

CDA Housing Operations**Function: Planning & Development***Budget Overview*

Agency Budget by Fund

| | 2018 Actual | 2019 Adopted | 2019 Actual | 2020 Adopted | 2021 C2C | 2021 Request |
|--------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General | 175,000 | 175,000 | - | - | - | - |
| CDA | 20,865,671 | 23,448,397 | 24,120,686 | 24,265,644 | 24,300,442 | 25,742,700 |
| TOTAL | \$ 21,040,671 | \$ 23,623,397 | \$ 24,120,686 | \$ 24,265,644 | \$ 24,300,442 | \$ 25,742,700 |

Agency Budget by Service

| | 2018 Actual | 2019 Adopted | 2019 Actual | 2020 Adopted | 2021 C2C | 2021 Request |
|------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Public Housing | 7,006,298 | 8,342,418 | 7,783,133 | 8,276,982 | 8,330,408 | 8,816,355 |
| Housing Vouchers | 14,034,373 | 15,280,979 | 16,337,553 | 15,988,662 | 15,970,034 | 16,926,346 |
| TOTAL | \$ 21,040,671 | \$ 23,623,397 | \$ 24,120,686 | \$ 24,265,644 | \$ 24,300,442 | \$ 25,742,700 |

Agency Budget by Major-Revenue

| | 2018 Actual | 2019 Adopted | 2019 Actuals | 2020 Adopted | 2021 C2C | 2021 Request |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Intergov Revenues | (16,098,372) | (19,088,871) | (19,586,030) | (19,696,723) | (19,696,723) | (20,728,037) |
| Charges For Services | (3,498,939) | (3,516,868) | (3,681,727) | (3,687,951) | (3,687,951) | (3,689,138) |
| Investments & Other Contributions | (93,553) | (44,116) | (137,802) | (58,416) | (58,416) | (115,142) |
| Misc Revenue | (224,801) | (76,990) | (214,553) | (67,940) | (67,940) | (74,151) |
| Other Financing Source | (790,004) | - | (25,394) | (217,369) | (252,167) | (529,047) |
| Transfer In | (335,003) | (896,552) | (475,180) | (537,245) | (537,245) | (607,185) |
| TOTAL | (21,040,671) | (23,623,397) | (24,120,686) | (24,265,644) | (24,300,442) | (25,742,700) |

Agency Budget by Major-Expenses

| | 2018 Actual | 2019 Adopted | 2019 Actuals | 2020 Adopted | 2021 C2C | 2021 Request |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Salaries | 2,549,861 | 3,162,279 | 2,810,929 | 3,479,753 | 3,410,461 | 3,315,193 |
| Benefits | 931,339 | 912,540 | 981,806 | 934,493 | 1,006,662 | 1,036,223 |
| Supplies | 555,856 | 572,234 | 510,843 | 1,048,954 | 1,048,954 | 800,034 |
| Purchased Services | 15,501,277 | 17,709,086 | 16,519,111 | 17,538,123 | 17,544,371 | 19,092,131 |
| Debt & Other Financing | 823,860 | 291,104 | 2,549,518 | 466,737 | 466,737 | 603,821 |
| Inter Depart Charges | 839,737 | 813,530 | 846,192 | 839,828 | 865,501 | 820,766 |
| Inter Depart Billing | (496,262) | (573,213) | (572,893) | (579,489) | (579,489) | (565,136) |
| Transfer Out | 335,003 | 735,836 | 475,180 | 537,245 | 537,245 | 639,668 |
| TOTAL | \$ 21,040,671 | \$ 23,623,397 | \$ 24,120,686 | \$ 24,265,644 | \$ 24,300,442 | \$ 25,742,700 |



MEMO

To: David Schmiedicke, Finance Director

From: Deborah Rakowski, CDA Housing Operations Division Director

Date: July 10, 2020

Subject: 2021 Operating Budget Transmittal Memo

The 2021 The CDA Housing Operations budget request represents the combined performance of three major federal housing programs; Public Housing, Multifamily Housing, and Housing Choice Voucher programs. These programs are administered by the CDA under contracts with the U.S. Department of Housing and Urban Development (HUD) and the Wisconsin Housing and Economic Development Authority (WHEDA) and primarily serve extremely low-income families throughout the City. The CDA's proposal expands the availability of rental assistance for low-income families and improves the level of service to our program participants while controlling costs through these uncertain times. Our budget submission does not include any supplemental requests and has no impact on the City of Madison General Fund.

Major Goals

The CDA Housing Operations Division includes two services: Housing Vouchers and Public Housing.

Housing Vouchers

This service provides rental assistance to low-income families across the City of Madison in the form of Housing Choice Vouchers. Housing Choice Vouchers administered by the CDA fill the gap between what low-income residents can afford to pay and the actual cost of housing in the private housing market. The CDA provides assistance to an average of 1,750 extremely low income families monthly through this program.

The major goal for 2021 is to continue to maintain the number of families receiving assistance and increase this number when possible in the face of rising costs per family and uncertain federal funding.

Public Housing

This service provides housing to low-income families across the City of Madison through the Public Housing and Multifamily Housing programs. The CDA owns and manages 904 general

occupancy units located at 37 different locations throughout the City of Madison. These units are managed using funds provided to the CDA through an Annual Contributions Contract (ACC) with HUD. HUD funds fill the gap between what the resident can afford to pay in rental costs and the actual cost to operate decent, safe, and sanitary housing.

