

HOUSING AUTHORITY OF NEW ORLEANS  
BOARD OF COMMISSIONERS  
REGULAR MEETING  
SEPTEMBER 20, 2022

RESOLUTION NO. 2022-22

**WHEREAS**, the Housing Authority of New Orleans (HANO) has prepared its Fiscal Year 2023 Budgets; and

**WHEREAS**, HANO finds the proposed total expenditures necessary for its efficient and economical operation; and

**WHEREAS**, through conservative fiscal management, the Housing Authority of New Orleans has been able to add significant resources to reserves for the past three years;

**WHEREAS**, the projected total revenue, including HANO reserves, provides sufficient funds to support the Authority's activities as follows:

**2023 Total Budgeted Revenues:   \$ 207,209,657**

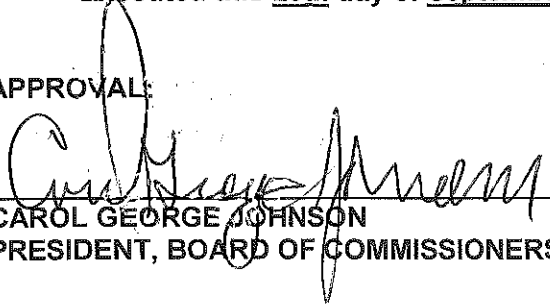
**2023 Total Budgeted Uses:       \$ 208,523,426**

**2023 Net Surplus (Deficit):       (\$ 1,313,769)**

**BE IT THEREFORE RESOLVED**, that the Board of Commissioners of the Housing Authority of New Orleans hereby approves the Fiscal Year 2023 Budgets in the amounts listed above and authorizes the Executive Director Evette Hester to take the necessary measures to place the Fiscal Year 2023 Budgets into effect.

Executed this 20th day of September, 2022

APPROVAL:

  
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CAROL GEORGE JOHNSON  
PRESIDENT, BOARD OF COMMISSIONERS

## **BUDGET RESOLUTION SUMMARY:**

### **Approval of Fiscal Year September 30, 2023 Operating Budgets**

#### **RESOLUTION 2022-22:**

#### **BACKGROUND**

The Operating Budgets for the Fiscal Year Ending (FYE) September 30, 2023 is based on increased leasing, to maximize the utilization, in the Housing Choice Voucher ("HCV") program; the continuation of the property management of the Agency's public housing and affordable housing; and, the development of additional affordable housing using the mixed-finance model.

The Agency's routine operating budgets include all expenditures necessary to support daily operations at its public housing communities, site and maintenance facilities and its administrative offices. The Authority has adequate current year operating income, operating reserves and replacement reserves to address the budgeted expenditures and the needs of the agency.

#### **General Budget Process:**

Information in the Annual Budget FYE 09-30-2023 column represents routine operating and rental assistance subsidy, projected dwelling rental income, management fees and other routine income and expenses. Routine operating income and expenses were projected for the current fiscal year as a basis for budgeting the upcoming FYE September 30, 2023. One time and non-recurring income and expenditures were then added to the routine operating income and expenses.

The salary and benefit expenses are based on the staff position control schedule. The Agency periodically reviews staffing levels and market comparability's for wages and benefits. Attention was given to employee benefit costs in light of increased health insurance premiums. The budgets incorporate the Agency paying approximately 82% of the employee's health insurance premium.

The staff position control schedule budgeted each position to the specific development, the HCV program, Central Office, Public Housing or Business Activities taking into consideration the nature of the work performed, the number of units at each site or services performed. Based on the staff position control schedule, the Central Office overhead costs were budgeted with specific attention given to eligibility of direct expenses and indirect allocable expenses.

The Finance department met with the Executive Director and department directors to review and discuss the proposed budgets. The proposed budgets also include a 4% cost of living increase and an average 4% merit increase in the salary line item. Merit increases are reviewed on employee hire anniversary dates and range from 0-5%.

#### **Major Budget Components:**

All expenditures are budgeted in concert with costs associated with specific properties, HCV management and administration services based on standard business enterprise accounting and

Generally Accepted Accounting Principle (GAAP) requirements. Indirect (central office fee-for-service) costs are those that have been incurred for common or joint purposes. After Public Housing, Housing Choice Voucher or Business Activities direct costs have been determined and assigned directly to the Project or Program as appropriate, central office costs are those costs incurred for management, bookkeeping and asset management fees for the Public Housing and Housing Choice Voucher Program.

The operating budgets and program revenues include HUD operating subsidy, dwelling rents and all other revenue used to support each program or development.

