

PROGRAM BUDGET LEVELS

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA

Program Budget Levels

Fiscal Year 4/1/13 thru 3/31/14



Accounts & Descriptions	Housing Vouchers	Public Housing & Capital Fund	State & Local	Housing Certif. Programs	Agency Totals
REVENUE					
Tenant Rental & Other Tenant Revenue	\$ -	\$ 2,940,048	\$ 2,400,328	\$ -	\$ 5,340,376
Governmental Grants & Subsidies	\$ 77,498,894	\$ 6,438,778	\$ -	\$ 3,441,563	\$ 87,379,235
Other Misc. Revenue	\$ 179,967	\$ 179,264	\$ 3,115,369	\$ -	\$ 3,474,600
TOTAL REVENUE	\$ 77,678,861	\$ 9,558,091	\$ 5,515,696	\$ 3,441,563	\$ 96,194,211
EXPENSES					
Administrative Salaries	\$ 1,754,316	\$ 1,033,344	\$ 1,698,697	\$ 145,346	\$ 4,631,703
Other Administrative Expenses	\$ 3,643,126	\$ 2,070,792	\$ 1,765,024	\$ 98,173	\$ 7,577,115
Tenant and Social Services	\$ 91,590	\$ 191,155	\$ 1,000	\$ 67,429	\$ 351,175
Utilities	\$ 45,290	\$ 1,444,982	\$ 328,264	\$ -	\$ 1,818,536
Maintenance Salaries	\$ 2,597	\$ 1,010,993	\$ 163,510	\$ -	\$ 1,177,100
Other Maintenance Costs	\$ 49,471	\$ 2,403,950	\$ 530,989	\$ -	\$ 2,984,411
Protective Services	\$ -	\$ 474,265	\$ 11,483	\$ -	\$ 485,748
General Expenses	\$ 417,727	\$ 414,590	\$ 247,956	\$ -	\$ 1,080,273
Total Operating Expenditures	\$ 6,004,117	\$ 9,044,072	\$ 4,746,922	\$ 310,949	\$ 20,106,060
Residual Income / (Loss) from operations	\$ 71,674,745	\$ 514,019	\$ 768,774	\$ 3,130,614	\$ 76,088,151
Program Costs & other items	\$ 76,230,848	\$ -	\$ 747,842	\$ 3,164,610	\$ 80,143,300
Capital Improvements	\$ -	\$ 804,481	\$ -	\$ -	\$ 804,481
Net Residual / (Deficit)	\$ (4,556,103)	\$ (290,462)	\$ 20,932	\$ (33,996)	\$ (4,859,630)
Analysis of Residual					
Restricted Reserves	\$ (3,846,759)	\$ -	\$ (66,958)	\$ 35,275	\$ (3,878,443)
Unrestricted Reserves	\$ (709,344)	\$ (290,462)	\$ 87,890	\$ (69,271)	\$ (981,188)
Net To Reserves	\$ (4,556,103)	\$ (290,462)	\$ 20,932	\$ (33,996)	\$ (4,859,630)

CONSOLIDATED ANALYSIS OF AGENCY
RESERVES

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
CONSOLIDATED ANALYSIS OF AGENCY RESERVES



	Beginning Balance April 1, 2013	Operating Results projected for this budget period 4/1/13 thru 3/31/2014	Projected Reserves 3/31/2014
<u>RESTRICTED RESERVES</u>			
PROGRAMS:	Projected		
Housing Vouchers Program	\$ 3,879,318	\$ (3,846,759)	\$ 32,559
Public Housing & Capital Fund	\$ -	\$ -	\$ -
State & Local Programs	\$ 1,639,599	\$ (66,958)	\$ 1,572,641
Housing Certificates Programs	\$ 20,095	\$ 35,275	\$ 55,370
Total Restricted Reserves	\$ 5,539,012	\$ (3,878,443)	\$ 1,660,570
<u>UNRESTRICTED RESERVES</u>			
PROGRAMS:			
Housing Vouchers Program	\$ 2,904,629	\$ (709,344)	\$ 2,195,285
Public Housing & Capital Fund*	\$ 1,122,394	\$ (290,462)	\$ 831,932
State & Local Programs	\$ 413,927	\$ 87,890	\$ 501,817
Housing Certificates Programs	\$ 73,327	\$ (69,271)	\$ 4,056
Total Unrestricted Reserves	\$ 4,514,277	\$ (981,188)	\$ 3,533,089
Total Reserves	\$ 10,053,289	\$ (4,859,630)	\$ 5,193,659