The major goals for 2021 are to continue to implement operational efficiencies in order to continue to maintain unit turnaround times and high occupancy rates and to continue with repositioning and redevelopment of public housing in accordance with guidance from HUD. The CDA is also planning several capital projects funded through the Capital Fund Grant. Planned projects include lighting upgrades, parking lot improvements, balcony and gutter replacements, window and siding replacements, and grounds improvements.

COVID Response and Recovery

COVID-19 has impacted overall CDA operations but has had minimal fiscal impact. To date, administrative employees have successfully transitioned to teleworking and maintenance staff have continued to work on site. CDA Service Coordinators have continued to check on vulnerable residents and provide referrals for mental health and community services to CDA residents. While the CDA saw a reduction in rental revenues due to tenant income changes, HUD awarded additional funds to the CDA to supplement this loss in revenue and increase in expenses. In 2021, we are planning to continue efforts to improve digital services to residents and will continue to provide safe housing for low income City residents.

2021 Request & Equity

The CDA supports the City's goal of equity by providing decent, safe, and sanitary housing for underserved populations in our community through various housing programs. For example, the 2021 budget includes funding for the Section 8 Homeownership program which provides homeownership opportunities for low income families in our community, which are primarily people of color.

The CDA also contributes to City's equity goals by leading the Madison ConnectHome initiative, which is a HUD initiative that aims to reduce the digital divide in HUD assisted housing. The 2021 budget includes funding for an AmeriCorps VISTA volunteer to coordinate the ConnectHome team and to start digital literacy programming. This budget also includes funding for an ASPIRE intern who will assist the CDA in starting a digital ambassador program at public housing properties. These initiatives will narrow the digital divide for low income households in the City.

2021 Request & Sustainability

The CDA's 2021 budget includes capital improvement projects which support the goals of the City's Sustainability Plan, specifically in the areas of planning and design, carbon and energy, and affordable housing. In 2020, the CDA is working to complete a Green Physical Needs Assessment and Energy Audit which will inform decisions around capital improvements for 2021. In addition, the CDA will continue with energy saving projects such as lighting upgrades and improvements to HVAC systems.

Major Changes in 2021 Operating Request

The CDA began to reposition a portion of its public housing portfolio in 2020 and will continue to do so in 2021 as advised by the CDA Board of Commissioners. The 2021 budget assumes the disposition of 32

units of public housing to the Madison Revitalization and Community Development Corporation (MRCDC), which is a 501(c)(3) entity established by the CDA. This action removes units from the public housing and capital fund programs which results in a decrease in revenues and expenses in the public housing program.

Summary of Reductions

In accordance with guidance from the City of Madison Finance Office, the CDA 2021 budget does not include any budgeted reductions since the CDA does not receive any funding from the City of Madison. The CDA is not projecting a loss of revenue in 2021 and is expecting the federal government will continue funding public housing agencies at current levels.

I look forward to meeting with you to discuss the CDA's 2021 operating budget.

Sincerely,
Deborah Rakowski

cc: Deputy Mayors
Matthew Wachter, CDA Executive Director
Adam Pfost, DPCED Budget and Performance Excellence Manager
Budget and Program Evaluation Staff

2021 Operating Budget Service Budget Proposal

IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

CDA Housing Operations

SELECT YOUR AGENCY'S SERVICE:

Public Housing

SERVICE NUMBER:

921

SERVICE DESCRIPTION:

This service provides public housing assistance across the City of Madison through Community Development Authority (CDA) owned and operated developments. The CDA owns, manages, and maintains 766 units of Low Rent Public Housing on 37 sites throughout the City with funding from the federal Department of Housing and Urban Development (HUD). It also owns, manages, and maintains 114 multi-family units with funding from Wisconsin Housing and Economic Development Authority (WHEDA). This service is available to residents with income below 80 percent of area median income, with priority given to the elderly, disabled, and families with minor children. Residents in CDA housing pay 30 percent of adjusted gross income for rent and utilities.

Part 1: Base Budget Proposal

BUDGET INFORMATION

| | 2018 Actual | 2019 Adopted | 2019 Actual | 2020 Adopted | 2021 C2C | 2021 Request |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <i>Budget by Fund</i> | | | | | | |
| General-Net | \$175,000 | \$175,000 | \$0 | \$0 | \$0 | \$0 |
| Other-Expenditures | \$6,831,298 | \$8,167,418 | \$7,783,133 | \$8,276,982 | \$8,330,408 | \$8,816,355 |
| <i>Total</i> | <i>\$7,006,298</i> | <i>\$8,342,418</i> | <i>\$7,783,133</i> | <i>\$8,276,982</i> | <i>\$8,330,408</i> | <i>\$8,816,355</i> |
| <i>Budget by Major</i> | | | | | | |
| Revenue | | | | | | |
| Personnel | \$2,534,861 | \$2,981,063 | \$2,704,780 | \$3,258,693 | \$3,284,106 | \$3,169,693 |
| Non-Personnel | \$4,230,543 | \$5,180,138 | \$4,867,717 | \$4,816,454 | \$4,820,438 | \$5,452,247 |
| Agency Billings | \$240,894 | \$181,217 | \$210,635 | \$201,835 | \$225,864 | \$194,415 |
| <i>Total</i> | <i>\$7,006,298</i> | <i>\$8,342,418</i> | <i>\$7,783,132</i> | <i>\$8,276,982</i> | <i>\$8,330,408</i> | <i>\$8,816,355</i> |
| FTEs | | 35.30 | | 40.14 | 38.14 | 38.15 |

