

Fort Collins Housing Authority Fiscal Year 2011 Budget



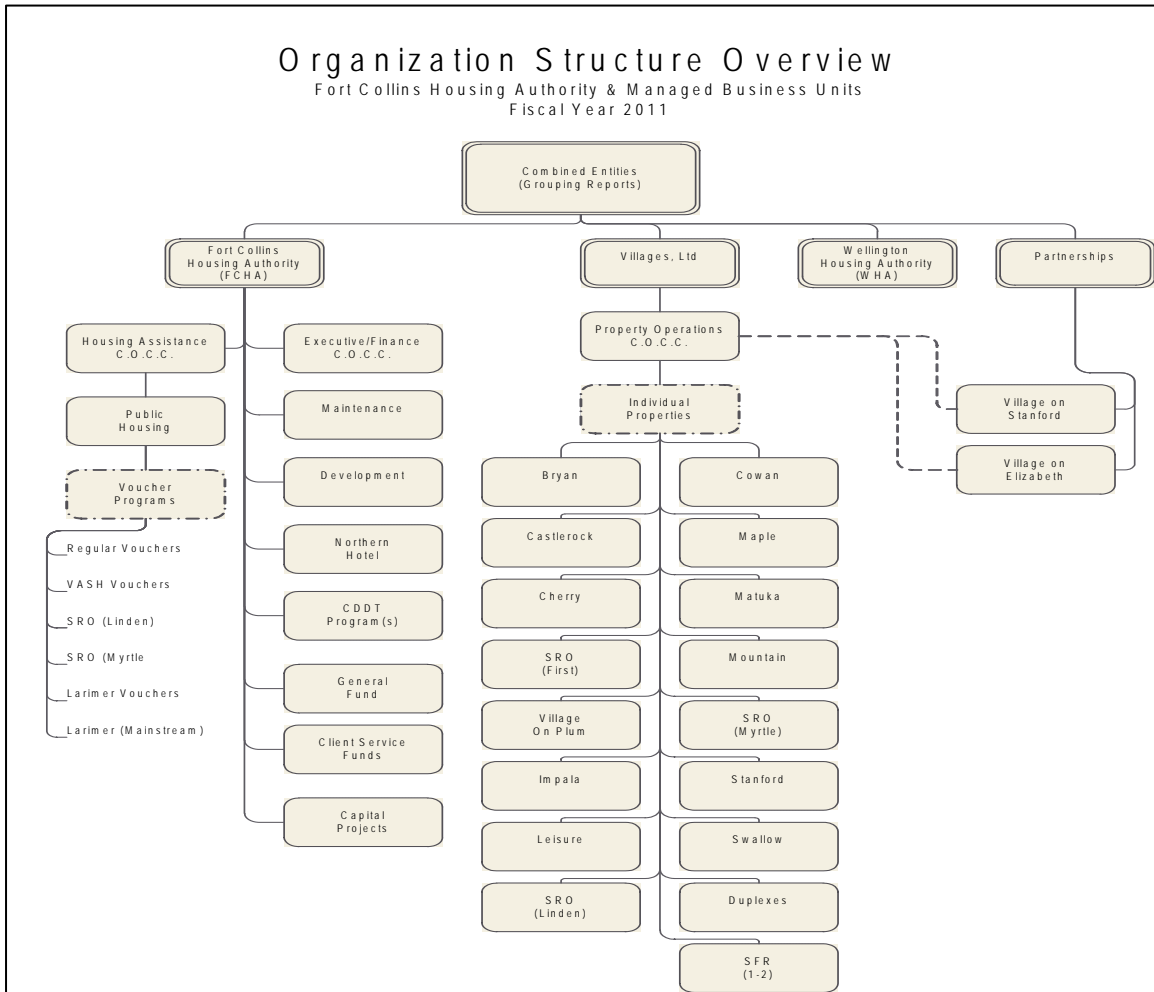
Overview

The Fort Collins Housing Authority (FCHA) is a corporate body created in May 1971 to provide safe accommodations to low income residents of the City of Fort Collins. FCHA is a quasi-municipal corporation and is a legally separate entity in relation to the City of Fort Collins.