*excludes invested in capital assets

WRITTEN TESTIMONY OF HUD SECRETARY
SHAUN DONOVAN



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410

**Written Testimony of Secretary Shaun Donovan
Hearing before the Senate Committee on Appropriations
*on The Impacts of Sequestration***

Thursday, February 14, 2013

Chairwoman Mikulski, Ranking Member Shelby, and Members of the Committee, thank you for the opportunity to testify today regarding the effects of the across-the-board federal cuts that would result from the potential sequestration now scheduled for March 1, just two weeks from tomorrow. As the President stated last week, these arbitrary and indiscriminate cuts "will cost us jobs and significantly slow down our recovery." With respect to the Department of Housing and Urban Development (HUD) that I am privileged to lead, these cuts would be deeply destructive, would damage the economy, and would harm numerous families, individuals, and communities across the nation that rely on HUD programs.

Harmful Effects of Sequestration on Homeless and Other Vulnerable Populations around the Country

The March 1 sequestration would have devastating effects on homelessness and on other vulnerable groups that HUD works with on housing needs across the country. In particular:

- About 125,000 individuals and families, including elderly and disabled individuals, could lose assistance provided through the Housing Choice Voucher (HCV) program and be at risk of becoming homeless. The HCV program, which is administered by state and local public housing agencies (PHAs), provides crucial assistance to families and individuals in renting private apartment units. There may be even more families affected by the sequestration cuts to the extent that PHAs are forced to absorb annual funding losses in less than a full twelve month time frame. In addition, since sequestration will also cut PHA administrative fees for the HCV program, numerous PHAs may find continued operation of the program financially untenable and thus stop operating the program entirely, which will harm even more families and individuals, including homeless veterans.
- Sequestration cuts would also result in more than 100,000 formerly homeless people, including veterans, being removed from their current housing or emergency shelter

programs, putting them at substantial risk of becoming homeless. Much of this damage will be done through cuts to HUD's Continuum of Care programs, under which formerly homeless families and individuals are quickly rehoused and given other assistance to move them towards self-sufficiency. In addition, the sequestration cuts would eliminate some of the key funding for the nation's shelter system for the homeless provided by the Emergency Solutions Grants (ESG) program. Because ESG is considered a critical glue, holding together the shelter system across the country, the cuts could have a ripple effect and force some shelters to close down altogether, with even more devastating effects. Over the last several years, we have made significant progress in reducing homelessness and in achieving the national goal of ending veterans' homelessness. These sequestration cuts would lead us in the opposite, and tragically wrong, direction.

- Sequestration cuts to the Housing Opportunities for Persons with AIDS program would result in 7,300 fewer low-income households receiving permanent and short-term supportive housing assistance, including rent or utility assistance. This could result in some people falling into homelessness, which would further exacerbate this tragic problem.
- Safe, decent, and affordable housing is desperately needed in Indian Country, and HUD is an important source of assistance. Sequestration cuts would mean that over 900 fewer Native American families would be able to obtain housing loan guarantees.
- Sequestration would cut important programs offered by HUD's Office of Healthy Homes and Lead Hazard Control and related HUD programs addressing housing-related health hazards. As a result, more than 3,000 vulnerable children would not be protected from lead poisoning and other safety hazards in the home. Such danger to our nation's most precious resource – our children – would be another tragic result of the arbitrary cuts required by sequestration.