PRIORITY

Citywide Element

Describe how this service advances the Citywide Element:

Through the federally funded Public and Multifamily housing programs, the CDA provides decent, safe, and sanitary housing to extremely low-income residents throughout the City of Madison. The CDA is a direct provider of subsidized housing to residents who would otherwise be at risk of homelessness. This housing includes community spaces that bring residents and community members together. CDA staff provide services to residents that help them age healthfully in place or successfully move out of public housing.

ACTIVITIES PERFORMED BY THIS SERVICE

| Activity | % of Effort | Description |
|--|-------------|---|
| Central Operating Cost Center (COCC) | 4 | The COCC provides administrative support to the Public Housing program and is housed at the MMB. COCC staff collect and screen all program applications and provide policy, procurement, and financial oversight. |
| East Asset Management Project 200 (East AMP) | 19 | The East AMP is comprised of 163 units in 41 buildings at 6 different physical locations. This |

| | | |
|----------------------------|----|--|
| | | activity includes all expenses to manage and maintain the physical property in accordance with federal regulations. |
| West AMP 300 | 27 | The West AMP is comprised of 294 units in 53 buildings at 23 different physical locations. This activity includes all expenses to manage and maintain these properties in accordance with federal regulations. |
| Triangle AMP 400 | 21 | The Triangle AMP is comprised of 224 units in 7 buildings at 1 physical location. This activity includes all expenses to manage and maintain these properties in accordance with federal regulations. |
| Truax Phase 1 LLC, AMP 500 | 8 | The Truax Phase 1 AMP is comprised of 71 units in 6 buildings located on the East site and bordering Wright and Straubel Streets. This property includes 47 public housing units and 24 Project Based Section 8 voucher units, all of which are managed by the East Site Manager. This activity includes all tax credit compliance activities as well as all expenses needed to manage and maintain these properties in accordance with federal regulations. |
| Truax Phase 2 LLC, AMP 600 | 4 | The Truax Phase 2 AMP is comprised of 48 units in 3 buildings located on the East Site. This property includes 40 public housing units and 8 Project Based Section 8 Voucher units. The CDA manages 40 units and Porchlight manages 8 units. This activity includes all tax credit compliance activities as well as all expenses needed to manage and maintain these properties in accordance with federal regulations. |
| Karabis Apartments | 6 | Karabis Apartments is comprised of 20 units in 1 building located at the Triangle Site. All of the units in this building are handicapped accessible. This activity includes all expenses needed to manage and maintain this building in accordance with the contract agreement with the Wisconsin Housing and Economic Development Authority (WHEDA). |
| Parkside Apartments | 11 | Parkside Apartments is comprised of 94 units and 1 commercial space in 5 buildings at the Triangle Site. The commercial space is currently leased to Asian Foods. This activity includes all expenses needed to manage and maintain these buildings in accordance with our contracts agreement with WHEDA. |

SERVICE BUDGET CHANGES

Service Impact

What is the proposed change to the service's budget from cost to continue to agency request?

Increase of 485,947

What are the service level impacts of the proposed funding changes?

There are no service level impacts to the proposed funding changes. The increase in expenses is due to an increase in capital projects to be completed in 2021 and an increase in the amount of funding budgeted to be transferred to property reserves at Parkside, Karabis, and Truax Phase 1.

Personnel-Permanent Positions

Are you proposing an allocation change to the FTEs for this service? No

| Type | Fund | Amount | Description |
|------------|------|-------------|---|
| Perm Wages | 5100 | (\$114,413) | Reallocation of payroll expenses. to CDA Redevelopment (91) |

Benefits

Total

(\$114,413)

Explain the assumptions behind the allocation change.

We completed several payroll allocation changes in this budget submission based on the CDA's Cost Allocation Plan.

What is the justification behind the allocation change?

0.45 FTE will be allocated to the CDA Redevelopment General Fund for asset management of the properties owned by the redevelopment authority. In addition, the CDA is planning to dispose of 32 units of public housing to the Madison Revitalization and Community Development Corporation (MRCDC) at the end of 2020. MRCDC is a 501c3 entity owned by the CDA which will manage the 32 units of housing utilizing CDA staff. A portion of payroll expenses for employees in the East and West AMPs were reallocated to MRCDC (subfund 51106).

Personnel-Other Personnel Spending

Are you requesting additional personnel spending for non-annualized pay? No

| Type | Fund | Amount | Description |
|--------------|------|-------------------|--|
| Overtime | 5100 | (\$22,896) | Reduction in overtime for all sites. |
| Premium Pay | 5100 | \$177 | Premium pay for all sites. |
| Hourly | 5100 | (\$7,168) | Reduction in hourly pay for all sites. |
| Total | | (\$29,887) | |

Explain the assumptions behind the requested funding.

Overtime and hourly pay was decreased to plan for the CDA being fully staffed in 2021, requiring less overtime and use of hourly staff to complete work.

What is the justification behind the increased funding?

