



Annual Consolidated Operating & Capital Budget

FISCAL YEAR

2015

The intent of this document is to highlight the annual operating and capital budget for RRHA which includes Property Management (LIPH/HCVP), Real Estate and Community Development (RECD), and the Central Office Cost Center (COCC).

It includes performance, spending intentions, and the broader fiscal view as a means to long-term financial viability and sustainability.

Presented September 15, 2014

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A Message from the Chief Executive Officer

It is my privilege to present the FY 2015 Consolidated Annual Operating and Capital Budget for consideration. Pursuant to the requirements of state law, I present this document for Fiscal Year 2015 on behalf of the authority in the amount of: **\$67.2 Million.**

The planning and development of a budget requires a systematic approach to the identification of the components of the budget document, and an appropriate timeline for gathering such data.

Richmond Redevelopment and Housing Authority (RRHA) developed its Annual Proposed Operating and Consolidated Budget for Fiscal Year 2015 to advance the agency's efforts to sustain and create viable low-income housing opportunities, and advance neighborhood revitalization throughout Richmond.

This budget reflects the strategic priorities of RRHA and the US Department of Housing and Urban Development (HUD). HUD's strategic goals include:

- Strengthening the nation's housing market to bolster the economy and protect customers;
- Meet the need for quality affordable rental homes;
- Utilize housing as a platform for improving the quality of life;
- Build inclusive and sustainable communities free from discrimination; and
- Transform the way HUD does business.

During this fiscal year, RRHA's priorities include:

- Continuing our efforts to advance affordable mixed-income housing and communities through redevelopment;
- Strengthening and improving our Housing Choice Voucher Program operations;
- Increasing family self-sufficiency opportunities for residents;
- Effectively applying resources to modernize and stabilize our public housing inventory; and
- Improving the way our agency provides customer services.

Additionally, RRHA's strategic focus will continue to include becoming a HUD-designated "High Performing Agency" which will serve as a platform to further enhance RRHA's affordable housing programs and housing inventory, and increase resources for resident opportunities. With this continued collaboration, we are confident that RRHA can efficiently and effectively implement its fiscal plan to achieve its strategic goals.

Adrienne E. Goolsby, CEO

Vision

Building Vibrant
Communities

Value

IACT
Integrity
Accountability
Customer Focus
Teamwork

*Defining who we are and
how we do business!*

Mission

To be the catalyst
for quality
affordable
housing and
community
revitalization

INTRODUCTION - OVERALL BUDGET

Fiscal Year 2015 Comprehensive Budget

The Richmond Redevelopment and Housing Authority's annual consolidated budget for Fiscal Year 2015 reflects the goals of:

- RRHA through the efficient use of its resources, and
- The Board of Commissioners, Executive Staff and Senior Management.

RRHA's fiscal year is the twelve months beginning October 1, 2014 through September 30, 2015.

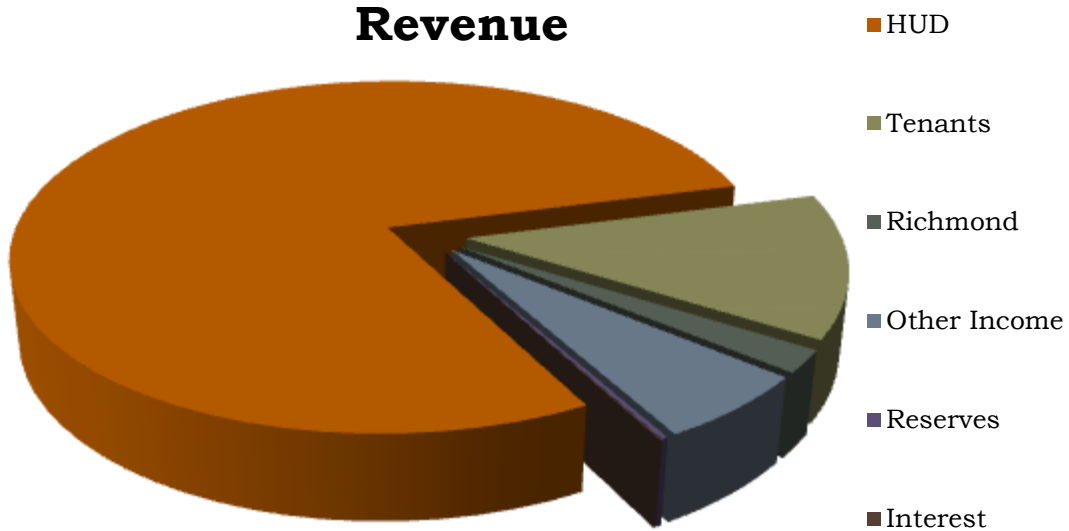
The budget includes personnel and non-personnel items in expenditure line item detail, financial summary tables, and narrative overviews related to RRHA's operations and programs.