As the FCHA has worked to accomplish its goals the organization has taken on the oversight of various entities and created corporate structures to expand the opportunities offered to the low income residents of the area. As an example, the FCHA:

- Administers the voucher rental assistance program for Larimer County,
- Manages the Wellington Housing Authority through a contractual agreement,
- Operates a 501(c)(3) entity that owns/operates affordable housing units, and
- Developed two affordable housing projects through the use of tax credit financing which was done through partnership agreements with investors.

The fiscal year 2011 budget presented here covers all of the FCHA programs and the operation of the various managed business units of the organization. The illustration below shows the overall organization structure and includes the individual entities for which budgets have been included.

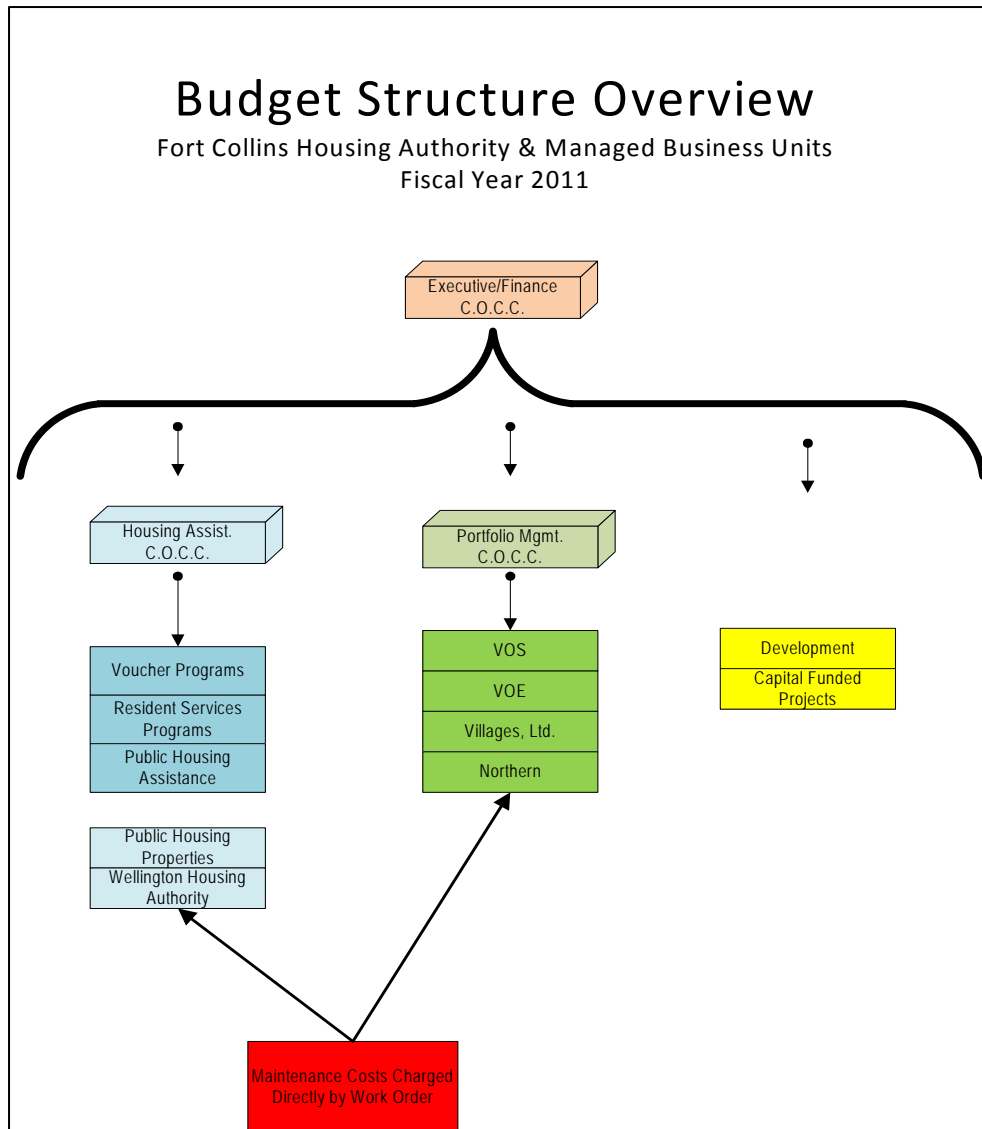


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The fiscal year 2011 budget fully implements Central Office Cost Center (COCC) cost allocation methodology across the organization. COCC's represent administrative costs necessary to operate the organization. Because of the structure of the FCHA organization and the multiple programs and/or entities managed, a total of three COCC's are