

Subject: Proposed Conant Place Operating Budget 2017-2018. Resolution No. 16-17-24.

Background Information: Conant Place is a subsidized affordable housing project financed through the California Housing Finance Agency (CalHFA). CalHFA requires the Authority to submit a budget proposal by August 1 of each year. The Authority staff met this requirement and await CalHFA approval.

Attached is the proposed 2017-2018 Conant Place Operating Budget (See Attachment A). The proposal shows next year's estimated expenses along with a comparison of last year's operating budget.

The total revenue for the 2017-2018 fiscal year is increased by \$14,570 or 3.05% due to increases in Rental Income, Interest Income, Laundry Income, and Tenant Charges. Rental income is higher than 2016-2017 due to a proposed 3.0% increase in rents. The rent increase is needed due to an increase in operating expenditures. The proposed rent increase will range from \$13 to \$18 per unit per month (See Attachment C). The last rent increase for the project was in October 2016, when rents were increased by 1.5%. The proposed rent increase is subject to approval by the California Housing Finance Agency. The increase in operating expenses for the 2017-2018 budget is \$14,675 or 3.08%. The increase in expenses is due to increases in payroll expense, administrative expense, utilities expense, and maintenance expense. After meeting our reserve requirements, the budget proposal for 2017-2018 still anticipates \$899 to go to reserve.

Attached is a list of proposed maintenance items to be funded from replacement reserves or the Operating Budget. (See Attachment B).

Recommended Action: After review and discussion, staff recommends the Board of Commissioners adopt the attached resolution approving the Conant Place Operating Budget for fiscal year 2017-2018.

Fiscal Impact: New Budget

Prepared by: Linh Luong, Director of Finance

Attachments:

1. Proposed fiscal year 2017-2018 Conant Place operating budget.
2. Proposed Extra Ordinary Maintenance Items.
3. Proposed Rental Income.
4. Resolution 16-17-24

ATTACHMENT A

CALIFORNIA HOUSING FINANCE AGENCY

Proposed Annual Operating Budget

PROJECT NAME: Conant Place

CHFA# 93-007-N

FISCAL YEAR BEGINNING: 10/1/2017

NUMBER OF UNITS # 81

Budget Line Item:	10/16 - 9/17 Proposed	10/17 - 9/18 Proposed	Diff.	% Chg	COMMENTS
INCOME:					
Gross Potential Rental Income	501,996.00	517,200.00	15,204.00	3.03%	Increase due to 3% rent increase
Interest Income	90.00	210.00	120.00	133.33%	Increase due to increase in interest rate
Laundry Income	3,800.00	3,900.00	100.00	2.63%	
Tenant Charges	440.00	450.00	10.00	2.27%	
Other Income (Specify)					
Total Gross Income	506,326.00	521,760.00	15,434.00	3.05%	
Less:					
Vacancy Loss	15,060.00	15,516.00	456.00	3.03%	Increase due to 3% rent increase
Employee Apartment Rents	13,632.00	14,040.00	408.00	2.99%	
TOTAL NET REVENUE	477,634.00	492,204.00	14,570.00	3.05%	
DISBURSEMENTS:					
Payroll:					
Office Administrative	11,160.00	12,210.00	1,050.00	9.41%	Increase due to COLA for 2016-17 and 2017-2018
On Site Manager	14,400.00	14,400.00	0.00	0.00%	
Maintenance Janitorial	12,050.00	12,060.00	10.00	0.08%	
Other Services (Specify)					
Subtotal Payroll	37,610.00	38,670.00	1,060.00	2.82%	
Payroll Taxes Workers Comp	7,930.00	8,365.00	435.00	5.49%	Increase due to increase in salary and workers compensation rate increase
Employee Benefits	12,070.00	12,520.00	450.00	3.73%	Increase due to increase in employer portion of medical
Total Payroll	57,610.00	59,555.00	1,945.00	3.38%	
Administrative Expenses:					
Renting expenses					
Office Expenses	4,525.00	6,500.00	1,975.00	43.65%	Increase due to office supplies expense and credit/criminal background checks expense

Budget Line Item:	10/16 - 9/17 Proposed	10/17 - 9/18 Proposed	Diff.	% Chg	COMMENTS
Management fee	62,208.00	62,208.00	0.00	0.00%	
Legal	1,000.00	1,000.00	0.00	0.00%	
Audit Exp (Project Related Only)	1,380.00	1,380.00	0.00	0.00%	
Accounting / Bookkeeping	9,234.00	9,234.00	0.00	0.00%	
Misc (Specify) (Forms & Copies)	1,680.00	2,000.00	320.00	19.05%	Increase due to increase in cost of forms
Total Administrative	80,027.00	82,322.00	2,295.00	2.87%	
Utilities:					
Electricity	15,875.00	15,875.00	0.00	0.00%	
Water and Sewer	41,420.00	44,950.00	3,530.00	8.52%	Increase in water & sewer costs
Gas	4,020.00	3,900.00	-120.00	-2.99%	
Other (Specify)					
Total Utilities	61,315.00	64,725.00	3,410.00	5.56%	
Operating and Maintenance					
Maintenance Supplies	9,850.00	15,800.00	5,950.00	60.41%	Increase in windowcovering & appliances costs
Maintenance & Repair Contracts	102,230.00	103,075.00	845.00	0.83%	
Trash Removal	8,600.00	8,900.00	300.00	3.49%	Increase due to projected increase in utility cost
Heating & A/C Services	2,170.00	2,100.00	-70.00	-3.23%	
Total Operating and Maint.	122,850.00	129,875.00	7,025.00	5.72%	
Insurance and Taxes:					
Property & Liability Insurance	14,813.00	14,813.00	0.00	0.00%	
Other Taxes (Specify)					
Total Insurance and Taxes	14,813.00	14,813.00	0.00	0.00%	
Financial Expenses:					
Mortgage Payments (1st Loan)	81,290.00	81,290.00	0.00	0.00%	
Other Mortgages					
Reserve for Replacement Deposits	58,725.00	58,725.00	0.00	0.00%	
Other (Specify)					
Total Financial	140,015.00	140,015.00	0.00	0.00%	
TOTAL OPERATING DISBURS.	476,630.00	491,305.00	14,675.00	3.08%	
NET REVENUE OR DEFICIT	1,004.00	899.00	-105.00	-10.46%	