The operating budget expenses include direct administrative costs, tenant services, utilities, maintenance, security, insurance, other general expenses, and non-routine or capital expenses. These categories also include any Central Office Cost Center (COCC) front-line costs charged as fee-for-service. After Public Housing, HCV or Business Activities, direct costs have been determined and assigned directly to the Program as appropriate; indirect COCC costs are those remaining to be supported by the fee-for-service revenue.

HANO will continue to review all operating costs during the upcoming year to address any adjustments needed to right-size the agency to operate within the anticipated decreased federal funds for fiscal years ending September 30, 2023 and 2024

### **Low Rent Public Housing Program**

These are properties owned by the Housing Authority that were built with development grants from HUD. These properties are restricted under a recorded Declaration of Trust and must operate under the regulations of the Federal Public Housing program. Tenants participating in the public housing program, pay 30% of their income for rent and HUD provides an annual operating subsidy and capital grant based on Congressional appropriations.

Public Housing Operating Subsidy levels are determined by HUD and are based on a HUD project formula. In 2022, HUD prorated subsidies at an estimated of 99.19%. For 2023, it is projected that the proration will be at 98%. Currently, there are 2,203 public housing units eligible for public housing operating subsidy.

### **Housing Choice Voucher Program ("HCV")**

The HCV program is the largest program administered by the Housing Authority with 17,641 baseline tenant based vouchers. HANO receives two source of funds from HUD for administration of the program:

1. **Housing Assistance Payments (HAP)** funds are restricted and can be used only for payment of rents to private landlords on behalf of the eligible program participants. Program participants may also be paid a utility allowance with these funds.
2. **Administrative Fees** are earned by the Agency for each voucher under contract on the first day of each month. These funds are less restrictive and can be used to cover all related program operating costs.

The HCV program has some special purpose vouchers that are funded separately from the general voucher program for specific populations. HANO currently receives funding for the following special voucher programs.

1. **VASH Vouchers** – The Veterans Administration Supportive Housing (VASH) Program is a collaboration between the Veterans Administration and HUD. The program provides vouchers for homeless veteran's that receive case management services from VA Case Workers. Vouchers can only be issued to referrals directly from the VA. HANO currently administers 371 VASH Vouchers.
2. **Mainstream Vouchers** – The Mainstream Program serves non-elderly, disabled persons. All components of the program operate the same as the general Voucher Program but a separate waiting list is maintained for individuals who meet the criteria for these vouchers. HANO currently has 154 Mainstream Vouchers.
3. **Moderate Rehabilitation Single Room Occupancy ("Mod Rehab SRO")** – The Mod Rehab SRO Program provides subsidy to a property that underwent a moderate amount of rehabilitation at the time the property was first selected for the program. HANO currently has two Moderate Rehab SRO properties with 80 units.
4. **Foster Youth Independence** - The Foster Youth to Independence (FYI) initiative makes HCV assistance available to Housing Authorities in partnership with Public Child Welfare Agencies (Under FYI, the Housing Authority provide housing assistance on behalf of youth at least 18 years and not more than 24 years of age who left foster care and are homeless or are at risk of becoming homeless at age 16 or older. A FYI voucher issued to such a youth may only be used to provide housing assistance for the youth for a maximum of 36 months. In addition to providing up to 36 months of rental assistance, youth must be provided supportive services to assist the young person on their path to self-sufficiency. The Housing Authority currently administers 20 FYI Vouchers.

HCV Administrative Fee revenue is budgeted with an 86% HUD proration percentage based on the assumption of 96% utilization of the 18,078 tenant-based and special program housing payment assistance vouchers under lease at an average housing assistance payment of \$859. Annual housing payment assistance is estimated at approximately \$178 million. There is adequate housing assistance payment funding for full 100% utilization of the housing assistance vouchers awarded to HANO.

### **Central Office Cost Center ("COCC")**

The COCC is a business unit within the Agency is the recipient of fee income to reimburse the central office overhead costs incurred in administering the Public Housing and HCV programs. Such fees include property management, bookkeeping, and asset management fees. COCC is only for central overhead type costs. Direct program costs are recorded and funded by the specific property or program.

Both the HCV and Public Housing programs have been budgeted to pay COCC the full allowable fees per HUD's asset management regulations.

**Business Activities** – Business Activities includes non-governmental activities undertaken directly by the Agency such as development.

**Future Funding Implications**

As with most other housing authorities, the majority of HANO's operating and capital improvement funding comes from federal dollars provided by HUD in the form of Operating Subsidies, Capital Fund grants and HCV housing assistance payments.

Over the past seven (7) years, HANO has reduced the number of public housing units receiving federal funds by approximately 1500 public housing units resulting in a significant decrease in both annual operating subsidy and capital fund awards. HUD allows for continued funding during a repositioning period of three (3) years for operating subsidy and five (5) years for capital fund awards. Calendar year 2020 was the last year for the majority of those repositioning funds resulting in a significant drop of Capital Funds in calendar year 2022 which has impacted this fiscal year end September 30, 2023 operating budget.