Total Funds Available

Despite continued financial challenges, the Authority estimates that it will have approximately \$67.2 million available for expenditures during fiscal year 2015. This represents a \$2.5 million increase from the budget of \$64.7 million dollars received in fiscal year 2014. The funding sources for this year are as follows:

Revenue/Sources	Amount	Percent of Total
HUD	\$ 52,930,000	78.71%
Tenant Charges	8,710,000	12.95%
City of Richmond	1,375,734	2.05%
Other Income	4,020,000	5.98%
Use of Section 8 Reserves	159,739	0.24%
Interest Income	51,807	0.08%
Total Incoming Revenue	\$ 67,247,280	100.00%

Revenue

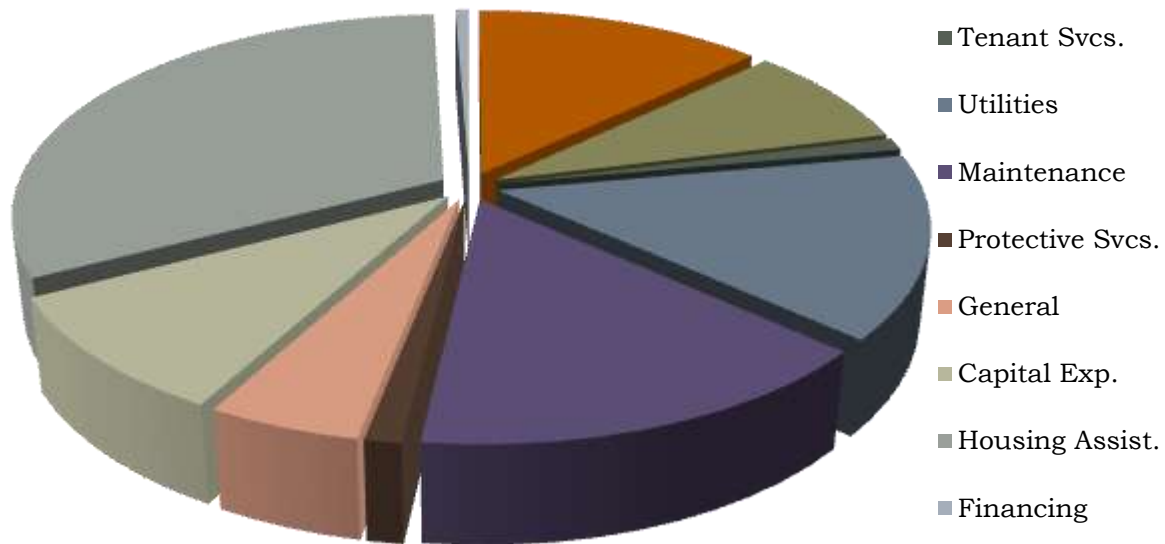


Sources	Fiscal Year 2015	Fiscal Year 2014	Difference
HUD	\$ 52,930,000	\$ 51,764,817	\$ 1,165,183
Tenant Charges	8,710,000	10,656,153	(1,946,153)
City of Richmond	1,375,734	1,123,150	252,584
Other Income	4,020,000	857,452	3,162,548
Use of Reserves	159,739	256,958	(97,219)
Interest Income	51,807	32,718	19,089
Dept. of Justice	-	49,300	(49,300)
Total Incoming Revenue	\$ 67,247,280	\$ 64,740,548	\$ 2,506,732

