



Philadelphia Housing Authority
Building Beyond Expectations

PHA BUDGET SUMMARY FOR FISCAL YEAR 2013

FINANCE DEPARTMENT



Michael P. Kelly, *Administrative Receiver/Executive Director*

FY 2013 PHA – MOVE TO WORK (MTW) AGENCY

PHA has been an MTW agency since April 2001 and pursuant to the amended and restated Move To Work Agreement executed in October 2008, PHA will continue to participate in the MTW Demonstration through 2018.

For Fiscal Year 2013, PHA plans to continue its coordinated, comprehensive program of capital maintenance & development activities, enhanced resident supportive services and improved management initiatives. It is important to note, however, that these activities will occur in an extremely challenging budget environment. Federal funding accounts for over 93% of all PHA 's annual revenue and congressional appropriations have substantially reduced FY 2013 funding levels.

- **Reduction in the Capital Fund Program**
- **Reduction in the Public Housing Operating Program**
- **Reduction in Housing Choice Voucher Program Administrative fees**

Year after year federal funding continues decline and these reductions will pose a significant impact on the agency's ability to continue its improvement efforts within the community and providing safe and affordable housing for the residents of the City of Philadelphia. In the coming year, PHA will work aggressively to identify potential cost-savings & efficiencies so that services to residents are minimally impacted by these reduced funding levels while also striving to serve even more families during these tough economic conditions.

FY 2013 - BUDGET GOALS

In addition to completing the *Recovery Plan* and further developing its strategic *Management Action Plan (MAP)*, PHA will undertake the completion of a broad range important goals within the coming fiscal year.

Some notable highlights include:

- Continue the Comprehensive Rehabilitation and Neighborhood Revitalization Activities
- Sustained Support for Resident Programs and Economic Self-Sufficiency
- Homeownership opportunities for residents including rent to own options
- Development of a new Five Year Capital Improvement Plan with resident involvement
- PHA plans to reduce cost and increase the effectiveness of Federal spending while continuously improving management and operational processes
 - Building in-house legal department vs. outsourced legal costs
 - Adding internal audit and oversight with the Office of Audit & Compliance

FY 2013 - BUDGET HIGHLIGHTS

BUDGET CHALLENGES:

- Reduction in HUD Funding for Capital and Operating Funds by \$24.5 million over prior year budget.
- Reduction in HCV Administrative fees of 24%.

BUDGET SOLUTIONS:

- PHA has strategically tightened operational spending and after adjustments, PHA will still be faced with a budget shortfall of approximately \$ 10.2M.
- Potential solutions to eliminate \$10.2M budget shortfall:
 - Interest earned on proposed bond restructuring - \$5.77M
 - Implementation of an Early Out Program - \$4.51 M

PHA PUBLIC HOUSING AND HCV UNITS

	Projected as of March 31, 2013
Public Housing Units	14,364

	Projected as of March 31, 2013
MTW Authorized Units	14,850
MTW Activity Vouchers	3,000
MTW HCV Vouchers	17,850
Non-MTW HCV Vouchers	1,152
Section 8 Mod Rehab - SRO	700

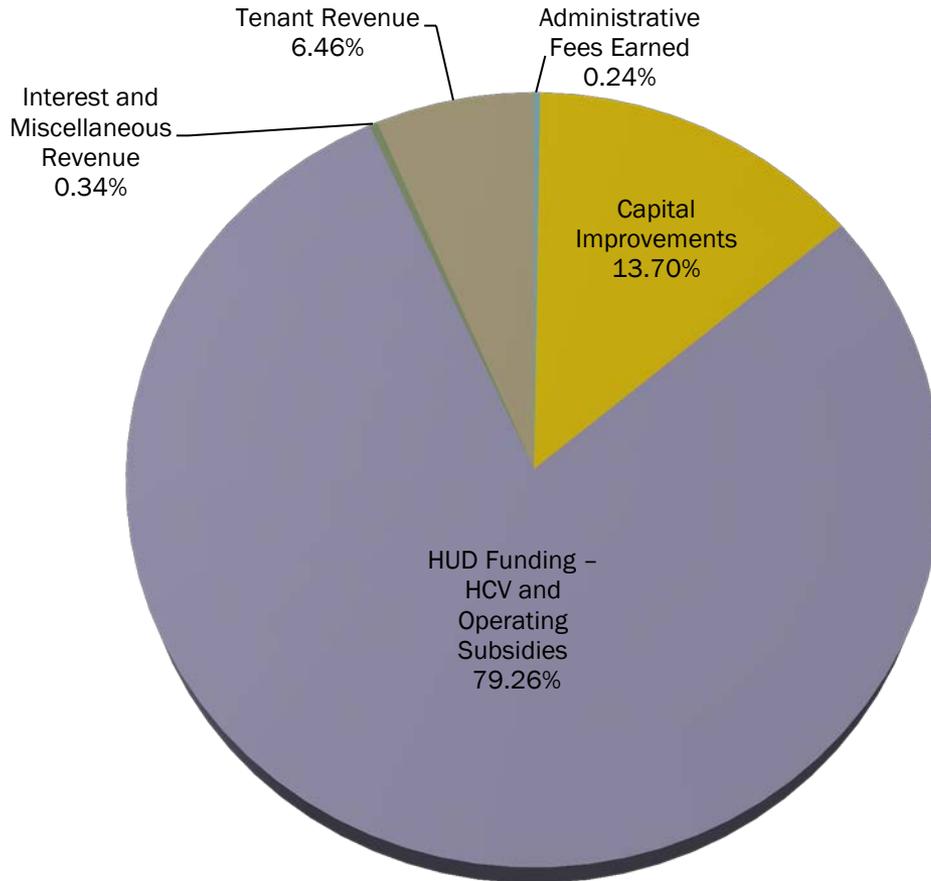
**CONSOLIDATED BUDGET
FOR PHA LIPH, MTW VOUCHER, AND NON-MTW
SECTION 8 PROGRAMS**



