | 185 | - | - | 115 | - | 26 | - | 3,800 |
| Telephone | 3,614 | 219 | - | 500 | 136 | - | 31 | - | 4,500 |
| Gas/Electric | 5,850 | 311 | - | - | 194 | - | 45 | - | 6,400 |
| Registration/Admin Fees | 3,000 | - | - | 275 | - | - | - | - | 3,275 |
| Transportation | 1,998 | 102 | - | 500 | - | - | - | - | 2,600 |
| Advertising | 366 | 19 | - | - | 12 | - | 3 | - | 400 |
| Books & Publications | 914 | 49 | - | - | 30 | - | 7 | - | 1,000 |
| Rental of Office Equip. | 5,119 | 272 | - | - | 170 | - | 39 | - | 5,600 |
| Postage | 11,733 | 633 | - | 150 | 394 | - | 90 | - | 13,000 |
| Messenger Services | 2,633 | 140 | - | - | 87 | - | 20 | - | 2,880 |
| Office Supplies | 6,980 | 380 | - | 150 | 236 | - | 54 | - | 7,800 |
| Capital Improvements | - | - | - | - | - | 91,927 | 700 | - | 92,627 |
| Software Maintenance | 18,282 | 973 | - | - | 606 | - | 139 | - | 20,000 |
| Central Duplicating | 2,742 | 146 | - | - | 91 | - | 21 | - | 3,000 |
| Mail Services | 2,633 | 140 | - | - | 87 | - | 20 | - | 2,880 |
| City Vehicle | - | - | - | 3,000 | - | - | - | - | 3,000 |
| | \$ 23,467,914 | \$ 657,775 | \$ 2,134,504 | \$ 368,336 | \$ 344,305 | \$ 127,027 | \$ 137,250 | \$ 150,000 | \$ 27,387,112 |
| Revenue | | | | | | | | | |
| HAP | 21,910,244 | 573,549 | 1,961,487 | 340,817 | 222,601 | - | 80,585 | - | 25,089,283 |
| Admin/Operating Fees | 1,494,872 | 82,226 | 172,065 | 27,527 | 97,898 | 129,659 | 56,666 | - | 2,060,913 |
| Misc. | 5,000 | 2,000 | 1,000 | - | 500 | - | - | - | 8,500 |
| | \$ 23,410,116 | \$ 657,775 | \$ 2,134,552 | \$ 368,344 | \$ 320,999 | \$ 129,659 | \$ 137,251 | \$ - | \$ 27,158,696 |
| Variance | \$ (57,798) | \$ 0 | \$ 48 | \$ 8 | \$ (23,306) | \$ 2,632 | \$ 1 | \$ (150,000) | \$ (228,416) |

BERKELEY HOUSING AUTHORITY
FY07 Budget Allocation
Payroll Distribution
(includes salary and benefits)