RRHA estimates that it will receive \$67.2 million in FY 2015 which represents an increase of approximately \$2.5 million. Although sequestration was in affect for the first quarter of FY 2014, it will not impact fiscal year 2015 due to the end of the sequester in December, 2013.

The highest percentage of RRHA's funding comes from HUD to cover capital improvements, operations, public housing, and rental vouchers. The most significant increases occurred with HUD and Other Income respectively. The City of Richmond increased its level of funding by \$252 thousand to support the East End Choice Neighborhood Initiatives. Additionally, RRHA aligned strategic priorities to key item plan initiatives identified by the City of Richmond.

Expenses



The Authority has expended 90% of the 2014 budget. RRHA expenditures have decreased due to stringent strategic management of expenses. The Authority expects to spend its 2015 budgeted dollars in the following categories:

Expenses Line Items	Amount	Percent of Total
Personnel	\$ 14,472,305	22.11%
Other Administrative	5,244,267	8.01%
Tenant Services	675,181	1.03%
Utilites	9,890,191	15.11%
Maintenance	3,864,812	5.90%
Protective Services	790,000	1.21%
General	2,422,145	3.70%
Capital	6,191,740	9.46%
Housing Assistance	21,917,085	33.48%
Financing	41,194	0.06%
Total Budgeted Expenses	\$ 65,467,726	100.00%

Other Administrative cost includes items such as telephones, office supplies, legal, audit, and consultants. General Expenses include items such as property insurance, sponsored events, real estate taxes and miscellaneous expenses. Tenant Services are the costs of providing direct services to residents. Protective services include the costs of safety and security for RRHA communities.

RRHA plans to concentrate its resources more strategically on residents. Due to recent capital fund budget constraints, it has become more critical to strategically plan expenses to ensure completion of our mission goals.

Fiscal Years 2014 and 2015 Comparison

Expense Line item	2014 Budget	2015 Budget	Change	Percent Change
Personnel	\$ 16,229,641	\$ 14,472,305	\$ (1,757,336)	\$ -12.14%
Other Administrative	4,086,671	5,244,267	1,157,596	22.07%
Tenant Services	290,675	675,181	384,506	56.95%
Utilities	9,642,382	9,890,191	247,809	2.51%
Maintenance	3,181,462	3,864,812	683,350	17.68%
Protective Services	391,407	790,000	398,593	50.45%
General	2,432,750	2,422,145	(10,605)	-0.44%
Capital	4,645,280	6,191,740	1,546,460	24.98%
Housing Assistance Paymen	23,840,280	21,917,085	(1,923,195)	-8.77%
Total	\$ 64,740,548	\$ 65,467,726	\$ 727,178	\$ 1.11%

Personnel decreased because temporary positions are not included fully burden cost, as well as, additional organizational changes. Other Administrative cost increased due to extraordinary legal expense initiated by increased redevelopment cost and substantial operational improvements. Tenant services increased as a result of realignment of Tenant Council funding. Maintenance and Protective Services increased as a result of significant changes in the Capital Fund Rules.

