

## **BMHA Executive Summary – Fiscal Year Ending June 30, 2010**

The Buffalo Municipal Housing Authority continues to manage its portfolio in a fiscally responsible manner. The attached recommended plan continues to reaffirm the Authority's commitment towards fiscal stability. Our year ending June 30, 2009 increased our operating reserves by an additional \$2.5million, representing a 15% increase. We are now beginning to utilize our reserves for non-reoccurring activities that will enhance the living conditions of our residents. Some of the activities includes; security measures (such as; lighting, cameras, access control, etc), replacement of our equipment and vehicles and for a cycle maintenance program that will enhance the conditions of the units and make them more marketable.

This past year we have successfully negotiated an affordable and fair contract with our largest union. Even with the additional cost of the labor contract, we are still able to present a plan that is balanced.

The Buffalo Municipal Housing Authority has been successfully operating under the United States Department of Housing and Urban Development's (HUD) new Project Based Management.

### **Status of ongoing programs:**

- The BMHA continues its efforts to revitalize the A.D. Price Courts development. Phase I has been completed and is fully occupies. The second phase of the project has been financed and construction has begun. Phase II consist of a midrise building consisting of 94 units for seniors. We have applied for additional tax credits to build an additional 50 units.
- Kensington Heights demolition has begun. The towers are currently being abated and demolition is expected to begin this summer.
- The BMHA Energy Performance Contract Program continues to provides excess savings.

### **Threats:**

- The financial outlook for the BMHA continues to improve. This plan projects a stable funding percentage over the four years projected in the plan. This actual funding level may change as Congressional appropriations are approved.
- The continued deterioration of the physical plant of some of the BMHA's older and larger developments could pose a threat to the economic well being of the Authority. With the closing of the AD Price Courts mixed financing

agreement, the Authority can now search for opportunities to redevelop another of its aging locations. In addition, the BMHA has approved a policy that allocates a portion of its operating reserve to deal with the physical conditions of our developments.

**Opportunities:**

The Department of Housing and Urban Development is demonstrating a commitment to increase the number of low income housing in the nation. As new programs are announced the BMHA will be in position to take advantage of those programs. Given our successful track record of developing new housing and our ability to manage our resources effectively, the BMHA is in a great position to compete with other housing authorities across the country for the new initiatives being announce by HUD.

## **Summary Narrative of Budget and Financial Plan**

The BMHA's budget projections presented here for the fiscal years ending 2011, 2012, 2013 and 2014 anticipate no use of reserves and a continued effort to increase operating efficiencies. As the Authority progresses through this plan, it will refine the new processes instituted as it has implemented asset based management. The Authority believes the new method will allow it to concentrate on its core mission. The BMHA will also keep in mind the need to improve service to our residents and to improve our performance as measured by both our residents and HUD.

### **Revenues:**

Operating revenues have been trended to actual results during this first year of asset based management and then projected to increase over the following three years. As vacancies are reduced rental income will increase. A subsidy funding level of 92% has been projected for each year as HUD has been funding Authorities between 83% and 97% over the last several years.

### **Expenses:**

Overall operating expenses are expected to remain consistent over the life of the plan. The BMHA has applied an inflation factor of 3% for most expenses except. As HUD publishes new factors each year, the BMHA will reevaluate its budgets each year and amend them as necessary. Each expenditure line in the plan was trended to actual results during this first year of asset based management and then additional requests were included for each AMP and the central office cost center (COCC). The BMHA will continue to focus on vacant apartment preparation and retention of tenants during the life of the plan. The authority has begun implementing a replacement schedule for miscellaneous equipment at each AMP. Progression of the replacement plan will depend on the performance of each AMP.

### **Debt Service and Capital Outlays:**

All debt service for the energy performance contracts and capital outlays for equipment are funded with excess operational revenue.

## BUFFALO MUNICIPAL HOUSING AUTHORITY

BUFFALO MUNICIPAL HOUSING AUTHORITY  
 FOUR YEAR PLAN - BUDGET SUMMARY  
 FISCAL YEARS ENDING JUNE 30, 2011, 2012, 2013 and 2014

	2009 Actual	2010 Budget	2011 Budget	2012 Projection	2013 Projection	2014 Projection
<b>REVENUES:</b>						
<b>TOTAL OPERATING REVENUES</b>	36,057,307	33,895,189	35,057,656	35,988,041	36,446,337	37,433,382
<b>TOTAL OPERATING EXPENDITURES</b>	31,698,956	32,576,002	34,308,469	35,119,563	35,568,808	36,080,982
<b>EXCESS OPERATING RECEIPTS OVER EXPENSES</b>	4,358,351	1,319,187	749,187	868,478	877,529	1,352,400

<b>GRANT REVENUE NET OF OPERATING TRANSFERS</b>	14,897,585	13,814,805	26,035,975	11,913,231	12,564,363	12,720,030
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<b>TOTAL REVENUE</b>	50,954,892	47,709,994	61,093,631	47,901,272	49,010,700	50,153,412
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Grant revenue includes Capital Fund revenues as well as the BMHA and City of Buffalo section 8 voucher programs.