**Current and prior year generated excess reserves**

The utilization of CARES Act Funds and the COVID waivers have allowed the agency to generate substantial excess operating cash for Low Rent Public Housing, Housing Choice Voucher and COCC in prior fiscal years ending September 30, 2020 and September 30, 2021. This excess cash will continue to support the operations of HANO for fiscal years 2023 – 2024.

In addition to excess CARES Act funds, the current fiscal year ending 09.30.2022 generated additional excess reserves due to reduced expenses and favorable HUD funding proration.

The COVID waivers, specifically allowed the maximization of COCC fees which resulted in the agency drawing multiple years of funding in FY 2020 and FY 2021 to be used in FY 2023-2024.

**Summary**

The Agency continues to assess every facet of its operations and financial structure to ensure optimal efficiency and quality service to residents. Continued effort is focused on maintaining the physical transformation of the housing stock and providing the services of the HCV program within the Federal funding sources available. A recommendation is made to approve Fiscal Year Ending September 30, 2023 routine income and expense Operating Budgets for Low Rent Public Housing, Housing Choice Voucher programs, Central Office Cost Center and Business Activities.



# Housing Authority of New Orleans

**Fiscal Year Ending September 30, 2023**

## Routine Income and Expense Operating Budgets

Housing Authority of New Orleans	Annual Budget FYE 9-30-2022	Projected Year to Date Actuals FYE 9-30-2022	Annual Budget FYE 9-30-2023
<b>Operating Income</b>			
HUD Public Housing Operating Subsidy	9,228,064	9,663,536	9,517,123
HUD HCV Administrative Fee Income	11,814,362	13,762,767	13,552,625
Operation Funds -Capital Grants	4,381,596	4,381,596	1,686,555
COCC Fee for Service Income	6,167,840	6,234,374	5,948,143
Tenant Rental Income	1,154,350	833,371	885,540
Other Tenant Charges & Fraud Recovery	37,950	93,657	18,150
Investment and Other Income	1,434,294	1,748,343	2,204,804
<b>Total Operating Income</b>	<b>34,218,456</b>	<b>36,717,644</b>	<b>33,812,939</b>
<b>Operating Expenses</b>			
<b>Administrative Expenses</b>			
Salary and Benefits	11,116,388	8,985,325	11,260,297
COCC Management Fees	4,759,392	4,783,234	5,037,264
Office Expenses-Information Technology-Call Center	1,455,106	567,406	972,256
Consultants & other contracts	1,521,331	1,284,766	2,346,637
Administrative Service Contracts-Inspections	774,000	821,677	774,000
Legal and Audit Expense	453,121	445,285	647,875
Other General Administrative Costs	298,640	138,407	228,725
<b>Sub-Total Administrative Expenses</b>	<b>20,377,977</b>	<b>17,026,100</b>	<b>21,267,054</b>
<b>Tenant Services</b>	<b>983,191</b>	<b>920,513</b>	<b>1,053,172</b>
<b>Utilities</b>	<b>682,426</b>	<b>603,496</b>	<b>689,900</b>
<b>Maintenance</b>			
Maintenance Salaries and Benefits	788,827	793,045	846,875
Maintenance Materials	229,076	225,472	247,422
Maintenance Contracts	747,136	741,074	755,837
<b>Sub-Total Maintenance Expenses</b>	<b>1,765,039</b>	<b>1,759,592</b>	<b>1,850,134</b>
<b>Security Expense</b>	<b>923,742</b>	<b>1,196,479</b>	<b>1,249,999</b>
<b>Insurance Expense</b>	<b>1,413,013</b>	<b>1,708,531</b>	<b>1,264,001</b>
<b>Other General Expenses</b>	<b>583,965</b>	<b>64,572</b>	<b>136,715</b>
<b>Operating Subsidy to Private Management Co.</b>	<b>7,683,629</b>	<b>8,132,069</b>	<b>7,615,732</b>
<b>Total Routine Operating Expenses</b>	<b>34,412,983</b>	<b>31,411,351</b>	<b>35,126,708</b>
<b>Cash Flow (Use of Reserves) - Routine Operations</b>	<b>(194,527)</b>	<b>5,306,293</b>	<b>(1,313,769)</b>
<b>Extra-Ordinary Repairs</b>	<b>0</b>	<b>1,989,186</b>	<b>0</b>
<b>Total (Use of Reserves)</b>	<b>(194,527)</b>	<b>3,317,107</b>	<b>(1,313,769)</b>