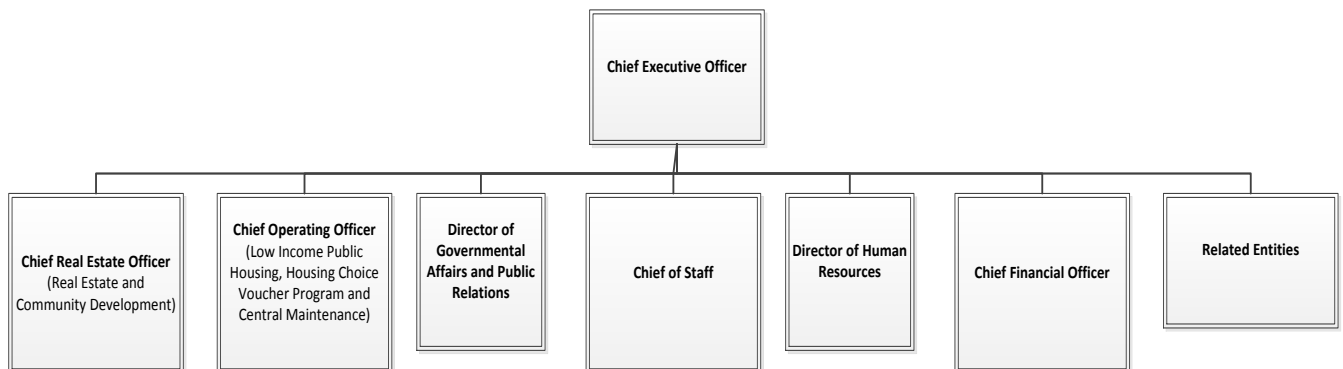
Expense item	Amount
Personnel	\$ 14,472,305
Other Admin.	5,244,267
Tenant Service	675,181
Utility	9,890,191
Maintenance	3,864,812
Protective Services	790,000
General	2,422,145
Housing Asst. Payments	21,917,085
Capital	6,191,740
Total Expenses	\$ 65,467,726

Organizational Structure

The organizational chart represents a high level summary of the current organizational structure of the Richmond Redevelopment and Housing Authority.

- Central Executive Office - The Executive Office consists of the Board of Commissioners, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Real Estate Officer and Chief of Staff.
- Additional support units include Human Resources and Office of Governmental Affairs and Public Relations.
- Affordable Housing Department - Low Income Public Housing (LIPH), the Capital Fund Programs (CFP), and Housing Choice Voucher Program.
- Real Estate and Community Development (RECD) consists of the HOPE VI Grant, Neighborhood Housing Initiative (NHI), City Projects and Programs, East End Choice Neighborhood Initiatives (CNI) and Fay Towers (RAD).
- Component Units and Related Entities - Richmond Development Corporation (RDC), and Richmond Opportunities Inc. (ROI).

Organization Chart



Operating Budget Highlights

The Authority has presented a balanced budget. It estimates that its expenditures of \$64.7 million dollars in the departments will be as follows:

Area	Amount
Central Office (COCC)	\$ 13,088,809
Low Income Public Housing (LIPH)	28,701,817
Housing Choice Voucher (HCVP)	23,677,100
Total	\$ 65,467,726

Goals

The goals of the Authority are both short-term and long-term. The short term goals are to:

- Fill key positions to enhance staff performance;
- Promote operational efficiency so that RRHA can excel beyond a standard performance rating;
- Update policies and procedures, to assure uniform performance;
- Identify additional revenue sources and services to promote Resident Self Sufficiency; and
- Align agency strategic priorities to performance plans.

Long-term goals include the completion of projects, which are to:

- Complete HOPE VI construction by Fiscal Year End 2015;
- Close out Hope VI grant by Fiscal Year End 2015;
- Begin first two development phases of Fay Towers (RAD);
- Complete redevelopment plans and financing for East End Choice Neighborhood Initiative – Phase I (Church Hill North); and
- Continue our strategy to address rehabilitation of scattered homes (NHI Scattered Sites).

Budget Overview

The Fiscal Year 2015 budget evaluates the current environment, makes specific assumptions, and considers risks and opportunities that may impact RRHA. The FY2015 budget defines the activities that RRHA will undertake in the coming year to enable the Authority to respond to the community's need for quality affordable housing for low-income families.