Budget year 2011 includes funds from the American Reinvestment and Recovery Act.

**BUFFALO MUNICIPAL HOUSING AUTHORITY**

**Detail Budget Projections - General Operating Fund and Central Office**

**FYE 2011, 2012, 2013 AND 2014**

	Budget 2009	Actual 2009	Budget 2010	Budget 2011	Budget 2012	Budget 2013	Budget 2014
<b>OPERATING REVENUES:</b>							
Dwelling rental income	8,961,022	9,044,164	9,142,137	9,444,356	9,727,686	10,019,517	10,320,102
Non-dwelling rental income	189,492	198,467	189,192	200,533	206,549	212,745	219,128
Operating subsidy	19,166,636	20,733,708	19,878,296	20,108,915	20,712,182	21,333,548	21,973,554
Interest income	917,748	377,736	66,976	150,000	150,000	150,000	150,000
Capital fund operating income (1406)	2,200,059	1,835,576	1,519,403	1,526,897	1,526,897	1,526,897	1,526,897
Capital fund operating income (1408)				600,000	600,000	600,000	600,000
Capital fund administration fee	1,920,153	1,304,662	1,448,245	1,517,931	1,517,931	1,017,931	1,017,931
Administrative fee for development	327,249	272,708	327,249	250,000	250,000	250,000	250,000
Fee for service	1,003,271	776,301	890,875	816,095	840,578	865,795	891,769
Other income	659,100	1,513,986	432,816	442,930	456,218	469,905	484,002
<b>TOTAL OPERATING REVENUES</b>	<b>35,372,474</b>	<b>36,057,307</b>	<b>33,895,189</b>	<b>35,057,656</b>	<b>35,988,041</b>	<b>36,446,337</b>	<b>37,433,382</b>
<b>EXPENDITURES:</b>							
<b>ADMINISTRATIVE</b>							
Administrative salaries	5,628,747	5,157,562	6,748,069	6,766,375	6,766,375	6,766,375	6,766,375
Benefits	3,152,098	2,600,606	3,374,035	3,044,869	3,136,215	3,230,301	3,327,210
Auditing	81,542	30,537	35,000	35,700	36,414	37,142	38,256
Other administrative	1,902,487	565,063	366,245	432,087	440,728	449,543	463,029
<b>TOTAL ADMINISTRATIVE COST</b>	<b>10,764,874</b>	<b>8,353,768</b>	<b>10,523,349</b>	<b>10,279,030</b>	<b>10,379,732</b>	<b>10,483,361</b>	<b>10,594,871</b>
<b>TENANT SERVICES</b>							
Tenant services salaries	188,957	149,897	195,062	293,743	293,743	293,743	293,743
Benefits	106,041	79,879	97,531	132,184	136,150	140,234	144,441
Tenant services materials	82,856	16,408	820	836	853	870	896
Tenant services contracts / other	377,073	283,542	270,267	275,672	281,186	286,810	295,414
<b>TOTAL TENANT SERVICES COST</b>	<b>754,927</b>	<b>529,726</b>	<b>563,680</b>	<b>702,436</b>	<b>711,932</b>	<b>721,657</b>	<b>734,495</b>
<b>UTILITIES</b>							
Water and sewer	1,238,028	1,048,958	1,281,269	943,258	971,556	1,000,703	1,030,724
Electricity	2,908,180	2,663,976	2,937,491	2,321,834	2,391,489	2,463,234	2,537,131
Gas	2,280,388	3,355,849	3,274,186	2,989,572	3,473,584	3,543,056	3,649,348
Fuel	-	-	-	-	-	-	-
Labor	723,745	742,965	729,026	773,129	773,439	773,439	773,439
Benefits	405,297	391,890	364,513	347,908	358,345	369,096	380,169
Other utilities	142,132	182,240	187,215	192,831	157,840	160,996	165,826
<b>TOTAL UTILITIES COST</b>	<b>7,697,770</b>	<b>8,385,878</b>	<b>8,773,700</b>	<b>7,568,532</b>	<b>8,126,253</b>	<b>8,310,523</b>	<b>8,536,636</b>
<b>MAINTENANCE</b>							
Maintenance salaries	3,814,757	4,319,324	4,270,989	4,330,490	4,330,490	4,330,490	4,330,490
Benefits	2,136,263	2,235,469	2,135,495	1,948,721	2,007,182	2,067,398	2,129,420
Maintenance materials	621,722	952,073	818,809	837,914	863,052	888,943	915,612
Maintenance contracts	3,842,929	2,434,380	1,999,287	2,076,471	2,138,765	2,202,928	2,269,016
<b>TOTAL ORDINARY MAINTENANCE</b>	<b>10,415,671</b>	<b>9,941,246</b>	<b>9,224,580</b>	<b>9,193,596</b>	<b>9,339,489</b>	<b>9,489,759</b>	<b>9,644,537</b>
<b>PROTECTIVE SERVICES</b>							
Protective services	357,266	-	110,000	174,221	174,221	174,221	174,221

