

RESOLUTION SUMMARY
A Resolution Approving the 2015 Budget of the
Housing Authority of New Orleans

The fiscal year 2015 budget of the Housing Authority of New Orleans (HANO) was developed over the course of the past several months, and required the collaboration and input of all of the Authority's various departments and sites. Each department and site took part in training sessions and one-on-one meetings with finance personnel that assisted them in formulating their forecasts for their fiscal year 2015 funding needs. These budget requests were created based largely on previous experience, as well as actual financial information from the current fiscal year and certain assumptions in fiscal year 2015. Some of these assumptions include an expectation that the Authority will receive 89% of its total subsidy eligibility in the Low Income Public Housing Program (LIPH), and 79% in HCVP for its administrative fees. The average adjusted occupancy rate will be 98% in the public housing program, including both HANO-managed and privately managed communities.

This information, as well as information derived from both internal reporting and external HUD documentation, was combined and used in conjunction with the requirements of HUD's OFR (Operating Fund Rule) and Site Based Management requirements, in order to create our total Authority budget.

The operations of the Authority include the core business of leasing and managing low-income public housing developments, as well as administering a very large housing voucher program within the city of New Orleans. This also includes the various support departments that are necessary to conduct the functions necessary to facilitate that core business. The operating budget can be subdivided into four main sections: Low income public housing sites (LIPH), the COCC (Central Office Cost Center), the Housing Choice Voucher Program (commonly referred to as Section 8) and the Authority's capital program.

The LIPH program at the end of FY 2015 will include the Authority's 12 (2 will come on line during FY) mixed finance/public housing communities and the scattered sites portfolio. The program has total budgeted revenue of \$272.2M and total budgeted expenditures of \$268.2M and a contribution to the LIPH reserves for \$3,992,069. There are two main sources of funding for this program, the largest being operating subsidy received from HUD and the other coming from the rents that are received from the tenants in the various communities.

The second component of the total operating budget is the Housing Choice Voucher program. This program manages approximately 17,663 vouchers with funding provided to the Authority by HUD that enable our residents in the program to secure housing in the general rental market, as opposed to only HANO's communities. This gives our residents more choices to meet their individual housing needs. This program is funded by HUD based upon program funding rules. For fiscal year 2015, we project that funding will be approximately \$171.8M. The anticipated expenses from this program are \$171.8M. These figures are comprised of \$160.6M in housing assistance payments (HAP) to

landlords, and \$11.2M in operational expenditures to operate and administer the program.

The third major component of the total operating budget is the HANO Central Office, or COCC, which consists of the support departments within the Authority that provide service to both our internal and external customers. The COCC has total budgeted revenue of \$11M. In order to facilitate and properly support the activities of the authority, the COCC will focus on improving interdepartmental communications as well as improved communications with our external partners. The funds needed to support the COCC come from the fees that the central office charges to the LIPH and the HCVP Program based upon guidelines set forth by HUD under the Operating Fund Rule. The COCC has a balanced budget.

The fourth and final component of the budget is the \$72M of grants funds related to the development and capital modernization activity that the Authority intends to embark upon in the coming fiscal year. Major development activity is planned in the communities of Iberville, Lafitte, and Guste III, with smaller development activity planned at BW Cooper and Florida. Also included in the total capital budget is the modernization activity that the Authority deems necessary to keep its housing stock both compliant with regulations as well as physically up to current housing standards. Funds are currently earmarked for Scattered Sites, Guste, Florida, and the Fischer community.

