



INFORMATIONAL REPORT

DATE ISSUED: June 15, 2007
REPORT NO: HCR 07-53
SUBJECT: Third Quarter FY07 Budget Status Report

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

SUMMARY

The total amount available for expenditure in FY07 is \$314.3 million and this amount includes the current year budget of \$287.9 million plus the \$26.4 million of continuing appropriations from the previous year's balance of vendor/contractor commitments. The FY07 data indicates that the Housing Commission's overall expenditures and commitments are below pace with budget expectation primarily due to the timing of various housing projects and the multi-year nature of several programs. Overall revenues are on pace with budget expectation primarily due to the carryover of Affordable Housing Fund, Local funds, City School site sales; the significant reserves of the various Property Management projects from FY06, the sale proceeds from Newton and the loan funds for the new office facility.

BACKGROUND

The purpose of the Quarterly Budget Status Report is to show expenditure and revenue trends and possible deviations from the FY07 Budget plan. If funds were expended and revenues received equally throughout the year, it would be expected that, at the end of the third quarter, approximately 75% of the expenditures/commitments and revenues would be achieved.

DISCUSSION

There are three attachments to this report that show the current status of expenditures and revenues for the third quarter of FY07. A summary of the Agency's Expenditures and Commitments by activity as of March 31, 2007 is provided in Attachment 1. This attachment identifies the FY07 Original Approved Budget, Revisions, the FY07 Current Budget, prior year commitments for each Activity and reflects the third quarter expenditures, commitment levels and the remaining balance of uncommitted budget authority. An overview of this attachment shows the balance remaining for Housing Services is greater than budget expectation primarily due to multi-year programs for renovation of State and HUD Conventional units. Operations' balance remaining is less than expectation primarily due to the significant purchase of the new office facility. Housing Finance & Development's balance is greater than expectation as pipeline projects are expected to receive approvals in the next two quarters. The Agency's expenditures and commitments for all activities are \$169.4 million, or 54% of the \$314.3

million Total Budget plus Continuing Appropriations. Of this amount, expenditures are \$140.6 million and commitments are \$28.7 million.

Attachment 2 is a summary of the Agency's Expenditures and Commitments by Major Account as of March 31, 2007. This attachment identifies the FY07 Original Approved Budget, Revisions, the FY07 Current Budget, prior year commitments for each Major Account and reflects the third quarter expenditure and commitment levels and the remaining balance of uncommitted budget authority. An overview of this attachment shows that the balance remaining in Salaries & Benefits are slightly greater than budget expectation due to position vacancies. Supplies & Services are also slightly greater than budget expectation due to computer equipment that will be purchased towards year end, a lesser need for consulting than expected and lower sundry costs. The balance for Rent to Owners is higher than expected due to lower rent increases than expected and the balance of Loans & Grants is greater than budget expectation as pipeline projects are expected to receive approvals in the next two quarters. Other Housing programs are greater than expectation due to the inclusion of recent sale proceeds for development, new awards and multi-year programs.

Attachment 3 is a summary of the Agency's revenues as of March 31, 2007 by major revenue classification. This attachment identifies the FY07 Original Approved Budget, Revisions, the FY07 Current Budget, prior year commitments for each major revenue source and reflects the third quarter revenues received. An overview of this attachment shows Restricted Revenues are on pace with budget expectations due to significant carryover of Section 8 funds and significant carryover of Restricted Local funds including Coastal Housing, Condo Conversion and Redevelopment funds. Other HUD funds are slightly less than budget expectation due to the inclusion of multi-year programs. CDBG funds are below budget expectation due to pending contract approval at the City of San Diego while the State funds are less than expected due to the State disapproval of annuity funds for the two housing management projects and pending approval of other projects. Unrestricted Revenues are on pace with budget expectation primarily due to the Local funds that include the sale proceeds from Newton and loan proceeds for the new office facility. In addition, Rental Rehabilitation and Affordable Housing funds are greater than budget expectation due to significant carryover of funds from FY06. HOME funds are less than expected as they are only received as loans are funded. This will change as commitments for HOME projects are funded over the next two quarters. The Agency's revenues were \$223.8 million or 71% of the \$314.3 million Total Budget plus Continuing Appropriations.

Since the Second Quarter Budget Status Report, the FY07 Budget has been revised from \$287,473,603 to \$287,925,798. The increase in the FY07 Budget of \$452,195 is due primarily to the additional award of Cal State Housing Trust Funds for projects. Attachment 4 reflects the four revisions that increased/decreased the FY07 Budget and nine revisions that transferred funds among activities and/or major line items.