We increased budget for premium pay to better reflect actuals.

Revenue

Are you proposing a change to the service's budgeted revenue?

Yes

Are you proposing an increase or a decrease to the budgeted revenue?

Increase

| Fund | Major | Amount | Description |
|------|-------|-----------|---------------------|
| 5100 | 48 | \$354,856 | Fund alance Applied |

Explain the assumptions behind the change to budgeted revenue.

The CDA is planning to use property reserves at the Triangle Amp and Karabis Apartments for capital projects.

What is the justification behind the proposed change?

HUD requires the CDA to maintain a minimum of 4 months of expenditures on hand as reserves (object 11000). The CDA has significant reserves available in subfunds 51204 and 51205 and is planning to use some of these reserves for capital improvements at both properties.

Non-Personnel

Are you requesting additional non-personnel funding for this service?

Yes

| Fund | Major | Amount | Description |
|--|-------|-------------|------------------------------------|
| 5100 | 53 | (\$285,057) | Supplies |
| 5100 | 54 | \$316,211 | Purchased Services |
| 5100 | 56 | \$137,533 | Reserve Transfers, PILOT, Interest |
| 2021 Operating Budget: Agency Requests | 59 | \$102,423 | |

Explain the assumptions behind the requested funding.

The CDA assumes an increase in funding from the Capital Fund grant.

What is the justification behind the increased funding?

Supplies and services were adjusted to account for changes in the 5 year capital fund plan and planned projects in 2021. Reserve transfers increased due to increases in generated revenue at 3 properties.

Part 2: Proposed Budget Reduction

What is 5% of the agency's net budget?

\$0

What is the proposed reduction to this service's budget?

\$0

Explain how you would change the activities and the level of service as a result of implementing the funding decrease to this service. List changes by service activity identified above. Add a separate line for each reduction.

| Activity | \$Amount | Description |
|--------------|----------|-------------|
| | | |
| | | |
| Total | \$0 | |

Explain the changes by major expenditure category that your agency would implement as a result of the funding decrease to this service.

| Name | \$ Amount | Description |
|-----------------|-----------|-------------|
| Personnel | | |
| Non-Personnel | | |
| Agency Billings | | |
| Total | \$0 | |

Is the City mandated to perform the activities of this service? If so, explain the mandate and mandated service level. If not, are there other local organizations also involved in performing these activities.

Has this reduction been proposed in prior years?

Select...

Does the proposed reduction result in eliminating permanent positions?

Select...

If yes, what is the decrease in FTEs:

Does the proposed reduction impact other agencies (i.e. Fleet Services)?

Select...

If yes, which agencies:

Describe why the proposed reduction was chosen.

Explain the impacts of the proposed reduction on the end user of the service. How can impacts of this reduction be mitigated?

2021 Operating Budget Service Budget Proposal

IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

CDA Housing Operations

SELECT YOUR AGENCY'S SERVICE:

Housing Vouchers

SERVICE NUMBER:

922

SERVICE DESCRIPTION:

This service provides Section 8 housing vouchers across the City of Madison. The housing vouchers provide rental assistance to fill the gap between what low-income tenants can afford to pay and the actual cost of decent, safe, and sanitary housing. The voucher program serves households with incomes below 50 percent of area median income: Priority is given to the elderly, disabled, families with minor children, chronically homeless veterans, and other targeted groups. This service also administers Housing Choice Vouchers, which covers the billing for voucher recipients who are new to Madison or move to another housing authority. The goal of this service is to help chronically homeless individuals and families to become housed in permanently supported housing.

Part 1: Base Budget Proposal

BUDGET INFORMATION

| | 2018 Actual | 2019 Adopted | 2019 Actual | 2020 Adopted | 2021 C2C | 2021 Request |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <i>Budget by Fund</i> | | | | | | |
| General-Net | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other-Expenditures | \$14,034,373 | \$15,280,979 | \$16,337,553 | \$15,988,662 | \$15,970,034 | \$16,926,346 |
| <i>Total</i> | <i>\$14,034,373</i> | <i>\$15,280,979</i> | <i>\$16,337,553</i> | <i>\$15,988,662</i> | <i>\$15,970,034</i> | <i>\$16,926,346</i> |
| <i>Budget by Major</i> | | | | | | |
| Revenue | | | | | | |
| Personnel | \$946,339 | \$1,093,756 | \$1,087,954 | \$1,155,553 | \$1,133,016 | \$1,181,723 |
| Non-Personnel | \$12,985,453 | \$14,128,123 | \$15,186,935 | \$14,774,605 | \$14,776,870 | \$15,683,408 |
| Agency Billings | \$102,581 | \$59,100 | \$62,664 | \$58,504 | \$60,148 | \$61,215 |
| <i>Total</i> | <i>\$14,034,373</i> | <i>\$15,280,979</i> | <i>\$16,337,553</i> | <i>\$15,988,662</i> | <i>\$15,970,034</i> | <i>\$16,926,346</i> |
| FTEs | | 12.83 | | 13.05 | 13.05 | 12.99 |

PRIORITY

Citywide Element

Describe how this service advances the Citywide Element:

The Section 8 Housing Choice Voucher Program contributes to the Neighborhoods and Housing element by providing vouchers to low-income City residents which increases the affordable housing opportunities throughout the City.