Environment:

We operate in an environment that is regulated by HUD. HUD provides 79 percent of our funding. Our experience is that HUD's funding and regulations are constantly shifting. As a result, the Authority has been actively seeking other sources of funding.

Through the Asset Management regulations, HUD only allows the Authority to charge \$73.20 per unit per month for each occupied unit of low income public housing for management fees (management, bookkeeping and asset management fees) and \$19.50 for the housing choice voucher program. If the central office cost center budgets more than HUD allows, it must make up the shortfall with other revenue sources.

Assumptions:

Some of the assumptions used for the preparation of the annual budget are: there are 29 employee vacancies as of July 2014 which will be strategically filled; benefits are 35 percent of salary costs/positions; and other vacancies have been eliminated. RRHA has procured a vendor to evaluate IT service agreements and contracts, telecommunications and utility costs. Inflation factor for costs is 2% based on HUD's FY2014 Renewal Funding Inflation Factors (RHIF) by fair market rent area

For Low Income Public Housing (LIPH):

Operating Subsidy is prorated at 88% and a 98% Occupancy Rate Standard. Tenant rents include Excess Utility Charges for a full year. Capital Fund Grant is used to support the modernization and development of affordable housing.

For Housing Choice Voucher Program:

Projected FY15 Revenues are \$22.3 million; expenses are projected at \$21.7 million. The HAP proration is 99.7%. The Family Self-sufficiency grant will be \$66,800. Administrative fees are prorated at 75% with a HAP utilization rate percentage of 82%.

Risks:

Due to the age of our housing stock, immediate Capital Funding needs may arise during anytime of the fiscal year. These needs are required to be filled and could impact the agency's ability to achieve its strategic goals.

Opportunities:

We have the opportunity to improve the quality of life of our residents. To be the catalyst for quality affordable housing and community revitalization.

Central Office Cost Center (COCC)

The operating categories consist of costs associated with the operating and administrative functions of the Authority. Included in the central office cost center are the executive offices and other supporting departments as shown below.

The expenditures of the Central Office Cost Center are supported by the management fees it charges for the management of its properties. Management and bookkeeping fees are based on a 98% occupancy rate. The agency plans to expend all remaining HOPE VI funds during FY 2015.

Executive Office

The Executive office provides overall direction for the Authority. The departments included are the offices of the Chief Executive Office, Board of Commissioners, Human Resources, Chief Operations Officer and Office of Gov't Affairs and Public Relations. Total costs for these departments are budgeted at \$ 2.6 Million as follows.

	CEO	Board	Human Resources	COO	Gov't Affairs and Policy
Personnel	\$ 465,600	\$ 124,449	\$ 353,980	\$ 562,038	\$ 332,500
Administrative	264,979	4,843	162,464	140,070	63,950
General	65,209	6,517	100,167	28,817	720
Total	\$ 795,788	\$ 135,809	\$ 616,611	\$ 730,925	\$ 397,170

Other Supporting Departments

The departments below provide various operations of the Authority which include Finance, Budget, Risk Management, Information Technology, and Procurement.

	Finance	Risk Management	Information Technology	Procurement
Personnel	\$ 1,090,656	\$ 210,106	\$ 440,776	\$ 596,643
Administrative	360,051	71,028	254,109	44,240
Material		6,000		
General	100,168	22,721	9,329	9,000
Total	\$ 1,550,875	\$ 309,855	\$ 704,214	\$ 649,883

Property Management

Property management consists of Low Income Public Housing, Capital Fund Programs and Housing Choice Voucher Program. These departments oversee the daily operations of the Authority's housing operations. Also included are departments which directly support residents, such as Resident Services, Tenant Selection, and Central Maintenance. Both HCVP and LIPH have "program-specific" funding which is subject to congressional appropriations and HUD guidelines.

