SUBJECT: Year 2005 Low-Rent Public Housing Operating Budget

RECOMMENDATION: Adopt the attached Resolution approving the 2005 Low-Rent Public Housing Operating Budget and the Calculation of Operating Subsidy.

SUMMARY: The public housing program funds six low-income complexes (about 500 units) in Marin County – Marin City and five senior/disabled projects. Enclosed with the Resolution approving the public housing operating budget and certifying to compliance with requirements of law are: 1) a breakdown of the proposed 2005 budget with comparisons to 2004 and 2003; 2) a breakdown of 2005 projections between Marin City and the elderly/disabled complexes; and 3) a copy of our Application for Funding including performance funding calculations for submittal to HUD.

The budget is due in the HUD offices by September 30. Housing staff met with residents of Marin City on September 14 to obtain their input; however, as this Agenda Letter was submitted on September 13, staff will report orally on any comments and changes resulting from the residents’ meeting.

Overall, the program, although very lean, provides a source of funding adequate to cover all proposed expenditures. There are several points of note given the proposed budget scenario:

Revenues: Projected income for the 2005 fiscal year beginning January 1, 2005 is $2,900,444. About 59% of anticipated revenues are from rents and miscellaneous income (up $32,082 from 2004 projections) and 41% from HUD operating subsidy (up $33,190 from 2004). The proposed budget assumes HUD funding at 100% of our eligibility level. At this time, we have no information that our eligibility level will be fully funded and, in recent years, HUD has funded less than 100%. Last year, for example, we received only 94% of the subsidy for which we were eligible.

Expenses: The $2,893,505 budget reflects a continuing effort to maintain expenses within revenues. We have been able to eliminate $141,552 in utility reimbursements to HUD due to HUD’s recent decision to end year-end utility adjustment payments. The utilities cost of $578,121 that is shown is based on a HUD-required formula.

Operating Reserve Analysis: I project having to access the Operating Reserve $62,531 this year. I do not anticipate having to access the Reserve in 2005 although I would propose bringing this assumption back to your Board after the beginning of the year when we have actual 2004 year-end revenue and expenses and know the amount of operating subsidy to be funded by HUD. In addition, we are required to refund to eligible residents certain earned income, going back to 2001. At this point I anticipate ending this year
(2004) with an Operating Reserve of $839,677 (equivalent to fund 3.5 months of operations).

**FISCAL IMPACT:** The costs projected are covered by anticipated rental income and HUD operating subsidy.

Christine Gouig
Executive Director

Attachments: Resolution Approving 2005 Budget
             Proposed Consolidated Low-Rent Operating Budget
             Breakdown of Budget between Marin City and Senior/Disabled Complexes
             Application for Federal Assistance: Calculation of Operating Subsidy, 2005