Respectfully submitted,



Tim Sturtevant
Budget Officer

Approved by,



Elizabeth C. Morris
President & Chief Executive Officer



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Attachments:

1. FY07 Summary of Expenditures and Remaining Commitments by Activity as of March 31, 2007.
2. FY07 Summary of Expenditures and Remaining Commitments by Account as of March 31, 2007.
3. FY07 Summary of Revenues Received as of March 31, 2007.
4. FY07 Third Quarter Budget Amendments.

THIRD QUARTER BUDGET STATUS REPORT

FY07 EXPENDITURES AND CONTINUING APPROPRIATIONS BY ACTIVITY AS OF 03/31/07

ACTIVITY GROUPS	FY07 ORIGINAL BUDGET (A)	FY07 REVISIONS (B)	FY07 CURRENT BUDGET (C) (A+B=C)	PRIOR YEARS CONTINUING APPROPRIATIONS (D)	TOTAL BUDGET & CONTINUING APPROPRIATIONS (E) (C+D=E)	FY07 EXPENSES AS OF 03/31/07 (F)	FY07 COMMITMENTS AS OF 03/31/07 (G)	FY07 BALANCE AS OF 03/31/07 (H) (E-F-G=H)	% REMAINING BALANCE (I) (H/E=I)
HOUSING SERVICES	152,767,600	4,723,184	157,490,784	1,590,828	159,081,612	87,520,753	3,999,037	67,561,822	42%
Rental Assistance	129,327,092	4,610,266	133,937,358	70,836	134,008,194	78,849,590	159,680	54,998,924	41%
Property Management	21,434,019	9,507	21,443,526	1,291,527	22,735,053	7,433,933	3,684,374	11,616,746	51%
Resident Services	2,006,489	103,411	2,109,900	228,465	2,338,365	1,237,230	154,983	946,152	40%
HOUSING FINANCE & DEVELOPMENT	64,146,849	4,246,004	68,392,853	24,289,025	92,681,878	24,380,223	21,653,729	46,647,926	50%
Rental Housing Production	40,941,932	2,581,312	43,523,244	14,437,304	57,960,548	14,143,928	11,866,916	31,949,704	55%
Homeownership	5,614,872	472,891	6,087,763	3,442,590	9,530,353	1,516,474	3,256,027	4,757,852	50%
Rehabilitation	11,237,434	185,416	11,422,850	383,090	11,805,940	5,570,579	585,047	5,650,314	48%
Portfolio Servicing & Occupancy Monitoring	2,725,502	86,590	2,812,092	0	2,812,092	710,301	29,000	2,072,791	74%
Special Purpose Housing	3,627,109	919,795	4,546,904	6,026,041	10,572,945	2,438,941	5,916,739	2,217,265	21%
OPERATIONS	36,803,544	302,973	37,106,517	511,034	37,617,551	28,728,223	3,082,869	5,806,459	15%
Board & Executive Functions	848,196	40,000	888,196	57,792	945,988	727,520	57,792	160,676	17%
Support Services	35,184,976	262,973	35,447,949	447,142	35,895,091	27,522,009	2,995,368	5,377,714	15%
Policy & Governmental Affairs	770,372	0	770,372	6,100	776,472	478,694	29,709	268,069	35%
PROGRAM & CONTINGENCY RESERVES	22,013,570	2,922,074	24,935,644	0	24,935,644	0	0	24,935,644	100%
TOTAL	275,731,563	12,194,235	287,925,798	26,390,887	314,316,685	140,629,199	28,735,635	144,951,851	46%

THIRD QUARTER BUDGET STATUS REPORT

FY07 EXPENDITURES & CONTINUING APPROPRIATIONS BY ACCOUNT AS OF 03/31/07

EXPENSE CATEGORY	FY07 ORIGINAL BUDGET (A)	FY07 REVISIONS (B)	FY07 CURRENT BUDGET (C) (A+B=C)	PRIOR YEARS CONTINUING APPROPRIATIONS (D)	TOTAL BUDGET & CONTINUING APPROPRIATIONS (E) (C+D=E)	FY07 EXPENSES AS OF 03/31/07 (F)	FY07 COMMITMENTS AS OF 03/31/07 (G)	FY07 BALANCE AS OF 03/31/07 (H) (E-F-G=H)	% REMAINING BALANCE (I) (H/E=K)
SALARIES & BENEFITS	17,110,820	0	17,110,820	0	17,110,820	11,794,709	0	5,316,111	31%
SERVICES & SUPPLIES	11,756,749	685,624	12,442,373	862,147	13,304,520	4,864,651	3,438,641	5,001,228	38%
HOUSING PROGRAMS									
RENT TO OWNERS	123,532,331	4,292,560	127,824,891	2,906,737	130,731,628	74,991,158	2,852,273	52,888,197	40%
LOANS & GRANTS	43,673,819	4,176,465	47,850,284	21,304,328	69,154,612	20,592,263	18,592,787	29,969,562	43%
OTHER HOUSING PROGRAMS	57,644,274	117,512	57,761,786	1,317,675	59,079,461	28,434,283	3,851,934	26,793,244	45%
HOUSING PROGRAM TOTAL	224,850,424	8,586,537	233,436,961	25,528,740	258,965,701	124,017,704	25,296,994	109,651,003	42%
PROGRAM CONTINGENCY & RESERVES	22,013,570	2,922,074	24,935,644	0	24,935,644	0	0	24,935,644	100%
TOTAL	275,731,563	12,194,235	287,925,798	26,390,887	314,316,685	140,677,064	28,735,635	144,903,986	46%