PHA WIDE BUDGET OVERVIEW – FY 2013

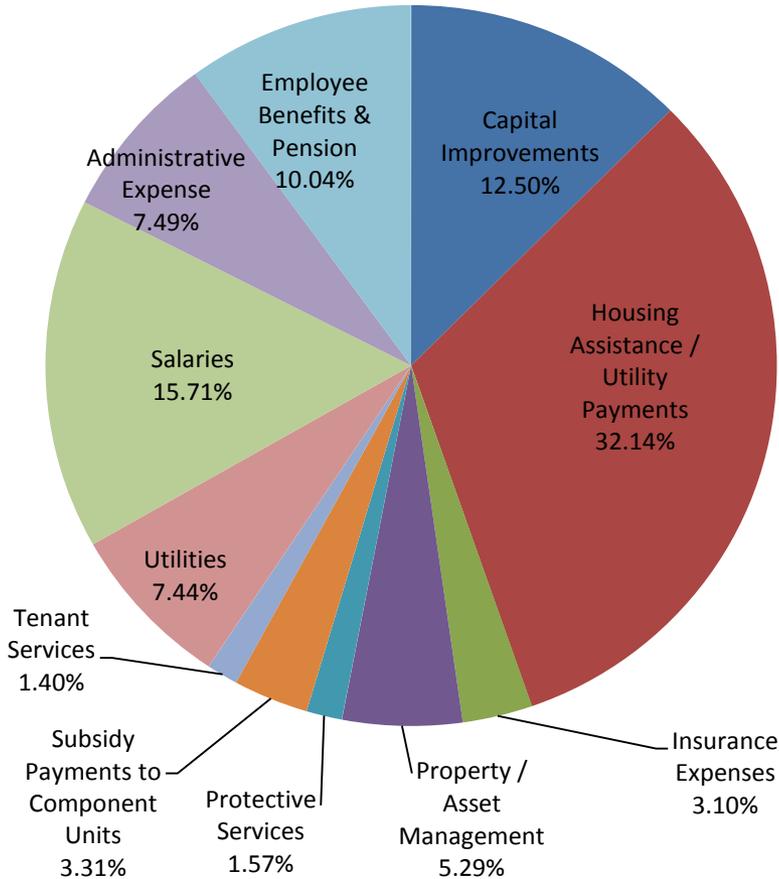
	LIPH	MTW Vouchers	Non-MTW S8 Programs	Total 2013 Operating Budget	Capital Fund / Replacement Housing Budget	Total 2013 Budget Including Capital
Operating Revenue						
Tenant Revenue	24,282,059	-	-	24,282,059		24,282,059
HUD Funding Grants and Subsidies	102,636,777	183,910,069	11,503,513	298,050,359	51,526,576	349,576,935
Administrative Fees Earned			901,354	901,354		901,354
Interest and Miscellaneous Revenue	445,133	445,133	378,697	1,268,963	-	1,268,963
Total Operating Revenue	127,363,969	184,355,202	12,783,564	324,502,735	51,526,576	376,029,311
Operating Expense						
Administrative Salaries	16,555,303	8,305,955	1,078,078	25,939,336	8,256,431	34,195,767
Administrative Expenses	14,506,753	13,831,861	587,761	28,926,375	-	28,926,375
Tenant Service Contracts and Personnel	1,015,012	4,408,846	-	5,423,858	-	5,423,858
Utilities	28,617,588	116,601	-	28,734,189	-	28,734,189
Maintenance Labor	26,477,108	-	-	26,477,108	-	26,477,108
Maintenance Materials & Contracts	14,256,107	4,277,200	-	18,533,307	-	18,533,307
Protective Services Materials & Contracts	5,005,248	1,043,721	27,202	6,076,171	-	6,076,171
Insurance Expenses	11,052,917	319,033	22,414	11,394,364	591,160	11,985,524
Subsidy Payments to Component Units	12,796,716	-	-	12,796,716	-	12,796,716
Total General Expenses	1,500,000	400,000	-	1,900,000	-	1,900,000
Total Employee Benefits	27,089,303	5,787,748	598,573	33,475,624	5,302,423	38,778,047
Operating Transfers	(21,250,000)	12,250,000	-	(9,000,000)	9,000,000	-
Housing Assistance / Utility Payments	-	113,692,433	10,469,536	124,161,969	-	124,161,969
Total Operating Expense	137,622,055	164,433,398	12,783,564	314,839,017	23,150,015	337,989,032
Non-Operating Expense						
Capital Improvements	-	19,921,804	-	19,921,804	28,376,561	48,298,365
Contributions to Operating Reserves	-	-	-	-	-	-
Total Expenses	137,622,055	184,355,202	12,783,564	334,760,821	51,526,576	386,287,397
Net Income / (Loss) Before Adjustments	(10,258,086)	(0)	-	(10,258,086)	-	(10,258,086)
Bond Interest from Debt Restructure	5,770,000			5,770,000		5,770,000
Early Out Program	4,510,100			4,510,100		4,510,100
Adjusted Net Income / (Loss)	22,014	(0)	-	22,014	-	22,014