**BUFFALO MUNICIPAL HOUSING AUTHORITY**

**Detail Budget Projections - General Operating Fund and Central Office**

**FYE 2011, 2012, 2013 AND 2014**

	Budget 2009	Actual 2009	Budget 2010	Budget 2011	Budget 2012	Budget 2013	Budget 2014
Benefits	108,289	-	55,000	78,399	80,751	83,174	85,669
Protective services costs	26,608	24,504	24,462	675,000	675,000	675,000	675,000
<b>TOTAL PROTECTIVE SERVICE</b>	<b>492,163</b>	<b>24,504</b>	<b>189,462</b>	<b>927,620</b>	<b>929,972</b>	<b>932,395</b>	<b>934,890</b>
<b>OTHER GENERAL EXPENSES</b>							
Property & commercial insurance	985,265	978,171	957,435	908,702	935,963	964,042	992,963
Workers compensation	315,377	433,991	325,435	686,865	707,471	728,695	750,556
Other insurance	481,686	423,837	418,474	398,624	410,582	422,900	435,587
P.I.L.O.T.	21,106	171,161	21,692	9,836	10,131	10,435	10,748
Terminal leave & vacation buyback	118,818	80,163	70,827	10,702	11,023	11,354	11,695
GASB 45 Retiree health insurance		988,548		2,321,338	2,251,698	2,184,147	2,118,622
Collection loss	198,148	93,086	143,506	146,376	149,304	152,290	156,859
Interest expense	1,097,185	1,245,593	1,346,326	1,114,770	1,114,770	1,114,770	1,114,770
Other general expense	74,756	49,285	17,537	40,040	41,241	42,479	43,753
<b>TOTAL OTHER GENERAL EXPENSES</b>	<b>3,292,341</b>	<b>4,463,834</b>	<b>3,301,231</b>	<b>5,637,254</b>	<b>5,632,184</b>	<b>5,631,112</b>	<b>5,635,554</b>
<b>TOTAL EXPENSES</b>	<b>33,417,746</b>	<b>31,698,956</b>	<b>32,576,002</b>	<b>34,308,469</b>	<b>35,119,563</b>	<b>35,568,808</b>	<b>36,080,982</b>
<b>EXCESS RECEIPTS OVER EXPENSES</b>	<b>1,954,728</b>	<b>4,358,351</b>	<b>1,319,187</b>	<b>749,187</b>	<b>868,478</b>	<b>877,529</b>	<b>1,352,400</b>
<b>DEBT SERVICE</b>	<b>800,664</b>	<b>-</b>	<b>693,699</b>	<b>711,023</b>	<b>711,023</b>	<b>711,023</b>	<b>711,023</b>
<b>CASH FLOW IMPACT</b>	<b>1,154,064</b>	<b>4,358,351</b>	<b>625,488</b>	<b>38,164</b>	<b>157,455</b>	<b>166,506</b>	<b>641,377</b>

**BUFFALO MUNICIPAL HOUSING AUTHORITY**

**Budget Projections  
Budget Projections - Capital and Other Grants  
FYE 2011, 2012, 2013 AND 2014**

	Actual 2009	Budget 2010	Budget 2011	Budget 2012	Budget 2013	Budget 2014
Capital Grants	12,291,388	10,129,351	10,179,316	10,179,316	10,179,316	10,179,316
Capital Fund Recovery Act	-	1,000,000	13,510,364			
HOPE VI Grants	857,995	-	759,111	-	-	-
ROSS Grants	72,845	316,887	391,000	391,000	391,000	391,000
Section 8 - City of Buffalo	2,850,578	3,581,060	2,936,095	3,024,178	3,114,904	3,208,351
Section 8 - 002 Program	1,897,978	1,755,155	1,954,917	2,013,565	2,073,972	2,136,191
<b>TOTAL GRANTS REVENUE</b>	<b>17,970,784</b>	<b>16,782,453</b>	<b>29,730,803</b>	<b>15,608,059</b>	<b>15,759,191</b>	<b>15,914,858</b>
Capital grant transfer to operating	(3,073,199)	(2,967,648)	(3,694,828)	(3,694,828)	(3,194,828)	(3,194,828)
<b>GRANT REVENUE NET OF OPERATING TRANSFERS</b>	<b>14,897,585</b>	<b>13,814,805</b>	<b>26,035,975</b>	<b>11,913,231</b>	<b>12,564,363</b>	<b>12,720,030</b>