ATTACHMENT B

CONANT PLACE Fiscal Year 2017-2018 Extra Ordinary Maintenance

1. Concrete Repairs (Replacement Reserve)

Concrete repairs are ongoing due to tree root issues. This work will be completed after tree removal of affected areas and will continue over several budget cycles.

Estimated cost is \$20,000.00

2. Replacement of HVAC Systems (Replacement Reserve)

This will be Phase Two of a three phase project to replace original, outdated HVAC units.

Expecting to replace an additional 27 systems this budget cycle at an estimated cost of \$4,500 per unit.

Estimated cost is \$121,500.00

3. Maintenance and Removal of Trees (Replacement Reserve)

This is ongoing maintenance to remove trees causing damage to concrete and creating trip hazards.

Estimated cost is \$20,000.00

4. Landscape Improvements (Operation)

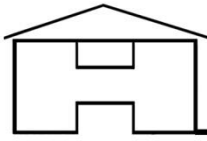
Continued repairs of sprinklers damaged by tree roots, replant slow growing, less invasive tree variety after removal of trees identified as requiring removal.

Estimated cost is \$8,000.00

ATTACHMENT C

CONANT PLACE
 DWELLING RENT
 FISCAL YEAR 2017-2018

# OF UNITS	BEDROOM SIZE	MONTHLY RENT	ANNUAL RENT	INCREASE 3.0%	PROPOSED ANNUAL RENT	DIFF	FAIR MARKET RENT	% OF MARKET	CALHFA RENT	% OF CALHFA
15	1	\$443	\$79,740	\$456	\$82,080	\$13	\$726	62.85%	\$600	76.05%
55	1	\$521	\$343,860	\$537	\$354,420	\$16	\$726	73.92%	\$600	89.44%
2	2	\$499	\$11,976	\$514	\$12,336	\$15	\$938	54.79%	\$675	76.14%
9	2	\$615	\$66,420	\$633	\$68,364	\$18	\$938	67.53%	\$675	93.84%
TOTAL RENT			\$501,996		\$517,200					
VACANCY LOSS 3%			\$15,060		\$15,516					
EMPLOYEE RENT			\$13,632		\$14,040					
NET RENT			\$473,304		\$487,644	\$14,340				



Housing Authority of the County of Stanislaus

...also serving Alpine ▪ Amador ▪ Calaveras ▪ Inyo ▪ Mariposa ▪ Mono ▪ Tuolumne Counties.

RESOLUTION NO. 16-17-24

RESOLUTION APPROVING THE HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS CONANT PLACE OPERATING BUDGET FOR FISCAL YEAR 2017/2018

WHEREAS, the Housing Authority of the County of Stanislaus is administering and will continue to administer elderly housing project Conant Place; and

WHEREAS, it is necessary in the operation of said program that Conant Place Operating Budget, therefore, be adopted, subject to approval of California Housing Finance Agency (CalHFA); and

WHEREAS, the budget has been prepared for said project.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the Housing Authority of the County of Stanislaus, that

1. That proposed expenditures are necessary in the efficient and economical operation of the Housing Authority for the purpose of serving low income families.
2. That the financial plan is reasonable in that:
 - a. It indicates a source of funding adequate to cover all proposed expenditures.
 - b. It does not provide for funding in excess of income.
3. That all proposed charges and expenditures will be consistent with provisions of law and the Annual Contributions Contract.
4. That the Conant Place Operating Budget as herein designated be, and the same is hereby ratified, confirmed and approved.
5. That said Conant Place Operating Budget is filed in the office of the Housing Authority of the County of Stanislaus and is more particularly identified as follows:

<u>TERM</u>	<u>PROGRAM</u>	<u>AMOUNT</u>
10/1/2017 thru 9/30/2018	Conant Place	\$491,305

DULY AND REGULARLY ADOPTED by the Board of Commissioners of the Housing Authority of the County of Stanislaus this 27th day of July, 2017.

On motion of Commissioner _____, seconded by Commissioner _____, and on the following roll call vote:



AYES:

NAYS:

ABSTAIN:

ABSENT:

Approved: _____
Chairman

Attest: _____
Secretary