part of the budget structure. By establishing the cost centers as presented each program/entity pays a proportionate share of administrative costs incurred specifically to operate without being burdened with costs associated with unrelated programs/entities.

In addition to the COCC structure the FCHA operates an in-house Maintenance Department responsible for all property upkeep. The costs associated with this department are charged directly to properties based on actual costs incurred using a work order system. This work order system assures that only charges directly related to a specific property are charged to that property.

The illustration below outlines the structure of the fiscal year 2011 budget and shows the relationship of the COCC's to the individual programs/entities.

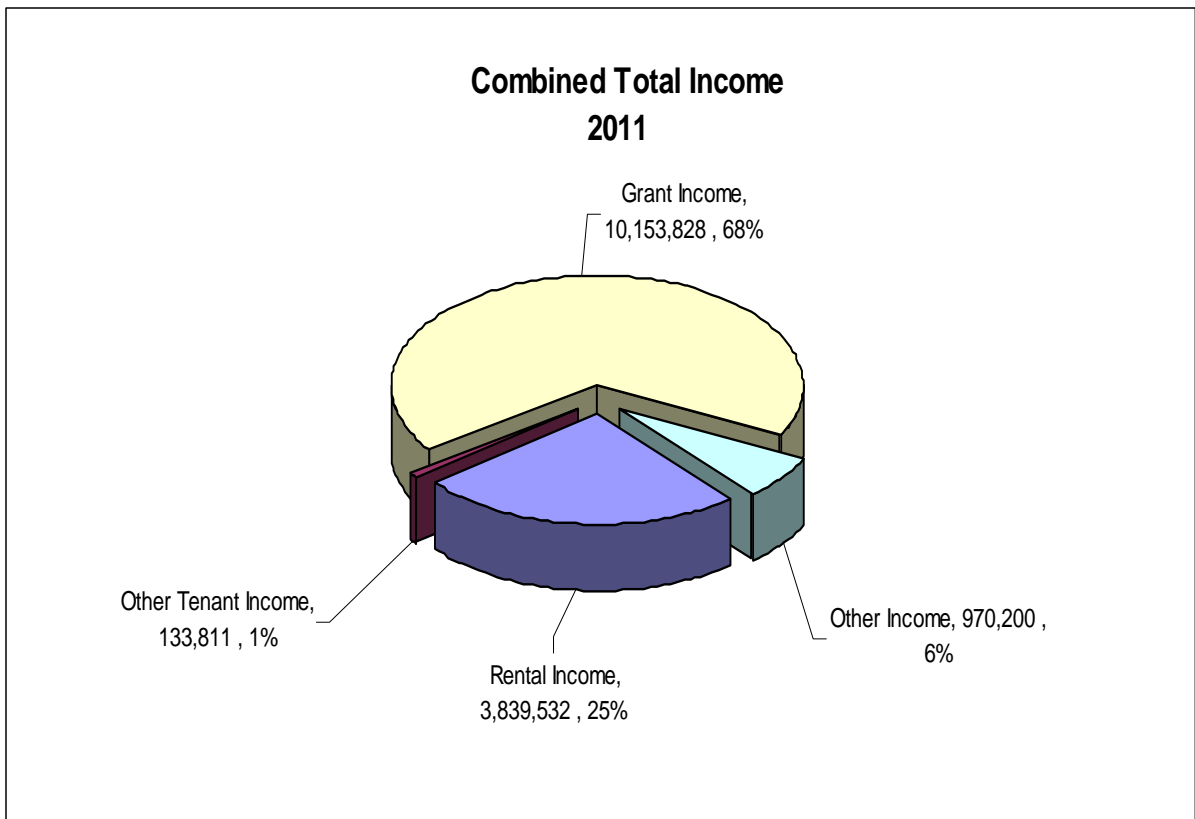


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Under this structure the public housing properties and voucher rental assistance programs are directly managed by staff in the Housing Assistance COCC. The affordable housing properties and properties managed for tax credit investors are charged for administrative costs directly associated with their oversight. In turn, both these areas of the organization share the costs of the overall administration of the organization with the Development Department.