Budget Summary and Highlights

FY 2015 Comprehensive Budget Overview

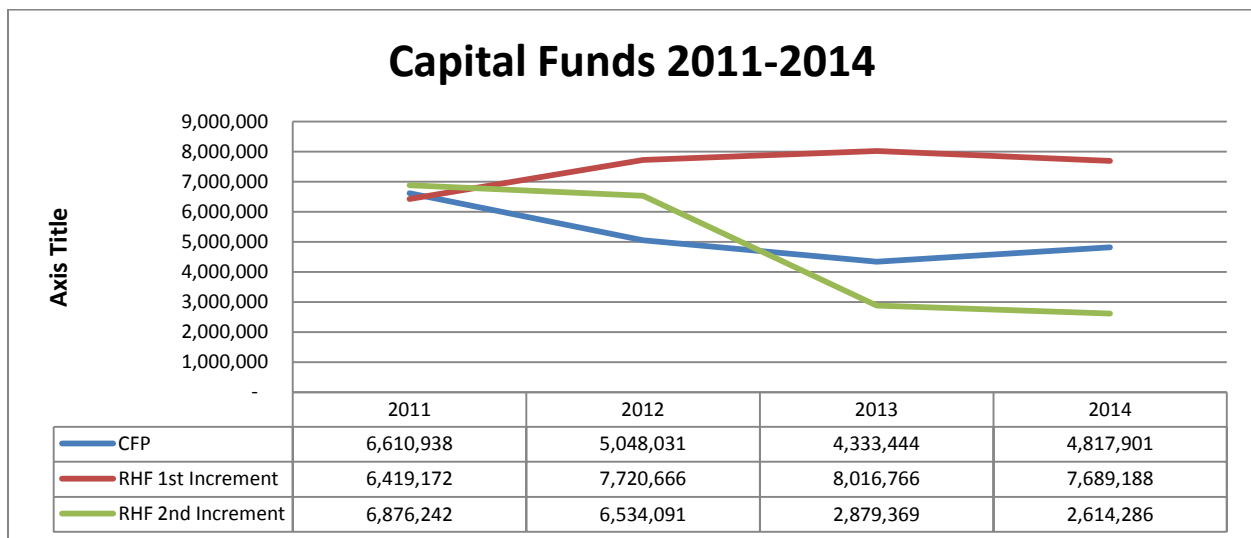
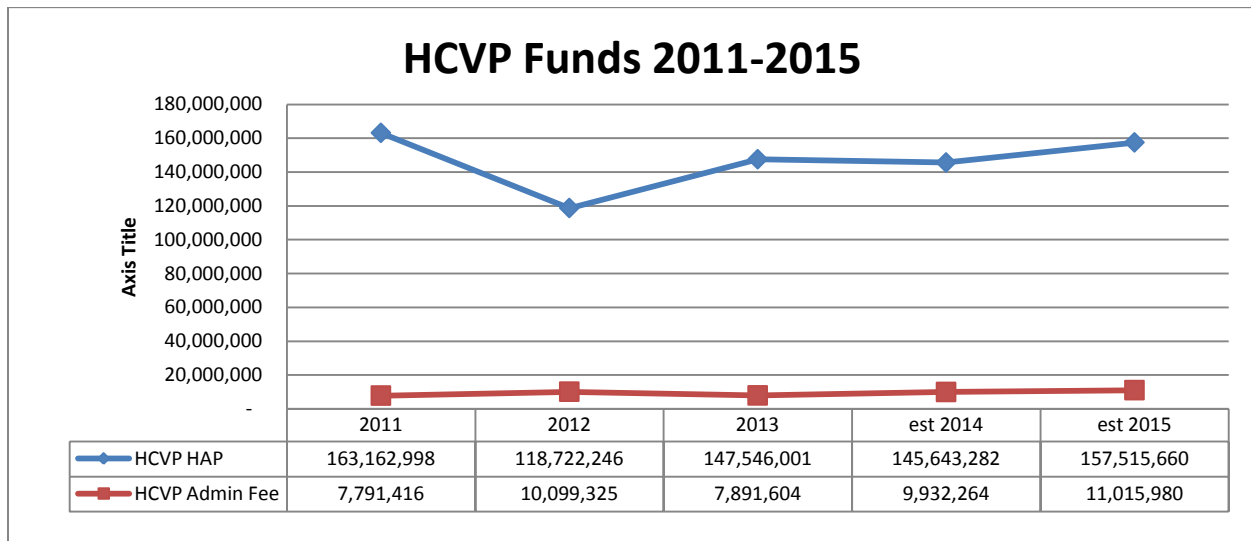
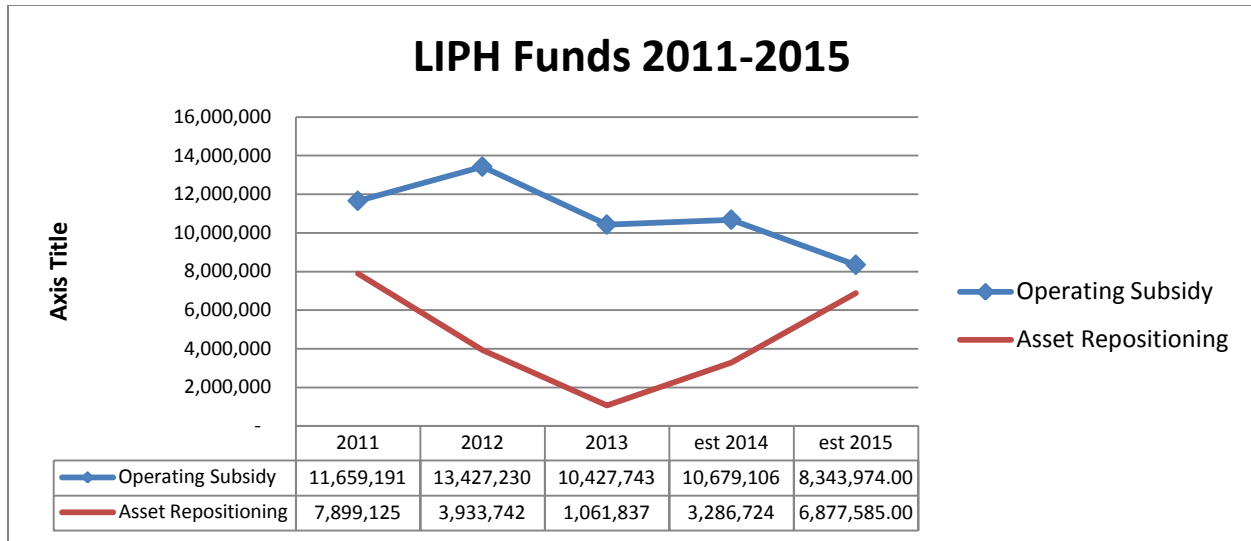
Highlights and assumptions used in developing HANO's 2015 Operating Budget are as follows:

- HANO's FY 2015 Budget is compiled in accordance with the requirements of HUD's asset management budgeting requirements.
- Core Functional Areas:
 - Low Income Public Housing
 - Housing Choice Voucher Program
 - Development and Modernization Activity
 - Central Office Cost Center
- FY 2015 Comprehensive Operating Budget totals \$272.1M in total revenues. It is projected to contribute to the LIPH reserves \$3.9M.
- HUD grants totaling \$24.9 million will support capital improvements and redevelopment efforts at the Iberville, Columbia Parc, Guste, Lafitte, BW Cooper (Marrero Commons), and Interior/Exterior repairs, site improvements at Guste High Rise, and demolition at Cooper and Florida and Scattered Sites communities.
- FEMA funding of \$37.2M will support capital improvements and redevelopment efforts at the Guste Phase III, Florida and Lafitte Elderly communities.
- HANO continues implementation of the Choice Neighborhood Initiative Grant to revitalize the Iberville/Treme community. Initial funding was provided by HUD in the amount of \$30M. Planned expenditures for FY15 are .6M.
- Operating subsidy is based on 2461 units in PIC beginning at FY 15 Budget cycle for the public housing program and budgeted at \$16.2M of which \$6.9M are from Asset Repositioning fees from demolished properties (BW Cooper, St. Bernard, Florida, Guste Low Rise, Scattered Sites and Iberville).
- HANO will administer 17,663 Housing Choice Vouchers in FY2015 with projected HAP subsidy of \$171.5M. HANO uses the HCVP reserves held at HUD for any congressional budget shortfall.
- We anticipate a continuation in the substantial reductions in congressional appropriations for affordable housing programs. The following have been kept the same or slightly increased due to these factors:
 1. Public Housing Subsidy – funded currently at 89%
 2. Housing Choice Voucher Administrative Fees – currently funded at 75% but increased to 79% due to HUD notification

