



## Legislation Text

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**DATE:** October 13, 2016

**TO:** Members of the Housing & Redevelopment Authority

**FROM:** Janine Atchison, Housing Coordinator

2017 Housing & Redevelopment Authority Budget

**SUMMARY AND ACTION REQUESTED:**

The HRA is requested to review the draft budget, provide feedback on funding priorities and approve the 2017 budget.

**BACKGROUND:**

The HRA should see a 4.79% increase in revenue for the 2017 budget due to increased ad valorem taxes and rent. Expenditures for the HRA 2017 budget will decrease by 7.49 %. This decrease is largely due to lower personnel and IT costs.

The total projected income for 2017 is \$297,312. The projected expenses for 2017 are \$269,381.

**ANALYSIS:**

Synopsis of Proposed Budget Changes:

***REVENUE***

Taxes - Ad Valorem Taxes increase by 4.46%.

The HRA percentage remained the same but the total amount of property taxes increased.

Other Revenues - Increased by 5.94%.

The 2007 Hidden Valley property is now rented and largely accounts for the increase in revenue. Rental Income has been adjusted to allow for possible vacancies for the 517 Washington and the Elianna properties. Interest income will increase slightly due to increased HRA fund balance. However, miscellaneous income was lowered to be more in line with actual revenues in 2015 & 2016.

***EXPENDITURES***

Personal Services - This budget item decreased by 16.53%

The decrease is due to the removal of 10% of the Community Development Director's salary from the HRA budget and the decreased cost of health insurance.

Supplies - This budget item remained unchanged.

Other Services & Charges - The budget has increased by 9.11%.

This item includes professional services, utilities, property taxes, maintenance, insurance, HOA fees, lawn maintenance, snow removal etc. The overall budget is based on 3% increase in costs plus additional costs for utilities and taxes for 2007 Hidden Valley.

For example:

- Utilities-The increase was based on the past 12 months bills with a 3% increase. Estimates were made for 2007 Hidden Valley based on actual 12 month utility costs at of 1 unit at 517 Washington.
- Property taxes - Calculated using average percentage of increase for 3 year period. Taxes for 2007 Hidden Valley were calculated using the property taxes of the twin unit next door.

Capital Outlay - Decreased by 7.50%

The decrease is based on less overall spending for improvements to rental properties in 2017. The 2016 budget had been boosted to allow for rehabilitation at the 2007 Hidden Valley property. The budget for Street Assessment Assistance Program remained unchanged.

Transfers Out - Decreased by 66.77%

The decrease is based on IT costs incurred by the HRA.

**OPTIONS:**

The total revenues for the 2017 budget are projected to be \$297,312. The total expenses as outlined in this budget proposal are \$269,381, a difference of \$27,931. The HRA could consider placing some or all of this overage into our professional services budget, currently at \$20,000. The professional services budget is used to pay development expenses for large project. An example would be development fees for one or more housing projects at the Southbridge property. If any or all of the money placed in this budget is not spent in 2017 it would revert to the HRA fund balance.

**RECOMMENDATION:**

The staff recommends increasing the professional services fund budget # 295-5200-3300 by \$27,000 to allow for increased development activity necessary for HRA projects. Staff recommends adoption of the budget with the aforementioned change.