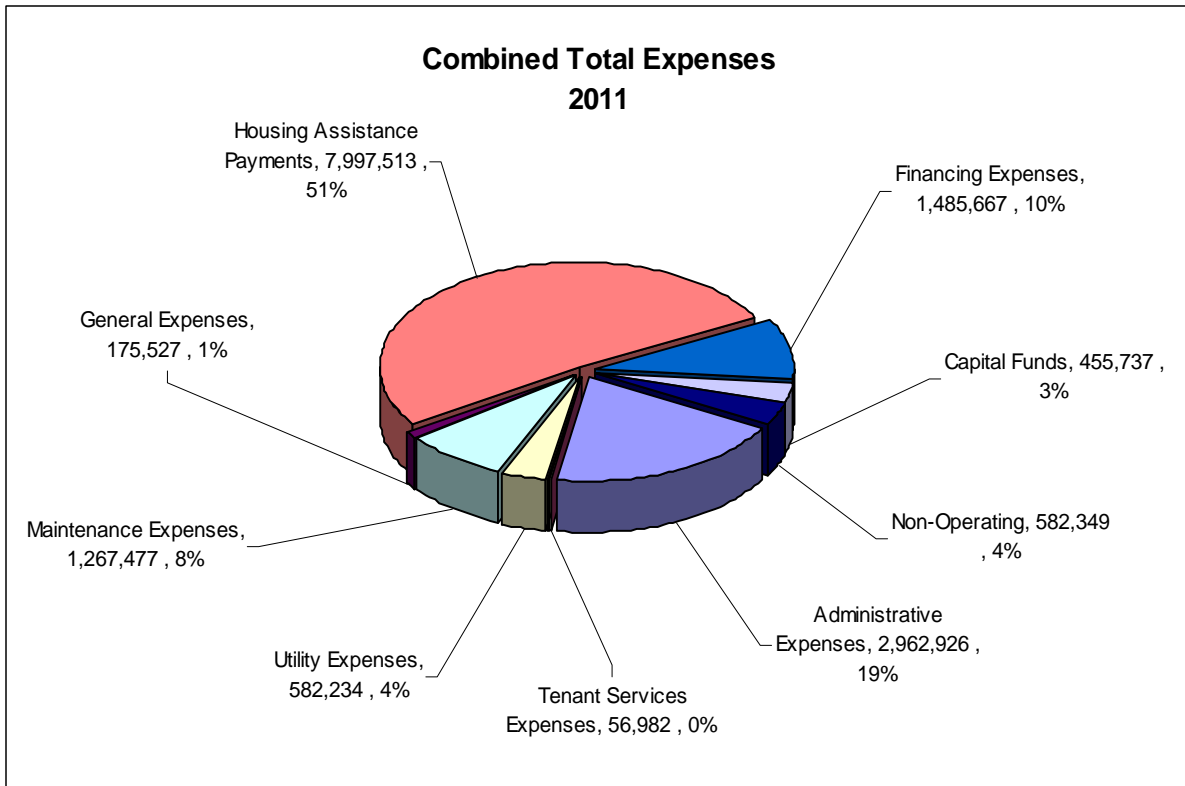
This structure allows for targeted tracking of expenses associated with each property and area of the organization.

The combined fiscal year 2011 operating budgets for all the entities managed by the FCHA project a total of \$ 15,097,371 in revenues from sources as shown in the following chart.



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The combined fiscal year 2011 operating budgets for all the entities managed by the FCHA project a total of \$ 15,566,412 in expenses in the categories as shown in the following chart.