<b>Housing Authority of New Orleans</b>					
<b>Fiscal Year Ending September 30, 2023</b>					
<b>Routine Income and Expense Operating Budgets</b>					
	<b>TOTAL PUBLIC HOUSING</b>	<b>Housing Choice Voucher (Admin Only)</b>	<b>COCC</b>	<b>Business Activities</b>	<b>TOTAL AGENCY WIDE</b>
<b>Housing Authority of New Orleans</b>					
<b>Operating Income</b>					
HUD Public Housing Operating Subsidy	9,093,880	-	-	423,243	9,517,123
HUD HCV Administrative Fee Income	-	13,552,625	-	-	13,552,625
Operation Funds -Capital Grants	1,686,555	-	-	-	1,686,555
COCC Fee for Service Income	34,120	-	5,903,127	10,896	5,948,143
Tenant Rental Income	703,390	-	-	182,150	885,540
Other Tenant Charges & Fraud Recovery	18,150	-	-	-	18,150
Investment and Other Income	46,996	26,937	1,106,875	1,023,996	2,204,804
<b>Total Operating Income</b>	<b>11,583,090</b>	<b>13,579,562</b>	<b>7,010,002</b>	<b>1,640,285</b>	<b>33,812,939</b>
<b>Operating Expenses</b>					
<b>Administrative Expenses</b>					
Salary and Benefits	932,340	5,911,728	4,166,623	249,606	11,260,297
COCC Management Fees	710,316	4,309,812	-	17,136	5,037,264
Office Expenses-Information Technology-Call Center	83,506	331,311	541,621	15,818	972,256
Consultants & other contracts	142,542	747,664	1,195,774	260,657	2,346,637
Administrative Service Contracts-Inspections	-	774,000	-	-	774,000
Legal and Audit Expense	349,684	80,000	216,000	2,191	647,875
Other General Administrative Costs	6,550	11,500	208,425	2,250	228,725
<b>Sub-Total Administrative Expenses</b>	<b>2,224,938</b>	<b>12,166,016</b>	<b>6,328,443</b>	<b>547,657</b>	<b>21,267,054</b>
<b>Tenant Services</b>	<b>572,265</b>	<b>118,677</b>	<b>-</b>	<b>362,229</b>	<b>1,053,172</b>
<b>Utilities</b>	<b>360,900</b>	<b>-</b>	<b>241,000</b>	<b>88,000</b>	<b>689,900</b>
<b>Maintenance</b>					
Maintenance Salaries and Benefits	644,616	-	187,807	14,452	846,875
Maintenance Materials	189,870	-	47,552	10,000	247,422
Maintenance Contracts	451,137	53,000	243,200	8,500	755,837
<b>Sub-Total Maintenance Expenses</b>	<b>1,285,623</b>	<b>53,000</b>	<b>478,559</b>	<b>32,952</b>	<b>1,850,134</b>
<b>Security Expense</b>	<b>770,010</b>	<b>58,903</b>	<b>118,472</b>	<b>302,613</b>	<b>1,249,999</b>
<b>Insurance Expense</b>	<b>711,063</b>	<b>86,529</b>	<b>139,687</b>	<b>326,722</b>	<b>1,264,001</b>
<b>Other General Expenses</b>	<b>-</b>	<b>52,000</b>	<b>84,715</b>	<b>-</b>	<b>136,715</b>
<b>Operating Subsidy to Private Management Co.</b>	<b>7,615,732</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,615,732</b>
<b>Total Routine Operating Expenses</b>	<b>13,540,532</b>	<b>12,535,125</b>	<b>7,390,876</b>	<b>1,660,174</b>	<b>35,126,708</b>
<b>Cash Flow (Deficit) from Operations</b>	<b>(1,957,441)</b>	<b>1,044,436</b>	<b>(380,874)</b>	<b>(19,889)</b>	<b>(1,313,769)</b>

PHA Board Resolution  
Approving Operating Budget

U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing -  
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026  
(exp. 07/31/2019)

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority of New Orleans

PHA Code: LA 001

PHA Fiscal Year Beginning: October 1, 2022

Board Resolution Number: 2022-XX

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

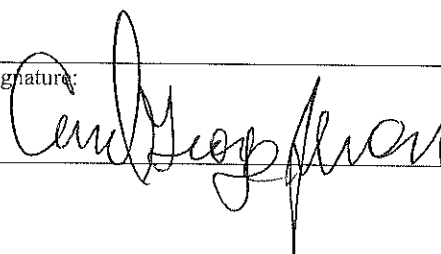
- Operating Budget approved by Board resolution on:
- Operating Budget submitted to HUD, if applicable, on:
- Operating Budget revision approved by Board resolution on:
- Operating Budget revision submitted to HUD, if applicable, on:

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name: Carol Johnson	Signature: 	Date: 9-20-2022
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