FY 2013 - SOURCES OF REVENUE



Total Revenue:	Total	%
Administrative Fees Earned	\$ 901,354	0.24%
Capital Improvements	\$ 51,526,576	13.70%
HUD Funding - HCV and Operating Subsidies	\$ 298,050,359	79.26%
Interest and Miscellaneous Revenue	\$ 1,268,963	0.34%
Tenant Revenue	\$ 24,282,059	6.46%
Grand Total	\$ 376,029,311	100.00%

FY 2013 - OPERATING EXPENSE USES



Expense	Total	%
Administrative Expense	\$ 28,926,375	7.49%
Capital Improvements	\$ 48,298,365	12.50%
Employee Benefits & Pension	\$ 38,778,047	10.04%
Housing Assistance/Utility Payments	\$124,161,969	32.14%
Insurance Expenses	\$ 11,985,524	3.10%
Property/Asset Management	\$ 20,433,307	5.29%
Protective Services	\$ 6,076,171	1.57%
Salaries	\$ 60,672,875	15.71%
Subsidy Payments to Comp. Units	\$ 12,796,716	3.31%
Tenant Services	\$ 5,423,858	1.40%
Utilities	\$ 28,734,189	7.44%
Grand Total	\$386,287,397	100.00%

OPERATING BUDGET COMPARISON – FY2013 TO FY2012

	Total 2013 Operating Budget	Total 2012 Operating Budget	Budget % Increase / (Decrease)
Operating Revenue			
Tenant Revenue	24,282,059	24,282,059	0.0%
HUD Funding Grants and Subsidies	350,478,289	374,989,741	-6.5%
Interest and Miscellaneous Revenue	1,268,963	1,299,206	-2.3%
Total Operating Revenue	376,029,311	400,571,006	-6.1%
Operating Expense			
Administrative Salaries	34,195,767	38,288,804	-10.7%
Administrative Expenses	28,926,375	28,460,997	1.6%
Tenant Service Contracts and Personnel	5,423,858	5,041,199	7.6%
Total Utilities Expenses	28,734,189	31,147,290	-7.7%
Maintenance Labor	26,477,108	25,375,932	4.3%
Maintenance Materials & Contracts	18,533,307	16,501,981	12.3%
Protective Services Labor & Contracts	6,076,171	7,061,811	-14.0%
Insurance Expenses	11,985,524	12,537,437	-4.4%
Subsidy Payments to Component Units	12,796,716	9,878,760	29.5%
Tenant write-offs	1,000,000	1,000,000	0.0%
Other General Expenses	900,000	1,175,000	-23.4%
Total General Expenses	1,900,000	3,175,000	-40.2%
Pension Annual Required Contribution	6,669,866	6,669,866	0.0%
Employee Benefits	26,805,758	34,804,318	-23.0%
Total Employee Benefits	38,778,048	41,474,184	-6.5%
Housing Assistance / Utility Payments	124,161,969	118,224,174	5.0%
Total Operating Expense	337,989,032	337,167,569	0.2%
Non-Operating Expense			
Capital Improvements	48,298,365	62,035,892	-22.1%
Contributions to Operating Reserves	-	1,367,545	0.0%
Total Expenses	386,287,397	400,571,006	-3.6%
Net Income / (Loss) Before Adjustments	(10,258,086)	-	
Bond Interest from Debt Restructure	5,770,000		
Early Out Program	4,510,100		
Adjusted Net Income / (Loss)	22,014	-	