ACTIVITIES PERFORMED BY THIS SERVICE

| Activity | % of Effort | Description |
|-----------------------------|-------------|---|
| Administration | 10 | The expense incurred to administer the Section 8 program. |
| Housing Assistance Payments | 90 | Direct payments made to landlords for housing low income residents. |

SERVICE BUDGET CHANGES

Service Impact
2021 Operating Budget: Agency Requests

What is the proposed change to the service's budget from cost to continue to agency request?

Increase of \$956,312

What are the service level impacts of the proposed funding changes?

The increase is due to an increase in budget authority for Housing Choice Vouchers from the US Department of Housing and Urban Development (HUD) for housing assistance payments.

Personnel-Permanent Positions

Are you proposing an allocation change to the FTEs for this service? No

| Type | Fund | Amount | Description |
|--------------|------|--------|-------------|
| Perm Wages | | | |
| Benefits | | | |
| Total | | \$0 | |

Explain the assumptions behind the allocation change.

What is the justification behind the allocation change?

Personnel-Other Personnel Spending

Are you requesting additional personnel spending for non-annualized pay? No

| Type | Fund | Amount | Description |
|--------------|------|------------|--|
| Overtime | 5100 | (\$33,084) | Reduction in overtime |
| Premium Pay | 5100 | (\$365) | Reduction in premium pay for overtime hours worked |
| Hourly | 5100 | \$14,000 | Increase in hourly staff |
| Total | | (\$19,449) | |

Explain the assumptions behind the requested funding.

This budget assumes that 2 staff will retire in 2021 and that the agency will fill vacant positions in 2021.

What is the justification behind the increased funding?

The funding level is decreased for these items.

Revenue

Are you proposing a change to the service's budgeted revenue?

Yes

Are you proposing an increase or a decrease to the budgeted revenue?

Increase

| Fund | Major | Amount | Description |
|------|-------|-----------|---|
| 5100 | 42 | \$934,955 | Housing Assistance Payments - Federal Revenue |

Explain the assumptions behind the change to budgeted revenue.

The CDA budgeted the 2021 housing assistance payments according to projections from HUD.

What is the justification behind the proposed change?

Non-Personnel

Are you requesting additional non-personnel funding for this service?

Yes

| <i>Fund</i> | <i>Major</i> | <i>Amount</i> | <i>Description</i> |
|-------------|--------------|---------------|-----------------------------|
| 5100 | 54 | \$912,044 | Housing Assistance Payments |

Explain the assumptions behind the requested funding.

The CDA budgeted the 2021 housing assistance payments according to projections from HUD.

What is the justification behind the increased funding?

Part 2: Proposed Budget Reduction

What is 5% of the agency's net budget?

\$0

What is the proposed reduction to this service's budget?

\$0

Explain how you would change the activities and the level of service as a result of implementing the funding decrease to this service. List changes by service activity identified above. Add a separate line for each reduction.

| Activity | \$Amount | Description |
|--------------|----------|-------------|
| | | |
| Total | \$0 | |

Explain the changes by major expenditure category that your agency would implement as a result of the funding decrease to this service.

| Name | \$ Amount | Description |
|-----------------|-----------|-------------|
| Personnel | | |
| Non-Personnel | | |
| Agency Billings | | |
| Total | \$0 | |

Is the City mandated to perform the activities of this service? If so, explain the mandate and mandated service level. If not, are there other local organizations also involved in performing these activities.

Has this reduction been proposed in prior years?

Select...

Does the proposed reduction result in eliminating permanent positions?

Select...

If yes, what is the decrease in FTEs:

Does the proposed reduction impact other agencies (i.e. Fleet Services)?

Select...

If yes, which agencies:

Describe why the proposed reduction was chosen.

Explain the impacts of the proposed reduction on the end user of the service. How can impacts of this reduction be mitigated?



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Major Changes in 2021 Operating Request

The CDA began to reposition a portion of its public housing portfolio in 2020 and will continue to do so in 2021 as advised by the CDA Board of Commissioners. The 2021 budget assumes the disposition of 32

units of public housing to the Madison Revitalization and Community Development Corporation (MRCDC), which is a 501(c)(3) entity established by the CDA. This action removes units from the public housing and capital fund programs which results in a decrease in revenues and expenses in the public housing program.

Summary of Reductions

In accordance with guidance from the City of Madison Finance Office, the CDA 2021 budget does not include any budgeted reductions since the CDA does not receive any funding from the City of Madison. The CDA is not projecting a loss of revenue in 2021 and is expecting the federal government will continue funding public housing agencies at current levels.

I look forward to meeting with you to discuss the CDA's 2021 operating budget.

Sincerely,
Deborah Rakowski

cc: Deputy Mayors
Matthew Wachter, CDA Executive Director
Adam Pfost, DPCED Budget and Performance Excellence Manager
Budget and Program Evaluation Staff

2021 Operating Budget Service Budget Proposal

IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

CDA Housing Operations

SELECT YOUR AGENCY'S SERVICE:

Housing Vouchers

SERVICE NUMBER:

922

SERVICE DESCRIPTION:

This service provides Section 8 housing vouchers across the City of Madison. The housing vouchers provide rental assistance to fill the gap between what low-income tenants can afford to pay and the actual cost of decent, safe, and sanitary housing. The voucher program serves households with incomes below 50 percent of area median income: Priority is given to the elderly, disabled, families with minor children, chronically homeless veterans, and other targeted groups. This service also administers Housing Choice Vouchers, which covers the billing for voucher recipients who are new to Madison or move to another housing authority. The goal of this service is to help chronically homeless individuals and families to become housed in permanently supported housing.

