



Meeting Date: June/26/2007

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other

Prepared By: Carrie Sabatini *Sabatini* Agenda Item No. I-8  
 Reviewed By: City Manager *[Signature]* City Attorney *[Signature]* Finance *[Signature]* Other \_\_\_\_\_

**DATE:** June 15, 2007  
**TO:** Housing Authority Commission  
**FROM:** Salvador Gonzalez, Housing Director *[Signature]*  
 Housing Department

**SUBJECT: Section 8 Housing Choice Voucher Program Budget for Fiscal Year 2008**

**RECOMMENDATION**

That the Board of Commissioners of the Housing Authority of the City of Oxnard 1) adopt a resolution approving and adopting the recommended \$15,481,279 operating budget for the Section 8 Housing Choice Voucher Program ("Section 8") for fiscal year 2008 and 2) approve and authorize the use of \$79,190 of administrative reserves to fund the projected deficit.

**DISCUSSION**

This recommended budget pertains exclusively to the 1659 Housing Choice Vouchers administered by the City of Oxnard Housing Authority ("OHA"). The recommended operating budget is comprised of two parts, the housing assistance payments ("HAP") paid to landlords for subsidy of rental income and the administrative fees used to operate the administration of the Section 8 program. The HAP portion of the program is anticipated to be approximately \$13,884,416 for rental subsidies passed directly through from the Department of Housing and Urban Development ("HUD") to the private landlords in the community. The administrative fee operations are estimated to be approximately \$1,596,863, which is anticipated to produce a deficit of approximately \$79,190.

The process of developing the fiscal year 2008 budget was difficult for several reasons. Initially, the budget had to overcome an existing \$382,000 deficit from the prior year budget. Adjustments had to be made to address that issue. Then, because the federal funding process is difficult to predict, the budget process had to address that issue as well. Congress and HUD allocate funding based upon a calendar year, as opposed to the Housing Authority fiscal year or federal fiscal year. As of the date of this report, the official funding calculation for calendar year 2007 has not yet been announced. Funding has been provided based upon the same allocations received during calendar year 2006. Any difference in funding for the 2007 year will be announced for the July 1, 2007 payment. Any retroactive adjustments will be taken out of the July 1<sup>st</sup> payment; half way through the year and after the applicable fiscal year

## Section 8 Budget

June 17, 2007

Page 2

is closed. This late announcement makes planning for fiscal year 2008 even more difficult as the remaining proration of 2007 is not known, and the 2008 portion of the fiscal year funding is even more difficult to predict. For 2007, staff is anticipating administrative fee funding approximate to what is currently being received. For 2008, the president's recommended budget includes a recommended 8% increase over 2007 funding. Staff is projecting an 8% increase in its funding for the second half of the upcoming fiscal year. That will result in an increase of approximately \$78,000. While the federal funding is difficult to predict, staff has made its best estimate of what it feels the outcome is likely to be.

The Authority must carefully manage available administrative funds to remain within budget and provide quality services to our clientele. The Authority projected a zero line item increase budget, except where necessary, and has reduced some line items where known savings are anticipated. Due to a change in the allocation of insurance expenses and City indirect costs, it is anticipated that there will be savings of approximately \$43,000 and \$25,000, respectively.

An increase in postage expense is proposed due to postage rates increasing. Additionally, increases in publications, service contracts, cell phone and miscellaneous sundry have increased by less than \$1,000 to incorporate increased costs. The calculation of salaries includes a projected bargaining unit salary increase; increases for a promotional Senior Housing Specialist position effective approximately July 1<sup>st</sup> and the new supervisor in the Section 8 program; and there are decreases netted with the above for an unfilled Housing Specialist position, and a reallocation of ½ a Housing Specialist in the Eligibility division to the Public Housing program.

Given the above changes, the administrative budget deficit would be approximately \$225,000. The reserve levels available, however, would not support a deficit of this magnitude. Therefore, additional recommended changes are proposed to further reduce the deficit as follows.

Overall, there has been a reduction in total salary and benefit expense. While not desirable, the proposed reduction in salaries incorporates some decreases in staffing levels for the upcoming year. These decreases are necessary in order to match the expenditure levels with the funding levels. Staffing makes up approximately 95% of the OHA's HUD funding for administrative fees. Therefore, any decrease in administrative fee funding from HUD immediately impacts the programs ability to support its staffing levels. The current budget addresses the shortfall in administrative funding in three ways. First, it proposes that a Section 8 Housing Inspector be reduced. There are currently no vacancies to address the potentially displaced employee. The position has been identified for reduction for the purposes of reducing the deficit; however, there is also a proposed reform bill in Congress (known as the Section Eight Voucher Reform Act – HR 1851) that reduces the frequency of Section 8 participant units' inspections to every other year, as opposed to the current requirement to inspect every year. This bill would likely reduce the need for inspections by approximately ½. The Housing Authority currently uses 2 Housing Inspectors and would therefore need only one. Although this legislation would not go into effect until January 2008 at the earliest, the administrative budget cannot support the position until the effective date. The second avenue to address the potential deficit is the proposal that one Housing Specialist is reassigned from the Section 8 program to the Public Housing program. A Housing Specialist in the Section 8 program has requested to transfer to a vacant position within the Public

000046

Section 8 Budget

June 17, 2007

Page 3

Housing program. The vacancy within Section 8 will, then, not be refilled in order to recognize cost savings. Third, there is a reallocation of some administrative salaries among programs, as appropriate, based upon service provided to those programs.

