



## Q2-2019 Financial Report Notes

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### Public Housing

- HUD reviewed and determined the CDA's eligibility for Operating Subsidy in May 2019. The East, West, and Triangle Asset Management Projects (AMP's) all received an increase. Truax Phase 1 received a 9% decrease. Truax Phase 2 received a 51% decrease. The current proration factor is set at 97.18%.
- The CDA is currently over our Faircloth limit by 8 units. HUD reduces the Operating Subsidy eligibility of the most recently added AMP when a housing authority is over their Faircloth limit. In our case, the most recently added AMP is Truax Phase 2. This reduction will continue until the CDA reduces our housing portfolio by 8 units.
- Tenant Rents have been trending slightly higher than expected. This is largely due to an increase in occupied units.
- The salary and benefit line variances for all programs reflects 6 FTE vacancies. Four of these vacancies are currently in the process to be filled.
- Maintenance expenses per unit totaled \$1,122 at the end of the 2<sup>nd</sup> quarter. The industry standard is \$1,049.
- Total expense per unit totaled \$5,572 for the 2<sup>nd</sup> quarter. The industry standard is \$5,542.
- There is currently 1 capital project underway to replace the sidewalk trash elevators at Romnes Apartments.
- Second quarter PHAS estimates score the CDA at 82 out of 100 points. This is an increase of 3 points from the 1<sup>st</sup> quarter and estimates the CDA would score as a Standard Performer.
- The CDA requested replacement reserves at the Truax Phase 2 property in the 2<sup>nd</sup> quarter in the amount of \$5,953. These funds were requested to replace a floor in one of the units at 1511 Wright St and to repair fire damages at 3507 Anderson St.

### Multifamily Housing

- The remaining funds for the Multifamily Service Coordinator Grants were awarded in the 2<sup>nd</sup> quarter, although they are not yet available for request.
- The CDA issued a contract with Maly Roofing to repair the roof and replace the membrane at Parkside Apartments. Work is scheduled to begin in the fall for substantial completion by 12/15/2019.
- Maintenance expenses per unit totaled \$857 for the 2<sup>nd</sup> quarter.
- Total expense per unit totaled \$7,829 for the 2<sup>nd</sup> quarter.

### Section 8

- The number of actual leased units, or vouchers, decreased slightly to 1,693 in June. The average per unit HAP remained mostly flat and was \$670 per unit in June.

## CDA Program Descriptions

### Public Housing

The Public Housing Program at the CDA consists of 774 rental units of public housing within the City of Madison managed through 3 site offices; East, West, and Triangle. The Department of Housing and Urban Development (HUD) through the Asset Management model categorizes public housing units into 5 asset management projects (AMPs); East, West, Triangle, Truax Phase 1, and Truax Phase 2. The Central Operating Cost Center (COCC) is the home for shared administrative expenses which benefit all public housing units. In exchange for these services, the COCC charges a management fee and bookkeeping fee to each amp. The main revenue streams for the public housing program are HUD operating subsidy, tenant rent, Resident Opportunities and Self Sufficiency (ROSS) grant, and the Capital Fund Grant. The Annual Contributions Contract (ACC) is the agreement between the CDA and HUD that provides annual federal funding to the program. CDA performance is measured through the Public Housing Assessment System (PHAS) score.

### Multifamily Housing/Section 8 New Construction

The Section 8 New Construction Program is one of the programs under HUD's Multifamily Housing Program. The CDA has 2 projects under this program; Parkside and Karabis Apartments. Combined they include 114 units and 1 commercial space (7,135 sqft). Both properties are managed by the Triangle site office. The development of these properties were financed through the Wisconsin Housing and Economic Development Authority (WHEDA). HUD provides rent subsidy to these projects through a Section 8 Housing Assistance Payment (HAP) contract, which is administered by WHEDA. The CDA works with WHEDA to renew this contract annually. WHEDA monitors program compliance through site visits to the properties.

### Section 8 Housing Choice Voucher

The Section 8 Housing Choice Voucher program is the federal government's largest program assisting low-income families, elderly, and disabled to afford decent, safe, and sanitary housing in the private housing market. The Section 8 voucher pays the difference between the actual cost of housing and the amount the participants can afford. Eligible units may include the family's current residence or any available unit that meets program requirements and passes a minimum Housing Quality Standards, (HQS) as determined by a CDA inspection. When an owner approves an applicant with a voucher, the CDA reviews the terms of the proposed lease and enters into a HAP contract with owner. The CDA currently administers about 1,750 vouchers. Some vouchers are set aside for special purposes including: Veteran's Affairs Supportive Housing (VASH), Family Unification Program (FUP), Moving Up Pilot Program (MUPP), Project Based Voucher Program (PBV), and Section 8 Homeownership. Section 8 vouchers are tenant based (with the exception of PBV's), meaning the family may move from unit to unit anywhere in the US where a housing authority operates an HCV program. If a family chooses to move into or out of the City of Madison, this is called portability. The CDA and Dane County Housing Authority (DCHA) jointly administer a Family Self-Sufficiency, (FSS) program under one grant. The main revenue streams for the Section 8 HCV program are HAP payments and Administrative Fees, which are administered through an ACC contract with HUD. The program performance is measured through the Section Eight Management Assessment Program (SEMAP) self-certification.