Part 1: Base Budget Proposal

BUDGET INFORMATION

| | 2018 Actual | 2019 Adopted | 2019 Actual | 2020 Adopted | 2021 C2C | 2021 Request |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <i>Budget by Fund</i> | | | | | | |
| General-Net | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other-Expenditures | \$14,034,373 | \$15,280,979 | \$16,337,553 | \$15,988,662 | \$15,970,034 | \$16,926,346 |
| <i>Total</i> | <i>\$14,034,373</i> | <i>\$15,280,979</i> | <i>\$16,337,553</i> | <i>\$15,988,662</i> | <i>\$15,970,034</i> | <i>\$16,926,346</i> |
| <i>Budget by Major</i> | | | | | | |
| Revenue | | | | | | |
| Personnel | \$946,339 | \$1,093,756 | \$1,087,954 | \$1,155,553 | \$1,133,016 | \$1,181,723 |
| Non-Personnel | \$12,985,453 | \$14,128,123 | \$15,186,935 | \$14,774,605 | \$14,776,870 | \$15,683,408 |
| Agency Billings | \$102,581 | \$59,100 | \$62,664 | \$58,504 | \$60,148 | \$61,215 |
| <i>Total</i> | <i>\$14,034,373</i> | <i>\$15,280,979</i> | <i>\$16,337,553</i> | <i>\$15,988,662</i> | <i>\$15,970,034</i> | <i>\$16,926,346</i> |
| FTEs | | 12.83 | | 13.05 | 13.05 | 12.99 |

PRIORITY

Citywide Element

Describe how this service advances the Citywide Element:

The Section 8 Housing Choice Voucher Program contributes to the Neighborhoods and Housing element by providing vouchers to low-income City residents which increases the affordable housing opportunities throughout the City.

ACTIVITIES PERFORMED BY THIS SERVICE

| Activity | % of Effort | Description |
|-----------------------------|-------------|---|
| Administration | 10 | The expense incurred to administer the Section 8 program. |
| Housing Assistance Payments | 90 | Direct payments made to landlords for housing low income residents. |

SERVICE BUDGET CHANGES

Service Impact
2021 Operating Budget: Agency Requests

What is the proposed change to the service's budget from cost to continue to agency request?

Increase of \$956,312

What are the service level impacts of the proposed funding changes?

The increase is due to an increase in budget authority for Housing Choice Vouchers from the US Department of Housing and Urban Development (HUD) for housing assistance payments.

Personnel-Permanent Positions

Are you proposing an allocation change to the FTEs for this service? No

| Type | Fund | Amount | Description |
|--------------|------|--------|-------------|
| Perm Wages | | | |
| Benefits | | | |
| Total | | \$0 | |

Explain the assumptions behind the allocation change.

What is the justification behind the allocation change?

Personnel-Other Personnel Spending

Are you requesting additional personnel spending for non-annualized pay? No

| Type | Fund | Amount | Description |
|--------------|------|------------|--|
| Overtime | 5100 | (\$33,084) | Reduction in overtime |
| Premium Pay | 5100 | (\$365) | Reduction in premium pay for overtime hours worked |
| Hourly | 5100 | \$14,000 | Increase in hourly staff |
| Total | | (\$19,449) | |

Explain the assumptions behind the requested funding.

This budget assumes that 2 staff will retire in 2021 and that the agency will fill vacant positions in 2021.

What is the justification behind the increased funding?

The funding level is decreased for these items.

Revenue

Are you proposing a change to the service's budgeted revenue?

Yes

Are you proposing an increase or a decrease to the budgeted revenue?

Increase

| Fund | Major | Amount | Description |
|------|-------|-----------|---|
| 5100 | 42 | \$934,955 | Housing Assistance Payments - Federal Revenue |

Explain the assumptions behind the change to budgeted revenue.

The CDA budgeted the 2021 housing assistance payments according to projections from HUD.

What is the justification behind the proposed change?

Non-Personnel

Are you requesting additional non-personnel funding for this service?

Yes

| <i>Fund</i> | <i>Major</i> | <i>Amount</i> | <i>Description</i> |
|-------------|--------------|---------------|-----------------------------|
| 5100 | 54 | \$912,044 | Housing Assistance Payments |

Explain the assumptions behind the requested funding.

The CDA budgeted the 2021 housing assistance payments according to projections from HUD.

What is the justification behind the increased funding?

Part 2: Proposed Budget Reduction

What is 5% of the agency's net budget?

What is the proposed reduction to this service's budget?

Explain how you would change the activities and the level of service as a result of implementing the funding decrease to this service. List changes by service activity identified above. Add a separate line for each reduction.

| Activity | \$Amount | Description |
|-----------------|-----------------|--------------------|
| | | |
| Total | \$0 | |

Explain the changes by major expenditure category that your agency would implement as a result of the funding decrease to this service.

| Name | \$ Amount | Description |
|-----------------|------------------|--------------------|
| Personnel | | |
| Non-Personnel | | |
| Agency Billings | | |
| Total | \$0 | |

Is the City mandated to perform the activities of this service? If so, explain the mandate and mandated service level. If not, are there other local organizations also involved in performing these activities.