**Fort Collins Housing Authority
Fiscal Year 2011 Budget**

Business Unit Breakdown

The projected operating budgets of the Business Units as outlined in the Organizational Structure Overview are as follows (eliminations are presented for inter-departmental transactions):

	FCHA	Villages, Ltd.	WHA	VOE	VOS	Elimination	TOTALS
	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	<u>2011</u>	<u>2011</u>	<u>2011</u>	<u>2011</u>	<u>2011</u>	<u>2011</u>	<u>2011</u>
TENANT INCOME							
Total Rental Income	218,150	2,676,184	62,950	340,605	541,643	0	3,839,532
Total Other Tenant Income	29,980	72,529	5,046	10,848	15,408	0	133,811
NET TENANT INCOME	248,130	2,748,713	67,996	351,453	557,051	0	3,973,343
TOTAL GRANT INCOME	9,900,400	0	253,428	0	0	0	10,153,828
TOTAL OTHER INCOME	2,664,866	604,395	3,000	0	0	(2,302,062)	970,200
TOTAL INCOME	12,813,395	3,353,109	324,424	351,453	557,051	(2,302,062)	15,097,371
EXPENSES							
ADMINISTRATIVE							
Total Administrative Salaries	1,545,446	538,976	34,884	21,756	37,444	0	2,178,506
Total FSS Salaries	219,153	0	0	0	0	0	219,153
Total Legal Expense	57,480	27,406	860	2,460	6,635	0	94,841
Total Other Admin Expenses	911,271	605,128	30,638	85,750	139,923	(1,588,554)	184,155
Total Miscellaneous Admin Expenses	233,094	24,481	0	21,550	7,145	0	286,270
TOTAL ADMINISTRATIVE EXPENSES	2,966,445	1,195,990	66,382	131,516	191,147	(1,588,554)	2,962,926
TOTAL TENANT SERVICES EXPENSES	38,026	18,556	0	0	400	0	56,982
TOTAL UTILITY EXPENSES	143,249	323,041	48,100	28,706	39,138	0	582,234
MAINTENANCE AND OPERATIONS	0	0	0	0	0	0	0
Total General Maint Expense	490,250	77,176	0	0	0	0	567,425
Total Materials	42,588	99,970	8,650	10,322	9,486	0	171,016
Total Contract Costs	360,304	608,528	88,680	54,408	74,593	(679,064)	507,449
Total Facility	15,681	0	0	0	0	0	15,681
Total Vehicle Costs	5,000	906	0	0	0	0	5,906
TOTAL MAINTENANCE EXPENSES	913,823	786,580	97,330	64,730	84,079	(679,064)	1,267,477
TOTAL GENERAL EXPENSES	45,811	59,941	11,167	18,403	40,205	0	175,527
TOTAL HOUSING ASSISTANCE PAYMENTS	7,996,313	0	1,200	0	0	0	7,997,513
TOTAL FINANCING EXPENSES	368,203	785,881	0	178,632	152,951	0	1,485,667
TOTAL CAPITAL FUNDS	256,005	105,180	88,428	15,228	25,338	(34,443)	455,737
TOTAL NON-OPERATING ITEMS	0	0	0	226,617	355,732	0	582,349
TOTAL EXPENSES	12,727,875	3,275,169	312,607	663,831	888,990	(2,302,061)	15,566,412
NET INCOME	85,520	77,940	11,817	(312,378)	(331,940)	(0)	(469,041)

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Fort Collins Housing Authority

The Fort Collins Housing Authority will operate with eleven funds in 2011. This will include two Central Office Cost Centers, the Development Department, Public Housing and all Voucher programs (for both Fort Collins and Larimer County) among others. The projected budget for the FCHA funds are as follows:

	Vouchers FCHA	Exec/Fin C.O.C.C.	Maintenance	Development	Larimer (All)	Northan Hotel	Housing Assst. C.O.C.C.	Public Housing	Local Grant (CDDT)	Client Serv. Funds	FCHA General Fund	TOTALS
	Budget 2011	Budget 2011	Budget 2011	Budget 2011	Budget 2011	Budget 2011	Budget 2011	Budget 2011	Budget 2011	0 0	Budget 2011	Budget 2011
TENANT INCOME												
Total Rental Income	0	0	0	0	0	0	0	218,150	0	0	0	218,150
Total Other Tenant Income	0	0	0	0	0	0	0	29,980	0	0	0	29,980
NET TENANT INCOME	0	0	0	0	0	0	0	248,130	0	0	0	248,130
TOTAL GRANT INCOME	8,045,646	0	0	0	760,975	0	0	965,511	103,950	24,318	0	9,900,400
TOTAL OTHER INCOME	12,000	925,362	679,064	472,018	20	79,800	126,857	10,000	0	0	359,745	2,664,866
TOTAL INCOME	8,057,646	925,362	679,064	472,018	760,995	79,800	126,857	1,223,641	103,950	24,318	359,745	12,813,395
EXPENSES												
ADMINISTRATIVE												
Total Administrative Salaries	342,586	523,181	25,870	271,439	37,305	21,936	96,119	225,083	1,928	0	0	1,545,446
Total FSS Salaries	137,030	0	0	0	0	0	7,618	74,505	0	0	0	219,153
Total Legal Expense	22,030	24,000	0	1,350	2,200	0	0	7,900	0	0	0	57,480
Total Other Admin Expenses	348,131	73,160	69,715	182,174	37,315	39,864	18,620	126,401	15,892	0	0	911,271
Total Miscellaneous Admin Expenses	7,680	189,400	23,852	6,042	0	0	4,500	1,620	0	0	0	233,094
TOTAL ADMINISTRATIVE EXPENSES	857,457	809,741	119,437	461,005	76,819	61,800	126,857	435,510	17,819	0	0	2,966,445
TOTAL TENANT SERVICES EXPENSES	0	0	0	0	0	0	0	0	21,526	16,500	0	38,026
TOTAL UTILITY EXPENSES	0	21,000	4,999	0	0	0	0	117,250	0	0	0	143,249
Total General Maint Expense	0	0	490,250	0	0	0	0	0	0	0	0	490,250
Total Materials	0	0	3,732	0	0	0	0	38,856	0	0	0	42,588
Total Contract Costs	0	16,680	22,667	0	0	18,000	0	302,957	0	0	0	360,304
Total Facility	0	0	15,681	0	0	0	0	0	0	0	0	15,681
Total Vehicle Costs	0	0	0	5,000	0	0	0	0	0	0	0	5,000
TOTAL MAINTENANCE EXPENSES	0	16,680	532,330	5,000	0	18,000	0	341,813	0	0	0	913,823
TOTAL GENERAL EXPENSES	0	0	748	0	0	0	0	45,063	0	0	0	45,811
TOTAL HOUSING ASSISTANCE PAYMENTS	7,200,188	0	0	0	684,175	0	0	28,000	83,950	0	0	7,996,313
TOTAL FINANCING EXPENSES	0	0	10,317	6,000	0	0	0	0	0	0	351,886	368,203
TOTAL CAPITAL FUNDS	0	0	0	0	0	0	0	256,005	0	0	0	256,005
TOTAL NON-OPERATING ITEMS	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	8,057,645	847,421	667,831	472,005	760,994	79,800	126,857	1,223,641	123,295	16,500	351,886	12,727,875
NET INCOME	0	77,941	11,233	13	1	0	0	(0)	(19,345)	7,818	7,859	85,520

**Fort Collins Housing Authority
Fiscal Year 2011 Budget**

Villages, Ltd.

Villages. Ltd. is a 501(c)(3) corporation formerly known as the Fort Collins Housing Corporation. This entity owns and manages affordable housing units. In addition, property management of affordable housing locations is done by Villages, Ltd. on a contract basis. The operating budget for this entity consists of one Central Office Cost Center and seventeen separate property budgets. A summary of these budgets is presented below.

Villages, Ltd.