Sequestration's Damaging Effects on Families, Communities, and the Economy across the Nation

From HUD's perspective, the March 1 sequestration would also have even broader harmful effects on middle class families, on communities, and on the economy across the nation. Specifically:

- Sequestration would result in 75,000 fewer households receiving foreclosure prevention, pre-purchase, rental or other counseling through HUD housing counseling grants. This counseling is crucial for middle class and other families who have been harmed by the housing crisis from which we are still recovering, and are trying to prevent foreclosure, refinance their mortgages, avoid housing scams, and find quality, affordable housing. Studies show that housing counseling plays a crucial role in those

efforts. Distressed households who receive counseling are more likely to avoid foreclosure, while families who receive counseling before they purchase a home are less likely to become delinquent on their mortgages.

- The impact of sequestration would force public housing agencies (PHAs) to defer maintenance and capital repairs to public housing, leading to deteriorating living conditions and, over the longer term, risking the permanent loss of this affordable housing that serves 1.1 million of the nation's poorest residents. The cuts would also harm the local economies in the areas served by PHAs. PHA spending on maintenance and capital repairs results in expenditures for goods and services throughout local economies. Sequestration would also reduce the number of families served by HUD programs designed to help families in public housing become more self-sufficient.
- The cuts caused by sequestration would prevent state and local communities that receive funding under the HOME Investment Partnerships program from building and rehabilitating 2,100 affordable housing units for low-income families. These cuts will have an even broader effect on local economies, particularly because historically, every dollar of HOME funding is leveraged with almost four dollars of other governmental or private investment for the production or rehabilitation of affordable single or multi-family housing. This will mean fewer jobs in and more harm to local construction and related industries.
- Sequestration will also result in significant cuts to community development funding for public services, facilities, and infrastructure improvements across the country. This will harm middle class families who rely on such services and reduce jobs in local economies across the nation. These funds improve our local communities, and also support jobs for construction workers and others who build or rehabilitate public facilities, infrastructure, and housing, and for those providing social services at the local level. Historically, it has been estimated that community development related funding over the past decade has sustained 400,000 jobs in local economies across the country. In 2012 alone, nearly 21,800 permanent jobs were created or retained using CDBG funds and more than 32.5 million people benefitted from CDBG funded public facilities activities. The negative effects of cuts in community development funding are multiplied because for every hundred dollars of funding from HUD for such activities, another \$150 in other governmental or private investment in such community development is generated. . In addition, these cuts will adversely impact confidence in the long-term sustainability of the private market rental housing that HUD supports.
- Only weeks ago, Congress appropriated community development and other funds for the recovery and rebuilding of the devastation caused by Superstorm Sandy and other natural disasters. The March 1 sequestration would force cuts to those crucial funds, preventing communities from making critical investments. This will not only prolong the suffering in a region that has been hit again this past weekend by a new storm. It will

also cost jobs that would be created by full expenditure of the approved funding and slow the full recovery and rebuilding of a region that is critical to our economy.

- Finally, sequestration would directly affect the employees who work for HUD itself, along with their families and communities. I am privileged to lead just over 9,000 HUD employees around the nation in 81 field offices around the country. Specific plans are still being reviewed and finalized, but we believe that furloughs or other personnel actions may well be required to comply with cuts mandated by sequestration. The public will suffer as the agency is simply less able to provide information and services in a wide range of areas, such as FHA mortgage insurance and sale of FHA-owned properties.

Conclusion

As the President and many members of Congress have made clear, sequestration is a blunt and indiscriminate instrument that was passed to help ensure that action is taken on a balanced deficit reduction package, not as an actual method of deficit reduction via arbitrary budget cuts. I firmly agree with the President's statement just last week that "our economy is headed in the right direction, and it will stay that way as long as there aren't any more self-inflicted wounds coming out of Washington." Sequestration is just such a self-inflicted wound that would have devastating effects on our economy and on people across the nation.