Has this reduction been proposed in prior years?

Does the proposed reduction result in eliminating permanent positions?

If yes, what is the decrease in FTEs:

Does the proposed reduction impact other agencies (i.e. Fleet Services)?

If yes, which agencies:

Describe why the proposed reduction was chosen.

Explain the impacts of the proposed reduction on the end user of the service. How can impacts of this reduction be mitigated?

2021 Operating Budget Service Budget Proposal

IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

CDA Housing Operations

SELECT YOUR AGENCY'S SERVICE:

Public Housing

SERVICE NUMBER:

921

SERVICE DESCRIPTION:

This service provides public housing assistance across the City of Madison through Community Development Authority (CDA) owned and operated developments. The CDA owns, manages, and maintains 766 units of Low Rent Public Housing on 37 sites throughout the City with funding from the federal Department of Housing and Urban Development (HUD). It also owns, manages, and maintains 114 multi-family units with funding from Wisconsin Housing and Economic Development Authority (WHEDA). This service is available to residents with income below 80 percent of area median income, with priority given to the elderly, disabled, and families with minor children. Residents in CDA housing pay 30 percent of adjusted gross income for rent and utilities.

Part 1: Base Budget Proposal

BUDGET INFORMATION

| | 2018 Actual | 2019 Adopted | 2019 Actual | 2020 Adopted | 2021 C2C | 2021 Request |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <i>Budget by Fund</i> | | | | | | |
| General-Net | \$175,000 | \$175,000 | \$0 | \$0 | \$0 | \$0 |
| Other-Expenditures | \$6,831,298 | \$8,167,418 | \$7,783,133 | \$8,276,982 | \$8,330,408 | \$8,816,355 |
| <i>Total</i> | <i>\$7,006,298</i> | <i>\$8,342,418</i> | <i>\$7,783,133</i> | <i>\$8,276,982</i> | <i>\$8,330,408</i> | <i>\$8,816,355</i> |
| <i>Budget by Major</i> | | | | | | |
| Revenue | | | | | | |
| Personnel | \$2,534,861 | \$2,981,063 | \$2,704,780 | \$3,258,693 | \$3,284,106 | \$3,169,693 |
| Non-Personnel | \$4,230,543 | \$5,180,138 | \$4,867,717 | \$4,816,454 | \$4,820,438 | \$5,452,247 |
| Agency Billings | \$240,894 | \$181,217 | \$210,635 | \$201,835 | \$225,864 | \$194,415 |
| <i>Total</i> | <i>\$7,006,298</i> | <i>\$8,342,418</i> | <i>\$7,783,132</i> | <i>\$8,276,982</i> | <i>\$8,330,408</i> | <i>\$8,816,355</i> |
| FTEs | | 35.30 | | 40.14 | 38.14 | 38.15 |

PRIORITY

Citywide Element

Describe how this service advances the Citywide Element:

Through the federally funded Public and Multifamily housing programs, the CDA provides decent, safe, and sanitary housing to extremely low-income residents throughout the City of Madison. The CDA is a direct provider of subsidized housing to residents who would otherwise be at risk of homelessness. This housing includes community spaces that bring residents and community members together. CDA staff provide services to residents that help them age healthfully in place or successfully move out of public housing.

ACTIVITIES PERFORMED BY THIS SERVICE

| Activity | % of Effort | Description |
|--|-------------|---|
| Central Operating Cost Center (COCC) | 4 | The COCC provides administrative support to the Public Housing program and is housed at the MMB. COCC staff collect and screen all program applications and provide policy, procurement, and financial oversight. |
| East Asset Management Project 200 (East AMP) | 19 | The East AMP is comprised of 163 units in 41 buildings at 6 different physical locations. This |

| | | |
|----------------------------|----|--|
| | | activity includes all expenses to manage and maintain the physical property in accordance with federal regulations. |
| West AMP 300 | 27 | The West AMP is comprised of 294 units in 53 buildings at 23 different physical locations. This activity includes all expenses to manage and maintain these properties in accordance with federal regulations. |
| Triangle AMP 400 | 21 | The Triangle AMP is comprised of 224 units in 7 buildings at 1 physical location. This activity includes all expenses to manage and maintain these properties in accordance with federal regulations. |
| Truax Phase 1 LLC, AMP 500 | 8 | The Truax Phase 1 AMP is comprised of 71 units in 6 buildings located on the East site and bordering Wright and Straubel Streets. This property includes 47 public housing units and 24 Project Based Section 8 voucher units, all of which are managed by the East Site Manager. This activity includes all tax credit compliance activities as well as all expenses needed to manage and maintain these properties in accordance with federal regulations. |
| Truax Phase 2 LLC, AMP 600 | 4 | The Truax Phase 2 AMP is comprised of 48 units in 3 buildings located on the East Site. This property includes 40 public housing units and 8 Project Based Section 8 Voucher units. The CDA manages 40 units and Porchlight manages 8 units. This activity includes all tax credit compliance activities as well as all expenses needed to manage and maintain these properties in accordance with federal regulations. |
| Karabis Apartments | 6 | Karabis Apartments is comprised of 20 units in 1 building located at the Triangle Site. All of the units in this building are handicapped accessible. This activity includes all expenses needed to manage and maintain this building in accordance with the contract agreement with the Wisconsin Housing and Economic Development Authority (WHEDA). |
| Parkside Apartments | 11 | Parkside Apartments is comprised of 94 units and 1 commercial space in 5 buildings at the Triangle Site. The commercial space is currently leased to Asian Foods. This activity includes all expenses needed to manage and maintain these buildings in accordance with our contracts agreement with WHEDA. |

SERVICE BUDGET CHANGES

Service Impact

What is the proposed change to the service's budget from cost to continue to agency request?