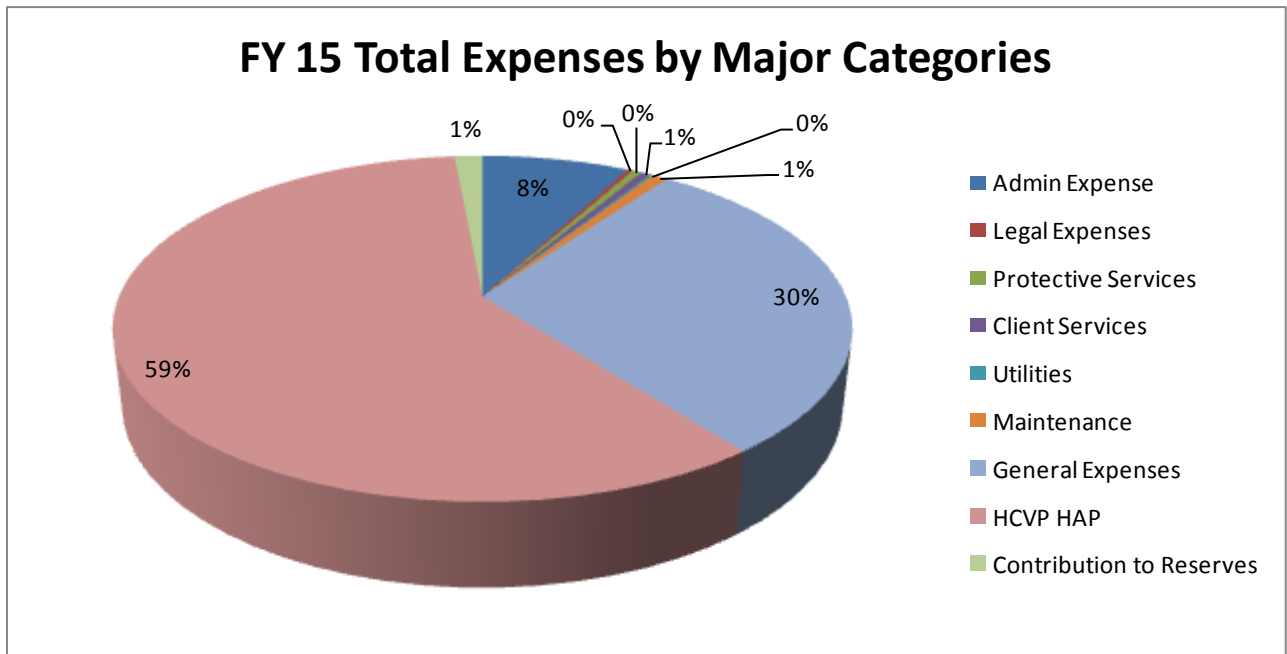
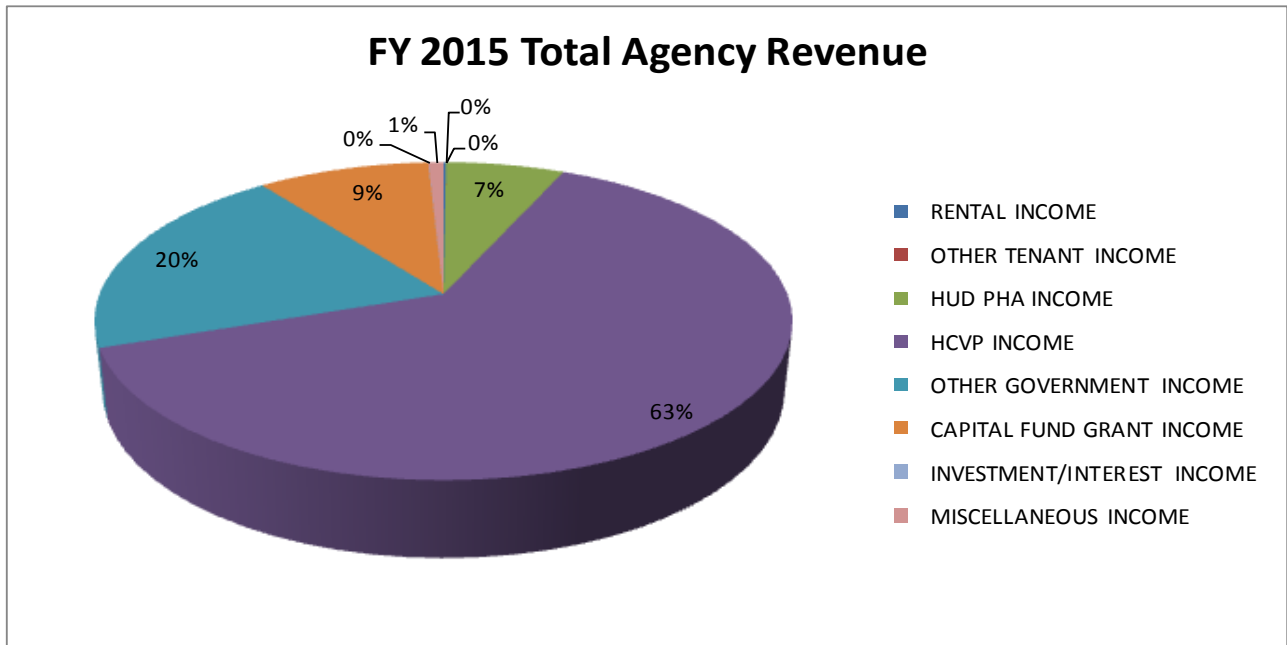
3. Capital Fund Program – reductions of 25% from a few years ago, with corresponding reductions in capital administrative funds for COCC.