Low Income Public Housing (LIPH) & Capital Fund Program (CFP)

Low Income Public Housing consists of costs directly related to the management and operation of the Authority's housing portfolio, and also includes Capital improvements. The LIPH portfolio consist of 13 AMPs and the main sources of revenue are HUD subsidies and tenant rents. A portion of the Capital Fund Grant will be used to support operating costs and management improvements. Rental income has decreased considerably.

Capital fund rules for 2014 drastically changed resulting in significant impacts to RRHA's LIPH budget in 2015. Many components of management improvement previously serviced through Capital Funding are no longer eligible. HUD awarded RRHA \$6.14 million in 2014. The projected Fiscal Year 2015 spend amount is estimated to be \$6.1 million. The remaining Capital Fund Grant Program funds are used to redevelop, rehabilitate or modernize RRHA's LIPH portfolio as follows.

	Cental			
	LIPH/AMPS	Maintenance	CFP	Total
Personnel	\$ 7,937,628	\$ 1,096,341	\$	\$ 9,033,969
Administrative	1,569,729	154,416		1,724,145
Tenant Services	128,939		75,000	203,939
Utilities	9,869,808			9,869,808
Maintenance	5,105,043	58,457		5,163,500
Protective Services	770,000			770,000
General	1,034,699	41,873		1,076,572
Capital Expenditure			859,884	859,884
Total	\$ 26,415,846	\$ 1,351,087	\$ 934,884	\$ 28,701,817

As previously mentioned, a portion of the low income public housing services are paid out of the management improvement costs of the operating category of the Capital Fund Grant programs.

Housing Choice Voucher Program (HCVP)

Housing Choice Voucher Program categories include the cost of providing housing assistance payments and the cost of administration of the program. The different types of HCV Programs provided by RRHA are the Tenant-Based HCVP, Project Based Vouchers, and Veterans Affairs Supportive Housing (VASH). Each HCVP program receives funding from HUD for Housing Assistance Payments (HAP) and Administrative Fees.

The majority of the funding is restricted for HAP payments. The program has 3,338 authorized vouchers; 2,690 vouchers are leased at an average amount of \$659 per month.

	Admin		HAP		HCVP	
Personnel	\$	882,987	\$		\$	882,987
Administrative		329,334				329,334
General		547,694				547,694
Housing Payments				21,917,085		21,917,085
Total	\$	1,760,015	\$	21,917,085	\$	23,677,100

Real Estate and Community Development (RECD)

Real Estate and Community Development is comprised of costs for management and development of other housing programs such as: Community Development Block Grants (CDBG), HOME Investments Partnership Program, HOPE VI Revitalization Grant and City of Richmond grants including Cooperative Agreements (COOP), Capital Improvement Projects (CIP) and other various City of Richmond grants.

The budget continues to support Hope VI at \$3.6 million to further reduce, and eradicate severely and distressed public housing. CR16 budget covers the administrative functions of RECD.

	CDBG		COOP		Hope VI		CR16		Total RECD	
Personnel	\$	112,458	\$	119,876	\$	145,905	\$	442,974	\$	821,212
Administrative		528,341		106,912		117,500		55,196		807,949
Utilities				1,713		300		19,564		21,577
Capital Expenses						3,351,747				3,351,747
General		209,866		373				75,600		285,839
Total	\$	850,665	\$	228,874	\$	3,615,452	\$	593,333	\$	5,288,324

Component Units and Related Parties

The component unit and related parties budget consist of the cost of operating separate entities created to assist RRHA in achieving its mission. The entity included in the FY 15 budget is Richmond Opportunities Inc. (ROI)

	Total	
	ROI	Related Parties
Personnel	\$	\$
Administrative	10,200	10,200
General	9,154	9,154
Total	\$ 19,354	\$ 19,354

Conclusion

In summary, the 2015 budget provides an increase in revenue and continues to utilize a strategic mindset to manage the overall agency expenses. RRHA looks to meeting our strategic goals to advance the agency's efforts to sustain and create viable low-income housing opportunities, and advance neighborhood revitalization throughout Richmond.