Exhibit B

| | HCV | | Mod Rehab | | S+C HUD | | S+C AICo | | LIPH | | LIPH CIP | | RHCP | | GF | | TOTAL |
|--------------------------|------|-----------|-----------|--------|---------|---------|----------|--------|------|--------|----------|--------|------|-------|------|--------|---------------------|
| Manager | 78% | 131,668 | 5% | 8,440 | 0% | - | 0% | - | 5% | 8,440 | 10% | 16,881 | 2% | 3,376 | 0% | - | \$ 168,805 |
| Sr. Accountant | 81% | 103,049 | 5% | 6,361 | 0% | - | 0% | - | 3% | 3,817 | 10% | 12,722 | 1% | 1,272 | 0% | - | \$ 127,221 |
| Sr. Housing Supervisor | 90% | 112,236 | 5% | 6,235 | 0% | - | 0% | - | 5% | 6,235 | 0% | - | 0% | - | 0% | - | \$ 124,707 |
| Accountant I | 86% | 81,930 | 5% | 4,763 | 0% | - | 0% | - | 3% | 2,858 | 5% | 4,763 | 1% | 953 | 0% | - | \$ 95,268 |
| Housing Authority Rep | 100% | 98,337 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | \$ 98,337 |
| Housing Authority Rep | 0% | - | 0% | - | 85% | 83,587 | 15% | 14,751 | 0% | - | 0% | - | 0% | - | 0% | - | \$ 98,337 |
| Housing Authority Rep | 100% | 98,337 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | \$ 98,337 |
| Housing Authority Rep | 65% | 63,919 | 30% | 29,501 | 0% | - | 0% | - | 5% | 4,917 | 0% | - | 0% | - | 0% | - | \$ 98,337 |
| Comm Service Spec. I | 100% | 94,641 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | \$ 94,641 |
| Cust. Service Spec. III | 100% | 81,717 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | \$ 81,717 |
| Cust. Service Spec. III | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 100% | 40,858 | \$ 40,858 |
| Office Specialist III | 90% | 76,552 | 10% | 8,506 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | \$ 85,058 |
| Office Specialist II | 92% | 67,573 | 5% | 3,672 | 0% | - | 0% | - | 1% | 734 | 1% | 734 | 1% | 734 | 0% | - | \$ 73,449 |
| Office Specialist II | 91% | 66,839 | 5% | 3,672 | 0% | - | 0% | - | 4% | 2,938 | 0% | - | 0% | - | 0% | - | \$ 73,449 |
| Office Specialist II | 100% | 67,316 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | \$ 67,316 |
| Office Specialist II | 59% | 39,716 | 5% | 3,366 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 36% | 24,234 | \$ 67,316 |
| AOS III | 100% | 11,441 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | \$ 11,441 |
| Director | 100% | 41,394 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | \$ 41,394 |
| Administrative Secretary | 100% | 19,197 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | \$ 19,197 |
| Sr. Management Analyst | 100% | 16,519 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | \$ 16,519 |
| Comm. Service Spec. | 0% | - | 0% | - | 85% | 46,431 | 15% | 8,194 | 0% | - | 0% | - | 0% | - | 0% | - | \$ 54,624 |
| | | 1,272,382 | | 74,518 | | 130,017 | | 22,944 | | 29,940 | | 35,100 | | 6,335 | | 65,092 | \$ 1,636,329 |

| Budget Recommendations | | Program | Impacts | F/V/H | FY 07 FTE | FY 07 AMOUNT |
|---|--|----------------|---|-------|-------------|-------------------|
| 1 | Community Services Specialist I | Section 8 HCV | Perform Family Self-Sufficiency functions | | 0.50 | \$ 40,858 |
| 2 | Office Specialist II | Section 8 HCV | Provide clerical support to case managers | | 1.00 | \$ 69,944 |
| 3 | Contract for Inspection of Section 8 HCV and Project-Based units | Section 8 HCV | Housing Authority Representatives will be assigned to caseloads | | | \$ 75,000 |
| 4 | Janitorial Contract | Administration | Contract with outside firm to provide basic janitorial services | | | \$ 20,000 |
| 5 | Eliminate Facilities Maintenance charges for janitorial services | Administration | Contract with outside firm to provide basic janitorial services | | | \$ (45,581) |
| Total Berkeley Housing Authority | | | | | 1.50 | \$ 160,221 |

F=Filled position; V=Vacant position; H=Hourly position

| Summary of Recommendations | |
|----------------------------|-------------------|
| New | \$ 205,802 |
| Reductions | \$ (45,581) |
| Revenue | \$ - |
| Cost Shifts | \$ - |
| Total | \$ 160,221 |

**BERKELEY HOUSING AUTHORITY
FY 2007 Position Summary**

| | FY05 Adopted | FY06 Adopted | FY07 Proposed |
|---|-------------------------|-------------------------|--------------------------|
| Career Employees: | | | |
| Accountant I | 1.00 | 1.00 | 1.00 |
| Community Service Specialist I | 1.00 | 1.00 | 1.00 |
| Customer Services Specialist III | 1.00 | 1.00 | 1.50 |
| Housing Authority Representative | 4.00 | 4.00 | 4.00 |
| Housing Authority Manager | 1.00 | 1.00 | 1.00 |
| Office Specialist II | 2.00 | 3.00 | 4.00 |
| Office Specialist III | 1.00 | 1.00 | 1.00 |
| Sr. Accountant | 1.00 | 1.00 | 1.00 |
| Sr. Housing Assist. Supervisor | 1.00 | 1.00 | 1.00 |
| Total Berkeley Housing Authority | 13.00 | 14.00 | 15.50 |