➤ The FY 2014 had 287 staff positions budgeted. The FY 2015 proposed budget has funding for 240 positions incorporated. This is a reduction of 47 positions of which 24 positions are currently vacant.

FY 2011 – 2015 Funding Trends



Where do the funds come from and how are they spent?



Housing Authority of New Orleans (LA001)
Fiscal Year 2015 Budget

	<u>Asset Management Project</u>	<u>AMP Number</u>	<u>Units</u>	<u>Total Revenues</u>	<u>Total Expenses</u>	<u>Surplus/ (Deficit)</u>
HANO Owned HANO Managed	C.J PEETE Demo	LA001-002802	-			
	Iberville	LA001-003102	821	3,026,106	1,033,138	1,992,968
	Florida Conventional	LA001-004107	77	115,645.00	52,177.00	63,468.00
	Lafitte- Temporary	LA001-005106	-			-
	Lafitte Demo	LA001-005804	-			-
	B. W. Cooper	LA001-007303	324	1,252,810	263,355	989,455
	B. W. Cooper Demo	LA001-007801	-			-
	St. Bernard Demo	LA001-008808	-	3,280,385	580,588	2,699,797
	St. Bernard Ext. Demo	LA001-008808	-			-
	Scattered Sites Demo	LA001-025805	5	13,749	597,172	(583,423)
	Scattered Sites Demo	LA001-008808	-			-
	Florida Demo	LA001-067807	50	133,500	27,773	105,727
	Downtown Scattered Sites	LA001-099103	29	509,244	368,625	140,619
	Uptown Scattered Sites	LA001-099104	40	587,250	485,283	101,967
	Westbank Scattered Sites	LA001-099105	16	227,880	235,268	(7,388)
Scattered Sites Demo	LA001-999999	-			-	
HANO Owned PM	Heritage @ Columbia Parc	LA001-008710	120	122,317	122,154	163
	Guste High Rise	LA001-015301	397	1,514,433	1,533,555	(19,122)
	Guste Low Rise	LA001-015302	228	408,466	147,131	261,335
	Guste II	LA001-015402	16	260,775	260,266	509
	Fischer IV	LA001-016603	10	106,080	286,310	(180,230)
	Fischer IVA	LA001-016604	16	247,596	246,167	1,429
	Fischer Senior Village	LA001-1062101	100	647,191	920,127	(272,936)
	Harmony Oaks	LA001-002709	193	585,479	577,486	7,993
	Lafitte I	LA001-005705	74	225,680	225,592	88
	Lafitte II	LA001-005706	67	193,495	193,459	36
	Columbia Parc	LA001-008707	157	474,947	474,077	870
	Columbia Parc IIA	LA001-008708	16	54,834	54,814	20
	Columbia Parc IIB	LA001-008709	19	61,177	60,728	449
	Savoy I	LA001-014713	105	334,388	332,749	1,639
	Savoy II	LA001-014716	107	360,333	357,814	2,519
	Guste I	LA001-015401	82	286,676	631,014	(344,338)
	River Gardens I	LA001-058701	297	323,729	323,195	534
	Fischer I	LA001-071601	8	52,436	135,677	(83,241)

	Fischer III	LA001-072602	69	224,031	702,010	(477,979)
	River Gardens II	LA001-077712	60	285,770	284,929	841
	Abundance Square	LA001-081702	47	170,110	169,757	353
	Treasure Village	LA001-082703	23	78,449	78,446	3
	Marrero Commons IA	LA001-007501	90	403,506	399,268	4,238
Planned Units- PM**	Guste III	LA001-015403	109	254,038	253,798	240
	Marrero Commons IB	LA001-007502	53	192,824	192,231	593
	Florida	LA001-022804	52	380,830	582,954	(202,124)
	Iberville I	LA001-003103	56			-
	Iberville II	LA001-003104	25			-
	Lafitte Senior	LA001-005711	30			-

Others Other AMPs - 215,000 (215,000)

