



Housing Department FY 2005-06 Budget Perspective

**A Briefing To The
Housing and Neighborhood Development Committee**

**Housing Department
February 7, 2005**

Purpose

- ❑ To provide the Housing and Neighborhood Development Committee with a framework for Housing Department budget deliberations
 - Expanding Mission
 - Capacity and Production Levels
 - Budget and Expenditures

Expanding Department Mission

- ❑ In the 1970's and 1980's the Housing Department focus was on single-family and multifamily housing rehabilitation
- ❑ In the 1990's the focus expanded to include:
 - Homeownership assistance
 - Nonprofit development and land transfer
 - Neighborhood focused assistance
 - Walker target neighborhoods
 - Neighborhood Renaissance Partnership Program

Expanding Mission (Continued)

- ❑ In 2000 – 2004, the mission expanded into new private sector redevelopment of neighborhoods and new mixed income subdivisions
 - Neighborhood Investment Program
 - Single-Family Infrastructure Bond Program
 - Urban Land Bank Demonstration Program
 - Residential Development Acquisition Loan Program
 - DHFC Multifamily Tax-Exempt Bond Program

Productivity Improvements

- The Housing Department has taken numerous steps to increase capacity and productivity
 - Crossed –trained program managers to improve knowledge and leveraging among programs
 - Implemented on-line bid process for major home repairs
 - Reduced staffing from 1999 peak of 93 positions to 73 today while maintaining and adding production among programs (21.5% reduction)
 - Currently implementing land management database system for better coordination and monitoring of program operations – go live this month

Housing Unit Production

Program Focus	FY 2001-02 Completed	FY 2002-03 Completed	FY 2003-04 Completed
Units Repaired or Replaced	565	521	838
Homebuyers Assisted	543	414	555
New Units Developed	692	594	1,035
Total	1,800	1,529	2,428

Capacity Growth vs. Budget

- ❑ The Department increased the number of programs and production capacity without a corresponding increase in funding due to the availability of prior year funding carried forward
 - Home repair funds from late 1990's carried forward each year with gradually declining balances as annual production exceeded budgeted new funding
 - Reduced mortgage assistance use after 9/11 resulted in carry-forward into FY 2004-05 and reduced budget request for the current year
- ❑ **These prior year funds will be expended this year**

Budget vs. Expenditures By Housing Program Funding, Excluding GO Bonds

Program Category	FY 2003-04 New Funding	FY 2003-04 Expenditures	FY 2004-05 New Funding	FY 2004-05 Projected Expenditures
Home Repair	4,576,030	7,350,482	8,861,189	11,438,940
Land Acquisition	0	155,537	300,000	964,600
Mortgage Assistance	6,020,000	5,203,331	2,014,409	5,203,676
Nonprofit Projects	1,851,694	3,034,489	2,071,725	2,071,725
Total	12,447,724	15,743,839	13,247,323	19,527,367

Consolidated Budget Impact

- ❑ Maintaining existing programs is estimated to require \$25 million in the Consolidated Budget next fiscal year
 - CDBG - \$16.5 M; HOME - \$8.1 M; ADDI - \$359 K
 - Housing Programs - \$18.8 M;
Neighborhood Investment Program - \$2 M;
Operations - \$4.2 M
- ❑ This is \$4.3 million more than was funded in the current year Consolidated Budget

CDBG Budget Impact

- ❑ The City will have \$2.1 million less in HOME and ADDI funds next fiscal year
 - This places an increased burden on the CDBG grant to maintain program funding levels
 - Although the Department needs an additional \$4.3 million in the Consolidated Budget next year to maintain program levels, the HOME and ADDI funding reductions translate to a Department need for an additional \$6.4 million from the CDBG Grant

CDBG Budget Impact (Continued)

□ Possible off-set to CDBG Impact

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|------------------------------------|----------------------|
| ➤ Increased funding need | \$ 6.4 million |
| ➤ Davis Building 1/28/05 Note sale | <u>- 4.4 million</u> |
| ➤ Remaining anticipated shortfall | \$ 2.0 million |