MTW ACTIVITY VOUCHERS
FY 2013 BUDGETED EXPENDITURES



MTW VOUCHERS 2013 OPERATING BUDGET

	Quality of Life Programs	Family Programs	Management Efficiencies	Activity Vouchers for Capital	Total Activity Vouchers	Program Vouchers	2013 Budget
Operating Revenue							
MTW Funding Receipts	952,447	8,367,537	6,519,592	15,603,544	31,443,120	152,466,949	183,910,069
Interest and Investment Earnings					-	445,133	445,133
Total Operating Revenue	952,447	8,367,537	6,519,592	15,603,544	31,443,120	152,912,082	184,355,202
Operating Expenses							
Administrative Salaries	-	1,686,506	-	-	1,686,506	6,619,449	8,305,955
Total Administrative Expenses	185,576	271,846	6,519,592	-	6,977,014	6,854,847	13,831,861
Tenant Service Contracts and Personnel	-	4,408,846	-	-	4,408,846	-	4,408,846
Total Utilities Expenses	-	71,215	-	-	71,215	45,386	116,601
Maintenance Labor		-			-		-
Maintenance Materials		-			-		-
Maintenance Contracts		277,200			277,200		277,200
Protective Services Labor & Contracts	507,851	414,974	-	-	922,825	4,120,896	5,043,721
Insurance Expenses	67,381	109,402	-	-	176,783	142,250	319,033
Other General Expenses	-	-	-	-	-	400,000	400,000
Total Employee Benefits	191,639	1,127,548	-	-	1,319,187	4,468,561	5,787,748
Operating Transfers					-	12,250,000	12,250,000
Housing Assistance / Utility Payments					-	113,692,433	113,692,433
Total Operating Expense	952,447	8,367,537	6,519,592	-	15,839,576	148,593,822	164,433,398
Non-Operating Expense							
Capital Improvements				15,603,544	15,603,544	4,318,260	19,921,804
Total Expenses	952,447	8,367,537	6,519,592	15,603,544	31,443,120	152,912,082	184,355,202
Net Income / (Loss)	-	-	-	-	-	-	-

PHA'S UTILIZATION MTW ACTIVITY VOUCHERS

MTW Year 12 Initiatives:

- Quality of Life Programs
- Family Programs
- Management Efficiencies
- Capital Improvement Projects

MTW QUALITY OF LIFE PROGRAMS

FY 2013 VS. FY 2012 BUDGETED EXPENDITURES

	FY 2013 Budgeted Expenses	FY 2012 Budgeted Expenses
Lease Enforcement	126,427	223,580
Section 8 Investigations	826,020	640,977
Total	952,447	864,557

MTW FAMILY PROGRAMS

FY 2013 VS. FY 2012 BUDGETED EXPENDITURES

Youth Development Programs	\$ 508,890	\$ 493,000
Resident Employment & Training Programs	\$ 2,226,480	\$ 1,637,500
Senior Programs	\$ 668,379	\$ 476,382
Community & FSS Centers	\$ -	\$ 1,111,618
Economic Development	\$ -	\$ 100,000
Pre-Apprenticeship Program	\$ 1,385,044	\$ 1,296,499
Resident Empowerment Program	\$ 494,801	\$ -
Total	\$ 8,367,537	\$ 8,085,520

MTW MANAGEMENT EFFICIENCIES PROGRAMS

FY 2013 BUDGETED EXPENDITURES

	FY 2013 Budgeted Expenses	FY 2012 Budgeted Expenses
Business Process Improvements	3,700,000	4,000,000
Financial Management Improvements	500,000	200,000
Staff Training	1,000,000	1,020,000
Customer Relations Management	-	2,000,000
Energy Management	75,000	100,000
MTW Technical Assistance	-	400,000
Homeownership Program	-	50,000
Data Warehouse / Business Intelligent	570,000	1,000,000
GPS Monitoring	74,592	90,000
504 Compliance	600,000	932,000
Total Management Efficiencies	6,519,592	9,792,000

MTW CAPITAL ACTIVITIES

FY 2013 BUDGETED EXPENDITURES

	Budgeted Expenditure
2800 Block of Oakdale/Strawberry Mansion Street Development	\$ 6,961,046
Elevator Repairs/ Rehab at West Park, Bentley Hall and various sites	\$ 2,371,000
Site Wide Security System Upgrades	\$ 3,714,946
Sharswood Neighborhood Development	\$ 6,874,812
Total Capital Improvements	<u>\$ 19,921,804</u>



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