Grand Total 3,988 17,396,158 13,404,089 3,992,069

Yellow denotes approved demolition

Development and Modernization Activity

IN SERVICE		
		Total Units
B.W. Cooper / Marerro Commons		
		410
C.J. Peete / Harmony Oaks		
		482
Estates / Desire		
		425
Fischer		
		347
Guste		
		483
Iberville		
		112
Lafitte		
		276
River Garden		
		700
St. Bernard		
		683
Scattered Sites		
		85
Grand Totals		4,003

UNDER CONSTRUCTION			
Project			
Florida			51
Guste III			155
Iberville Phase I (block I/F)			152
Iberville Phase II (block C)			75
Iberville Red Mellon Scattered Sites			46
Lafitte Offsite Rental			192
Lafitte Offsite Homeownership			103
Grand Totals			774

PLANNED			
Project			
Cooper II			200
River Garden offsite			100
Iberville			
Iberville Phase III			106
Iberville Phase IV+			437
Winn Dixie (Eastern Adj)			218
Eastern Adjacent-other			118
Bell School			78
G.O. Mondy			34
Other Offsite			246
Lafitte			
OnSite III (Elderly)			100
OnSite IV			89
OnSite Homeownership			45
Grand Totals			1,707
Portfolio Totals			6,484

Planned future development thru 2019 has less than 10% (or \$29M) identified of the projected \$325M estimated costs.

Completed:

- River Garden (St. Thomas)
- Estates (Desire)
- Harmony Oaks (C.J.Peete)
- Columbia Parc (St. Bernard)
- Fischer
- Marrero Commons (BW Cooper) Phase IA & IB
- 1501 Canal (Texaco)
- Lafitte Phase I & II
- Guste I & II

In Progress and funded during FY14-15:

- Various MOD Projects at Fischer, Guste and Scattered Sites for \$2.4M
- Florida total of 51 units all PH
- Iberville Phase I and II total of 227 units of which 81 are PH and the remainder are Tax Credit and Market Rate \$31M. Includes the Winn Dixie Acquisition.
- Florida Demolition \$2.5M
- BW Cooper Demolition \$3.4M
- Lafitte Senior for a total of 100 units
- Guste III \$28.1M

Planned projects:

- Complete Iberville On-Site, Off-site phases for approx. \$46M
- BW Cooper Phase II for approx. \$28.2M
- Various MOD Projects at Fischer, Guste and Scattered Sites for \$6.4M
- St. Bernard IV Infrastructure and 9 elderly public housing units \$5.0M
- Lafitte Homeownership approx. 45 units \$8M

