

**HOUSING AUTHORITY OF NEW ORLEANS  
BOARD OF COMMISSIONERS  
REGULAR MEETING  
APRIL 28, 2015**

**RESOLUTION NO. 2015-07**

**WHEREAS**, the Housing Authority of New Orleans (HANO) approved the Fiscal Year 2015 Budget by Resolution No. 2014-22; and

**WHEREAS**, as a result of U.S. Department of Housing and Urban Development (HUD) proration changes for the Public Housing program and the Housing Choice Voucher Program (HCVP) and the ineligibility of certain Asset Repositioning Fees (ARF) which required a recalculation of ARF, HANO has prepared its Revised Fiscal Year 2015 Budget; and


**WHEREAS**, the projected total revenue after revision, including HANO reserves, will provide sufficient funds to support the Authority's activities as illustrated herein:

	<b>Original</b>	<b>Revised</b>	<b>Change</b>
2015 Total Budgeted Sources	272,173,145	274,265,367	2,092,222
2015 Total Budgeted Uses	268,171,351	273,836,124	5,664,773
2015 Contribution to Reserves	3,992,069	429,243	(3,562,826)
<b>Subtotal</b>	<b>272,163,420</b>	<b>274,265,367</b>	<b>2,101,947</b>
<b>2015 Net Surplus (Deficit)</b>	<b>9,725</b>	<b>-</b>	<b>(9,725)</b>

**THEREFORE, BE IT RESOLVED**, that the Board of Commissioners of the Housing Authority of New Orleans hereby approves the Revised Fiscal Year 2015 Budget.

Executed this 28<sup>th</sup> day of April, 2015.

**APPROVAL:**

  
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**DWAYNE G. BERNAL**  
**PRESIDENT, BOARD OF COMMISSIONERS**



April 28, 2015

**MEMORANDUM**

**To:** Board of Commissioners  
President Dwayne G. Bernal, Vice President Alice Riener,  
Commissioner Glen Pilié, Commissioner Toni Hackett Antrum, and  
Commissioner Vonda Rice

**Through:** Gregg Fortner  
Executive Director

**From:** Sieglinde Chambliss  
Chief Financial Officer

**Re:** Fiscal Year 2015 Revised Budget

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The fiscal year 2015 budget of the Housing Authority of New Orleans (HANO) was revised as a result of the U.S. Department of Housing and Urban Development (HUD) proration changes for the Public Housing Program (PH) and the Housing Choice Voucher Program (HCVP) as well as ineligibility of Asset Repositioning Fees (ARF) and recalculation of ARF.

**PUBLIC HOUSING:**

The PH proration factor was 88.79% from Oct – Dec 2014 and is currently set at 82.35% for Jan – Mar 2015. It is anticipated the factor will level out at 85% before Sep 2015 as HUD is in the process finalizing its Calendar Year 2015 allocation. Typically, Housing Authorities experience an adjustment during the summer after all PHAs' budgets have been settled during Mar/Apr 2015. HANO is budgeting a slight increase of \$152,283 in operating subsidy.

The budget was also adjusted for the loss of ineligible Asset Repositioning Fees (ARF) as communicated by HUD to HANO for St. Bernard, but added eligible ARF on Iberville and B.W Cooper. Net loss from the original budget is \$4,686,699.

Please note as subsidy proration amounts change, so does the amount paid to 3rd party entities. There is a direct correlation between subsidy receipts and subsidy outflows. Therefore, the line for 3rd party management outflow, which reduces or increases cost in direct correlation to each project was also adjusted.

The budget revision also incorporates expense adjustments totaling \$972,469. The reduction is due to the delay in bringing the Florida development on line for occupancy. This reduced expenses for 6 months due to the delayed lease-up. Additionally, there was a fee reduction from PH due to the ineligibility of St. Bernard's ARF.

The projects within the original budget authority of the PH program were realigned based

on current activity levels. In summary, with the large reduction in ARF, the contribution to reserves is reduced by \$3.5 million.

**HCVP:**

Administrative Fee income supports the operations of HCVP. HANO is making every effort to increase its utilization to generate maximum administrative fee revenue. HANO experiences a 4% attrition rate for vouchers which is offset by issuance of new vouchers or the absorption of portable vouchers. HCVP has absorbed 326 vouchers from other Public Housing entities.

A budget revision was necessary for HCVP as HUD has changed its proration for Administrative Fees from 79% from Oct – Dec 2014, to 74% effective Jan 2015. Although the appropriation bill allotted more funds in the administrative fee line, the proration amount was lowered to Public Housing Entities. The loss in revenue is projected at \$1,890,390. The reduction in administrative fees due to proration is \$390,603 and the balance is from the HAP contracts absorbed.

Expenditures were also reviewed and adjusted based on current activity. Small line item shifts occurred within the program. The anticipated net expense reduction is \$664,151. The fee to the central office increased by \$787,017 due to increased utilization and the HAP expenditures for the absorbed ports decreasing by \$1,499,796.

The revenue decrease outweighs the reduction of expenditures for the program. The anticipated administrative fee reserve contribution of \$240,854 has increased to \$1,457,376.

**COCC:**

The Central Office Cost Center (COCC) had been affected by the above referenced adjustment in PH and HCVP, with a large decrease from PH, offset by a large fee increase from HCVP. The COCC has made appropriate adjustments based on current activity levels. The COCC will not need additional resources and can continue to balance its budget.

**GRANTS:**

The budget revision includes an increase in development activity revenue and expenditures related to the Iberville redevelopment. The Phase III closing was not reflected in the original budget. This revision includes \$7,300,000 of grant revenue and expenditures attributed to this phase for construction costs.

It is respectfully requested that the revision to the FY 2015 HANO Budget be approved as submitted.