Fiscal Year 2011
Budget Summary

<u>Property</u>	<u>Income</u>	<u>Expense</u>	<u>Income (Loss)</u>
C.O.C.C.	604,395	(551,395)	53,000
BRYAN	174,088	(166,799)	7,289
CASTLEROCK	28,858	(37,379)	(8,521)
CHERRY	41,210	(40,869)	341
COWAN	127,751	(147,040)	(19,289)
SRO (Fisrt)	66,052	(86,154)	(20,102)
VOP	833,769	(769,385)	64,384
IMPALA	178,572	(195,337)	(16,765)
LEISURE	259,925	(233,300)	26,624
SRO (Linden)	71,331	(145,723)	(74,392)
MAPLE	33,462	(26,895)	6,567
MATUKA	209,686	(165,837)	43,849
MOUNTAIN	34,864	(30,076)	4,788
SRO (Myrtle)	82,109	(103,697)	(21,588)
STANFORD	83,840	(59,003)	24,837
SWALLOW	355,320	(331,377)	23,943
DUPLEXES	79,350	(76,727)	2,623
SFR (1-2)	88,528	(108,177)	(19,649)
Totals	3,353,109	(3,275,169)	77,940

While there is a positive net income from all properties combined, there are several properties which do not positively cash-flow. The strategies for these properties will be reviewed with the Villages, Ltd. Board of Directors and are as follows:

Castlerock: The mortgage debt on this property will be paid off in early 2012, resulting in a strong positive cash-flow at that time.

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Cowan: This property was purchased with 95% financing and very little grant subsidy, therefore it has struggled over the years. In the first quarter of 2011, staff will look at several options for this property. One option is to refinance the property with a 30 year amortization utilizing our double tax-exempt rate. If we refinance, we will look at the long-term capital needs and the current equity to determine if any capital needs or replacement reserve should be funded out of the refinance.

We also believe that this property may be a good option for special populations including transitional housing and analyzing this possibility will also be done in early 2011.

Impala Circle: This property has historically served families with extremely low incomes.

Single Family: The majority of these properties have no deed restrictions. We will be increasing rents at turn-over and anticipate this property to cash-flow positively in one to two years. Some of these properties will be rented at market rents. Average market rents are currently affordable to families earning 50 to 60% of Area Median Income, with 80% of AMI being considered "low-income".

Linden SRO: We would like to end the lease on the Linden SRO when it is up in October 2011. It is very costly to maintain and any capital improvements we make do not improve our financial position since it is leased. Current residents will be able to take their vouchers with them. We will be looking at other options, including utilizing the Cowan property as transitional or supportive housing and looking at possible acquisition of a property to replace Linden.

Myrtle/1st: These SROs receive HUD subsidy for rental operations. The subsidy does not cover services. Over the past year, we have worked hard to stabilize the properties and make them safe places to live for the residents. This has come at a hefty price given the population we are serving. We will be looking at average costs of services in supportive housing programs across the country, looking for grant sources to subsidize the services, and looking for partner agencies to assist. We have continued to subsidize operations with income from other properties over the years, and can continue to do so this year as these discussions and the Homeward 2020 10-Year Plan to end homelessness continue to evolve and convince local funders to prioritize support for such programs.

Wellington Housing Authority

The FCHA manages the Wellington Housing Authority (WHA) under a management contract. The budget is presented as a separate entity in the Business Unit Breakdown presentation. The WHA Board of Commissioners approved this budget on December 2, 2010.

Village on Elizabeth

The Village on Elizabeth is a project that was developed and is managed by the FCHA. Financing for the project came through multiple sources including federal tax credits. The budget for this project is presented as a separate entity in the Business Unit Breakdown presentation.

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Village on Stanford

The Village on Stanford is a project that was developed and is managed by the FCHA. Financing for the project came through multiple sources including federal tax credits. The budget for this project is presented as a separate entity in the Business Unit Breakdown presentation.

Summary

Detailed line-item budgets for each entity and underlying departments are available for review upon request. The FCHA has undergone significant changes in the administrative and management organization during the past two years. The fiscal year 2011 budget represents the first full year that all the improvements will be in place. With these changes has come a shift in the utilization of resources and a new focus on improved property management, administrative oversight and development activities.

The FCHA management and staff is pleased to present this budget which is the result of the efforts of many management and staff members. The overall operation of the organization with a positive cash flow and balanced budget is expected to be obtainable given the current assumptions.