TWO LETTERS FROM HUD



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

Dear Executive Director:

Subject: 2013 Budget Update–Potential Sequestration Cuts – Operating Fund Program

The purpose of this letter is to provide your agency with an update on the 2013 Operating Fund Budget situation with regard to the possible funding cuts resulting from sequestration. It also provides guidance on actions your agency may wish to consider if you have not already done so given these potential cuts. HUD encourages you to share this letter with your Public Housing Director, your Chief Financial Officer, and your Board of Commissioners.

Background:

The Operating Fund Program is currently operating under a Continuing Resolution that expires on March 27, 2013. This means that the Operating Fund Program continues to be funded at last year's level until an Appropriations Act is passed or Congress takes other action. This year, HUD programs, including the Operating Fund Program, may also be subject to "sequestration" cuts. Sequestration refers to a series of automatic across-the-board cuts to domestic and defense programs outlined in the Budget Control Act of 2011. These cuts occur if Congress does not pass a deficit reduction package by March 1, 2013.¹

Potential Impact of Sequestration and Mitigation Strategies

As noted in my correspondence dated December 20, 2012, under the Operating Subsidy HUD funded PHA's at a proration level of 92% for January and February. The 92% proration rate was based on the 2013 House mark, which was the lower of the two 2013 budget marks between the House and the Senate. This approach mirrors the traditionally conservative posture the Department takes when operating under a Continuing Resolution (CR).

In that letter I also noted that the Department would reevaluate the proration level as the appropriations process progressed. Given the current status of the appropriations process, including concerns around the increasing possibility of sequestration, the Department intends to lower the proration level in March, to 81%. The proration level of 81% presumes that our appropriations level holds at \$3.9 billion and does not include sequestration.

The Department is providing this notification now, in recognition of the significant strain this will place on PHA budgets. This will provide PHAs more time to adjust your project budgets in anticipation of reduced funding. While such reductions are not optimal, taking the action described above will help mitigate more severe cuts later in the year if sequestration occurs, or a lower budget is passed.

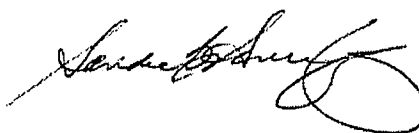
Recognizing the unprecedented proration level that PHAs could confront, the Department is developing a list of legislative and regulatory actions that could be taken to help PHAs preserve their Public Housing operations and manage within such austere financial times. In

¹ The American Taxpayer Relief Act, passed January 1, 2013, delayed the effective date of sequestration cuts to March 1, 2013.

addition to the streamlining efforts that are already underway, the Department is seeking full fungibility for all agencies regardless of PHA size.

As information unfolds, we will continue to keep you updated about actions we are taking related to the budget. We also encourage you to provide your suggestions for actions the Department can take to support your agency as you work to realign your budgets while continuing the very important work of housing America's most vulnerable families. If you believe that your agency might be at risk of being in a negative cash position as a result of these potential funding cuts or any other reason, please also contact your local Field Office.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra B. Henriquez", with a large, stylized loop at the end.

Sandra B. Henriquez
Assistant Secretary
Office of Public and Indian Housing



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

February 25, 2013

Dear Executive Director:

Subject: Corrected: 2013 Budget Update–Potential Sequestration Cuts - Housing Choice Voucher Program

The purpose of this letter is to provide your agency with an update on the 2013 HCV Budget situation with regard to the possible funding cuts resulting from sequestration. It also provides guidance on actions your agency may wish to consider if you have not already done so given these potential cuts. HUD encourages you to share this letter with your Section 8 Housing Choice Voucher Director, your Chief Financial Officer, and your Board of Commissioners.