What are the service level impacts of the proposed funding changes?

There are no service level impacts to the proposed funding changes. The increase in expenses is due to an increase in capital projects to be completed in 2021 and an increase in the amount of funding budgeted to be transferred to property reserves at Parkside, Karabis, and Truax Phase 1.

Personnel-Permanent Positions

Are you proposing an allocation change to the FTEs for this service?

| Type | Fund | Amount | Description |
|------------|------|-------------|---|
| Perm Wages | 5100 | (\$114,413) | Reallocation of payroll expenses. to CDA Redevelopment (91) |

Benefits

Total

(\$114,413)

Explain the assumptions behind the allocation change.

We completed several payroll allocation changes in this budget submission based on the CDA's Cost Allocation Plan.

What is the justification behind the allocation change?

0.45 FTE will be allocated to the CDA Redevelopment General Fund for asset management of the properties owned by the redevelopment authority. In addition, the CDA is planning to dispose of 32 units of public housing to the Madison Revitalization and Community Development Corporation (MRCDC) at the end of 2020. MRCDC is a 501c3 entity owned by the CDA which will manage the 32 units of housing utilizing CDA staff. A portion of payroll expenses for employees in the East and West AMPs were reallocated to MRCDC (subfund 51106).

Personnel-Other Personnel Spending

Are you requesting additional personnel spending for non-annualized pay? No

| Type | Fund | Amount | Description |
|--------------|------|-------------------|--|
| Overtime | 5100 | (\$22,896) | Reduction in overtime for all sites. |
| Premium Pay | 5100 | \$177 | Premium pay for all sites. |
| Hourly | 5100 | (\$7,168) | Reduction in hourly pay for all sites. |
| Total | | (\$29,887) | |

Explain the assumptions behind the requested funding.

Overtime and hourly pay was decreased to plan for the CDA being fully staffed in 2021, requiring less overtime and use of hourly staff to complete work.

What is the justification behind the increased funding?

We increased budget for premium pay to better reflect actuals.

Revenue

Are you proposing a change to the service's budgeted revenue?

Yes

Are you proposing an increase or a decrease to the budgeted revenue?

Increase

| Fund | Major | Amount | Description |
|------|-------|-----------|----------------------|
| 5100 | 48 | \$354,856 | Fund balance Applied |

Explain the assumptions behind the change to budgeted revenue.

The CDA is planning to use property reserves at the Triangle Amp and Karabis Apartments for capital projects.

What is the justification behind the proposed change?

HUD requires the CDA to maintain a minimum of 4 months of expenditures on hand as reserves (object 11000). The CDA has significant reserves available in subfunds 51204 and 51205 and is planning to use some of these reserves for capital improvements at both properties.

Non-Personnel

Are you requesting additional non-personnel funding for this service?

Yes

| Fund | Major | Amount | Description |
|--|-------|-------------|------------------------------------|
| 5100 | 53 | (\$285,057) | Supplies |
| 5100 | 54 | \$316,211 | Purchased Services |
| 5100 | 56 | \$137,533 | Reserve Transfers, PILOT, Interest |
| 2021 Operating Budget: Agency Requests | 59 | \$102,423 | |

Explain the assumptions behind the requested funding.

The CDA assumes an increase in funding from the Capital Fund grant.

What is the justification behind the increased funding?

Supplies and services were adjusted to account for changes in the 5 year capital fund plan and planned projects in 2021. Reserve transfers increased due to increases in generated revenue at 3 properties.

Part 2: Proposed Budget Reduction

What is 5% of the agency's net budget?

\$0

What is the proposed reduction to this service's budget?

\$0

Explain how you would change the activities and the level of service as a result of implementing the funding decrease to this service. List changes by service activity identified above. Add a separate line for each reduction.

| Activity | \$Amount | Description |
|--------------|----------|-------------|
| | | |
| | | |
| Total | \$0 | |

Explain the changes by major expenditure category that your agency would implement as a result of the funding decrease to this service.

| Name | \$ Amount | Description |
|-----------------|-----------|-------------|
| Personnel | | |
| Non-Personnel | | |
| Agency Billings | | |
| Total | \$0 | |

Is the City mandated to perform the activities of this service? If so, explain the mandate and mandated service level. If not, are there other local organizations also involved in performing these activities.

Has this reduction been proposed in prior years?

Select...

Does the proposed reduction result in eliminating permanent positions?

Select...

If yes, what is the decrease in FTEs:

Does the proposed reduction impact other agencies (i.e. Fleet Services)?

Select...

If yes, which agencies:

Describe why the proposed reduction was chosen.

Explain the impacts of the proposed reduction on the end user of the service. How can impacts of this reduction be mitigated?