If all the above referenced changes were implemented, a deficit of approximately \$79,190 would result.

### **FINANCIAL IMPACT**

As of March 31, 2007, the Authority's Section 8 administrative operating reserve has a balance of \$416,690. The Housing Authority Commission recently authorized the use of \$191,000 in reserves for the current fiscal year administrative fee deficit resulting in an anticipated year end balance of approximately \$225,690.

If the additional reductions are approved, and the resulting deficit is taken from Section 8 administrative fee reserves, the resulting reserve balance would be approximately \$146,500.

Attachment #1 - Housing Authority Resolution  
#2 - Budget document

**000047**

HOUSING AUTHORITY OF THE CITY OF OXNARD  
RESOLUTION NO.

**RESOLUTION APPROVING AND ADOPTING THE SECTION 8 HOUSING CHOICE  
VOUCHER PROGRAM OPERATING BUDGET FOR FISCAL YEAR 2008**

WHEREAS, the Housing Authority of the City of Oxnard (Authority) has prepared a Section 8 Housing Choice Voucher Program Operating Budget of \$15,481,279 for the fiscal year 2008; and

WHEREAS, the budgeted expenditures are necessary for the efficient and economical operation of the Authority for the purpose of serving low-income families; and

WHEREAS, the budget for the fiscal year 2008 indicates a source of funding adequate to cover all proposed expenditures; and

WHEREAS, the budgeted rental charges and expenditures will be consistent with the provisions of law and the Annual Contribution Contract; and

WHEREAS, the United States Department of Housing and Urban Development (HUD) requires the Authority to certify that no Authority employee is serving in a variety of positions which will exceed a 100% allocation of his/her time.

NOW THEREFORE, the Board of Commissioners of the Housing Authority of the City of Oxnard hereby resolves:

1. That the Section 8 Housing Choice Voucher Program Operating Budget (Operating Budget) for the fiscal year 2008 totaling \$15,481,279 available on file at the Housing Department and incorporated in full herein by this reference is approved and adopted.
2. That no Authority employee reflected in the Operating Budget is serving in a variety of positions which will exceed 100% allocation of his/her time.

APPROVED AND ADOPTED this 26th day of June 2007, by the following vote:

AYES:

NOES:

ABSENT:

---

Dr. Thomas E. Holden, Chairman

Fiscal Year 2008 Section 8 Budget  
Resolution  
Page Two

ATTEST:

---

Daniel Martinez, Secretary Designate

APPROVED AS TO FORM:



---

Gary Gillette, General Counsel

**000049**

**OXNARD HOUSING AUTHORITY**

**BUDGET ANALYSIS FOR FISCAL YEAR 2007 - 2008**

**PERIOD from 07/1/07 - 06/30/08**

<b>Housing Choice Voucher Program</b>	<b>Budget FY07</b>	<b>Budget FY 08</b>	<b>Difference</b>
<b>Income:</b>			
Administrative Fee	1,341,125	1,419,449	78,324
<b>Total HUD Income</b>	<b>1,341,125</b>	<b>1,419,449</b>	<b>78,324</b>
Interest - Op Reserve Surplus	21,471	12,000	(9,471)
Fraud Recovery	11,136	13,844	2,708
Portability Income	0	0	0
Other Inc-SPC Adm Fee	0	10,992	10,992
Other Inc-FSS Coord	60,478	61,388	910
<b>Total Other Income</b>	<b>93,085</b>	<b>98,224</b>	<b>5,139</b>
<b>Total All HCV Income</b>	<b>1,434,210</b>	<b>1,517,673</b>	<b>83,463</b>
<b>Expenses:</b>			
<b>Administrative</b>			
Administrative Salary	1,067,883	963,349	(104,534)
Legal	2,305	2,305	0
Training	2,886	5,183	2,297
Travel	8,320	13,740	5,420
Accounting Fees	0	0	0
Auditing Costs	24,220	25,840	1,620
Consulting	0	0	0
Rent (Utilities at 1470)	6,902	7,548	646
Employee Benefits-Admin	437,832	383,115	(54,717)
<b>Administrative Sundry</b>			
Publications	2,292	2,704	412
Postage	18,831	22,661	3,830
Service Contracts	6,721	7,319	598
Miscellaneous	4,599	5,561	962
Equipment & Furniture	2,675	2,675	0
Storage	2,987	2,987	0
Dues	3,025	3,025	0
Phone - Vcom & DSL	26,741	18,983	(7,758)
Phone - Cell	1,057	1,717	660
Outside Printing	5,525	5,525	0
Supplies	11,443	11,443	0
City Overhead	56,920	31,756	(25,164)
Advertising	808	808	0
Copier Reproduction	5,865	5,865	0
<b>General</b>			
Insurance	51,763	31,028	(20,735)
Liability Ins -City	33,592	21,659	(11,933)
Workers' Compensation	14,715	14,695	(20)
Portability Adm Fee Paid	16,736	5,372	(11,364)
<b>Total Admin/General Expenses</b>	<b>1,816,643</b>	<b>1,596,863</b>	<b>(219,780)</b>
<b>Net Administrative Income/(Loss)</b>	<b>(382,433)</b>	<b>(79,190)</b>	<b>303,243</b>
<b>Housing Assistance Payments</b>			
HAP Subsidy	13,741,164	13,884,416	143,252
Housing Assistance Payments	13,741,164	13,884,416	143,252
Unused HAP Balance	-	0	-