Total Agency Budget with Detail Line Items

Revenue	Total COCC	Total LIPH	Total HCVP	Total Other Governmental Grants HUD	State/Local	Subtotal All Programs	Elimination	Total Agency Revenue/ Expenses
RENTAL INCOME	-	371,067	-	-	-	371,067	-	371,067
OTHER TENANT INCOME	-	1,532	-	-	-	1,532	-	1,532
GRANT INCOME	-	-	-	-	-	-	-	-
HUD PHA INCOME	1,449,773	16,177,524	-	-	-	17,627,297	-	17,627,297
HCVP INCOME	-	-	171,543,601	-	-	171,543,601	-	171,543,601
OTHER GOVERNMENT INCOME	-	-	-	46,918,994	7,860,664	54,779,658	-	54,779,658
CAPITAL FUND GRANT INCOME	694,617	-	-	24,877,618	-	25,572,235	-	25,572,235
OTHER INCOME	-	-	-	-	-	-	-	-
INVESTMENT/INTEREST INCOME	19,000	-	20,000	-	-	39,000	-	39,000
FEE INCOME-COCC	7,727,291	-	-	-	-	7,727,291	(7,727,291)	-
MISCELLANEOUS INCOME	1,126,867	846,035	265,854	-	-	2,238,756	-	2,238,756
TOTAL REVENUE	11,017,548	17,396,158	171,829,455	71,796,612	7,860,664	279,900,436	(7,727,291)	272,173,145
Expenses								
ADMINISTRATIVE SALARIES	5,214,922	130,465	5,284,276	320,360	-	10,950,024	-	10,950,024
ADMINISTRATIVE BENEFITS	625,941	23,579	905,533	66,750	-	1,621,803	-	1,621,803
LEGAL EXPENSE	441,595	282,877	29,000	-	-	753,472	-	753,472
ADMIN OFFICE EXPENSES	511,315	5,000	466,694	6,728	-	989,737	-	989,737
FEE EXPENSES-COCC	-	1,757,670	3,398,479	90,000	-	5,246,149	(5,246,149)	-
CONSULTING & OTHER CONTR	437,245	-	247,845	-	-	685,090	-	685,090
OTHER ADMIN EXPENSES	733,219	6,515,421	391,259	360	-	7,640,259	(863,757)	6,776,502
TS-SALARIES/BENEFITS	622,523	-	-	-	-	622,523	-	622,523
TS-RESIDENT SERVICES	17,950	-	-	294,000	-	311,950	-	311,950
TS-PROGRAM & ACTIVITIES	75,000	336,740	274,952	-	-	686,692	(271,952)	414,740
UTILITIES	215,434	202,731	-	-	-	418,165	-	418,165
MAINTENANCE SALARIES	125,591	674,964	-	-	-	800,555	-	800,555
MAINTENANCE BENEFITS	24,113	209,824	-	-	-	233,937	-	233,937
MAINT GENERAL	2,700	76,382	-	-	-	79,082	-	79,082
MAINT MATERIALS	6,700	25,488	-	-	-	32,188	-	32,188
MAINT CONTRACT COSTS	276,093	335,056	-	500,000	-	1,111,149	-	1,111,149
PROTECTIVE SERVICES (PS)	1,035,754	-	-	-	-	1,035,754	-	1,035,754
PS-BENEFITS	216,825	-	-	-	-	216,825	-	216,825
PS-OTHER EXPENSES	49,400	1,238,844	106,589	-	-	1,394,833	(1,345,433)	49,400
GENERAL EXPENSES	288,426	1,519,240	-	2,951	-	1,810,617	-	1,810,617
GENERAL EXPENSES-OTHER	96,800	69,808	111,409	70,515,463	7,860,664	78,654,144	-	78,654,144
HOUSING ASSISTANCE PAYMENTS	-	-	160,603,693	-	-	160,603,693	-	160,603,693
FINANCING EXPENSE	-	-	-	-	-	-	-	-
TOTAL EXPENSES	11,017,547	13,404,089	171,819,729	71,796,612	7,860,664	275,898,642	(7,727,291)	268,171,351
Contribution To Reserves	-	3,992,069	-	-	-	3,992,069	-	3,992,069
SURPLUS/(DEFICIT)	0	-	9,725	-	-	9,725	-	9,725

We are pleased to present the fiscal year 2015 Housing Authority of New Orleans Budget, which will allow the Authority to continue to work towards its mission of being the flagship agency providing property management and real estate development services in the City of New Orleans, thereby creating environments that improve the quality of life for HANO customers and the surrounding communities. We believe that this budget provides the Authority the opportunity to address its long-term strategic goals, as well as to meet the needs and best interests of its residents.

**FY 2015 Operating Budget
Comparative Staffing Summary
2014/2015**

HANO Comparative Staffing Budget FY14 - FY15

Division	Department	FY14 Budget	FY15 Original Budget	FY15 Revised Budget	14 - 15 Variance	Reduction from vacancies
Executive & Administration						
Subtotal		71	70	56	-15	-6
Operations incl HCVP						
		216	205	184	-32	-18
Total		287	275	240	-47	-24

Sal Budget FY14: \$14,210,712
 Sal Budget FY15: \$12,396,609
 Net Red. in Sal = \$ 1,814,103 or 12.77%

Housing Authority of New Orleans

FY 2015 Original Operating Budget Timeline

Date	Description
May 29, 2014	Budget Kickoff Meeting with all Directors, Budget packets distributed to department heads in hard copy during budget kickoff meeting and electronic formats forwarded on same day.
June 9 - June 20, 2014	Finance met with each Division head and/or designee in preparation of required submittals and supporting documents.
June 21 – June 30, 2014	Finance department reviewed all documents and compiled First Draft of budget; presented to and reviewed with Executive Director.
July 1 – July 13, 2014	Finance and Department Heads meet to review budgets and make necessary revisions based on fund availability.
July 14, 2014	Second Draft of Budget prepared and reviewed with Executive Director.
July 15 – August 12, 2014	Final Revisions made to budget and final Budget Prepared.
August 26, 2014	FY 2015 Budget packet is submitted to Board.
October 1, 2014	Start of FY 2015.