THIRD QUARTER BUDGET STATUS REPORT

FY07 SUMMARY OF REVENUES RECEIVED AS OF 3/31/07

	FY07 ORIGINAL BUDGET (A)	FY07 REVISIONS (B)	FY07 CURRENT BUDGET (C) (A+B=C)	PRIOR YEARS CONTINUING APPROPRIATIONS (D)	TOTAL BUDGET & CONTINUING APPROPRIATIONS (E) (C+D=E)	ACTUAL REVENUE RECEIVED (F)	% RECEIVED (G) (F/E=G)
REVENUES							
Restricted Revenues							
Section 8	134,126,712	4,446,423	138,573,135	145,923	138,719,058	105,195,596	76%
Other HUD	31,626,464	958,177	32,584,641	5,216,967	37,801,608	23,719,311	63%
State	3,444,626	(135,418)	3,309,208	1,799,321	5,108,529	1,266,088	25%
CDBG	3,422,834	(23,407)	3,399,427	86,865	3,486,292	1,050,909	30%
Restricted Local	16,042,515	399,307	16,441,822	3,513,503	19,955,325	13,496,057	68%
Restricted Revenues Sub-total	188,663,151	5,645,082	194,308,233	10,762,579	205,070,812	144,727,961	71%
Unrestricted Revenues							
Rental Rehabilitation	97,345	183,763	281,108	0	281,108	231,575	82%
Local	43,979,412	1,768,582	45,747,994	663,723	46,411,717	45,095,845	97%
Affordable Housing Fund	18,215,073	5,071,982	23,287,055	4,619,700	27,906,755	23,566,542	84%
HOME	24,776,582	(475,174)	24,301,408	10,344,885	34,646,293	10,194,724	29%
Unrestricted Revenues Sub-total	87,068,412	6,549,153	93,617,565	15,628,308	109,245,873	79,088,686	72%
TOTAL REVENUES	\$275,731,563	\$12,194,235	\$287,925,798	\$26,390,887	\$314,316,685	\$223,816,647	71%

Third Quarter FY07 Budget Amendments

I. Budget Revisions

	<u>Amount</u>	<u>Source</u>	<u>Activity</u>	<u>Expense</u>	<u>Approved by</u>
1	61,930	Local Funds	Portfolio Servicing/RTF	Contract/Consultants	President & C.E.O.
2	325,000	State Housing Trust Fund	Rental Housing Production	Loans & Grants	Housing Authority
3	24,973	Public Housing/Voucher	Information Technology	Contract/Consultants	President & C.E.O.
4	40,292	Linda Vista Redevelopment	Rehabilitation	Loans & Grants/Reserves	President & C.E.O.
	452,195	Total Budget Revisions			

II. Budget Transfers

	<u>Amount</u>	<u>Source</u>	<u>From Activity/Line Item</u>	<u>To Activity/Line Item</u>	<u>Transfer Amount</u>	<u>Approved by</u>
5	0	Local Funds	Facilities Management/Maintenance Materials	Facilities Management/Maintenance Contract	\$1,255	President & C.E.O.
6	0	University Canyon	Reserves/Reserves	Asset Management/Extraordinary Maintenance	\$67,500	President & C.E.O.
7	0	Local Funds	Facilities Management/Protective Service	Facilities Management/Maintenance Contract	\$280	President & C.E.O.
8	0	Local Funds	Reserves/Reserves	Rental Housing Production/Consultant	\$50,000	President & C.E.O.
9	0	Section 8	Rental Assistance/Sundry & Reserves	Rental Assistance/Contract Consultant	\$100,000	President & C.E.O.
10	0	Public Housing	Asset Management/Dwelling Equipment	Asset Management/Relocation	\$36,310	President & C.E.O.
11	0	Capital Fund	Asset Management/Extraordinary Maintenance	Asset Management/Office Equipment	\$1,729	President & C.E.O.
12	0	Public Housing/Local Funds	Asset Management/Reserves	Asset Management/Extraordinary Maintenance	\$271,050	Housing Authority
13	0	Various	Financial Services/Training	Financial Services/Contract Consultant	\$5,000	President & C.E.O.
	0	Total Budget Transfers				

452,195

Grand Total Budget Revisions & Transfers