Background:

The Housing Choice Voucher Program is currently operating under a Continuing Resolution that expires on March 27, 2013. This means that the Housing Choice Voucher Program continues to be funded at last year's level until an Appropriations Act is passed or Congress takes other action. This year, HUD programs, including the Housing Choice Voucher Program, may also be subject to "sequestration" cuts. Sequestration refers to a series of automatic across-the-board cuts to domestic and defense programs outlined in the Budget Control Act of 2011. These cuts occur if Congress does not pass a deficit reduction package by March 1, 2013.¹

Potential Impact of Sequestration and Mitigation Strategies

If sequestration occurs, there will be an immediate across-the-board cut to the HCV program funding from FY 2012 funding levels for the remainder of 2013. (Based on the projected renewal eligibility for 2013, this will result in a proration of approximately 94 percent of estimated renewal need.) Since these cuts could have a profound impact on your PHA's ability to serve families, the Department is encouraging PHAs to take measures to mitigate the potential impact of these funding cuts on the families that you serve. Given the nature of the program, some PHAs will be more at risk in being able to cope with funding reductions. Housing Authorities with low turnover rates, with increasing per unit cost trends and with low HAP reserves need to be particularly cautious. HUD is requesting that if you have not already done so, you take the following measures to ensure that your agency does not experience a funding shortfall and is able to continue to assist all HCV participants.

- (1) Utilization of the HCV Forecasting Tool: HUD has developed a HCV forecasting tool that is available on-line for PHA use.² The tool will assist you in mapping out various funding scenarios for your agency, with the ability to adjust for factors such as attrition and success rates. Please contact your local field office for any questions or technical assistance on using the tool.

¹ The American Taxpayer Relief Act, passed January 1, 2013, delayed the effective date of sequestration cuts to March 1, 2013.

² The utilization tool is found on the Office of Housing Voucher Programs webpage under "Related Program Information" at www.hud.gov

Regardless of whether your agency uses the HCV utilization tool or its own forecasting process, it is critical that an analysis is done to determine whether your agency should be issuing vouchers to applicants at this time in light of these potential cuts. In the past, certain PHAs have experienced funding shortfalls due to continued or increased leasing without the available budget authority to support the vouchers throughout the calendar year.

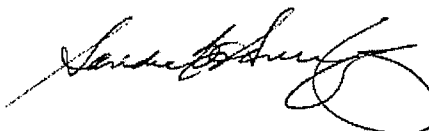
While it is possible that the sequestration cuts may be a temporary measure, it will be necessary during this uncertain budget climate to manage resources so as to minimize the effect of sequestration on existing HCV participants.

- (2) HUD encourages your agency to review **PIH Notice 2011-28**, which provides guidance on administrative flexibility and actions PHAs may take to reduce costs in the Housing Choice Voucher Program. Suggested actions listed in the Notice include lowering payment standards, reviewing utility allowances, changing portability and moves policies. Further, PHAs may wish to consider revising subsidy standards to reduce overhoused families, increasing minimum rents, and redoubling efforts to eliminate fraud and abuse. Early implementation of these measures may allow your PHA to better manage any prorations in its funding over the course of the calendar year.

Sequestration will also have a significant impact on Administrative Fee Funding to PHAs in 2013. The formula for sequestration cuts will result in an administrative fee proration of approximately 69 percent of fee eligibility. This deep proration, following the significant prorations of the past few years, could pose major challenges for PHAs in managing their HCV programs. PHAs should begin to make plans for this contingency if they have not done so already. PHAs are encouraged to review PIH Notice 2012-15, Streamlining Administrative Practices in the Housing Choice Voucher Program. PHAs are encouraged to refer to PIH Notice 2013-3, which provides options to PHAs in meeting certain program requirements during this period of decreased resources.

If you have any questions concerning this letter or how to use the HCV forecasting tool, please contact your local Field Office. If you believe that your agency might be at risk of being in a funding shortfall position as a result of these potential funding cuts or any other reason, please also contact your local Field Office.

Sincerely,



Sandra B. Henriquez
Assistant Secretary
Office of Public and Indian Housing