

## **Attachment 1. Plan Essential Elements**

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### **Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.**

The Housing Authority adopted the revised Admissions and Continued Occupancy Policies on 02/01/2017. The Admissions and Continued Occupancy Policies (“ACOP”) is DHA’s written statement of policies used to carry out the housing program in accordance with federal law and regulations, HUD requirements, and state and local laws. All issues related to public housing not addressed in this ACOP are governed by the federal regulations, the Department of Housing and Urban Development (“HUD”) handbooks and guidebooks, HUD notices, and applicable state and local laws.

DHA will review and update the ACOP as needed to reflect changes in regulations, DHA operations, or when needed to ensure staff consistency in operation. If DHA and ACOP conflict with the regulations listed above then, HUD regulations will have precedence.

### **Deconcentration Policy** (Denver Housing Authority ACOP 2017)

It is the policy of DHA to provide for the deconcentration of poverty and encourage income mixing by bringing higher income families into lower income developments and lower income families into higher income developments, pursuant to current HUD regulations, and any subsequent amendments. Toward this end, DHA has instituted local preferences and will continue to affirmatively market our housing to all eligible income groups. Lower income residents will not be steered toward lower income developments and higher income people will not be steered toward higher income developments.

Prior to the beginning of each DHA fiscal year, staff will analyze the income levels of families residing in each of our developments. Based on this analysis, and the then current HUD regulations, DHA will determine which, if any, DHA developments are above, within, or below the DHA Established Income Range (EIR). Any developments above the EIR will be designated as high-income. Any developments with incomes below the EIR will be designated as low-income. Based on this analysis, DHA will determine the marketing strategies and whether or not additional incentives will have to be developed and implemented to deconcentrate poverty.

### **Deconcentration Strategies** (Denver Housing Authority ACOP 2017)

DHA may, in its sole discretion, utilize one or more of the following strategies to encourage applicant families whose income classification would help to meet the deconcentration goals of a particular development: 1) incentives designed to encourage families with incomes below the EIR to accept units in developments with incomes above the EIR, and vice versa; 2) target investments and capital improvements; and 3) continue use of working family preferences. These strategies may be used at different times, or under different conditions, but will always be used in a consistent and non-discriminatory manner. Deconcentration incentives may apply to Mixed Income Developments applicant families at the sole discretion of the Owner.

## Financial Resources (Denver Housing Authority 2019 Annual Budget)

The adopted budget for 2019 is \$251,900,595. As in prior years, majority of DHA's operating revenues is coming from federal financial assistance to provide low-income housing. Rental revenues are budgeted higher in 2019 to reflect new units coming on-line from development activity and the increase in rents collected from individual units. Rental revenues represent all tenant rents paid in the public housing units, Denver Housing Corporation units, and all DHA non-HUD units. Non-dwelling rent increased due to new commercial space that will be completed in 2019. Interest revenues are budgeted higher due to the anticipated increase in interest rates. The increase in Developer fees is due to the timing of construction of new properties. Federal financial assistance from HUD of \$111.4 million includes \$80.2 million in Housing Assistance

Payments for the HCV and tenant based program clients, \$18.5 million in public housing operating subsidies and the remainder in various capital grants and other resident program grants. Other income and contributions of \$4.3 million consist mainly of service charges and late payment charges to tenants, DHA Partnerships' management fees and ground lease revenues. Sales/Insurance proceeds are budgeted based on planned sales of land and property. There were significant casualty losses (mainly hail damage) in 2018 which enabled the budgeting of insurance proceeds for 2019. All Capital financings are shown as revenue sources due to DHA being the developer in various mixed finance real estate developments. These sources include, but not limited to, Low Income Housing Tax Credit (LIHTC) equity, construction and permanent financing from banks and various HUD Capital grants. There is an increase in development activity in 2019.

<b>2019 BUDGET SUMMARY</b>				
<b>COMPARATIVE SUMMARY OF REVENUES AND EXPENSES</b>				
	<b>2017 Budget</b>	<b>2018 Budget</b>	<b>2019 Budget</b>	<b>Increase (Decrease) From Prior Year</b>
<b>Revenues</b>				
Rental income	\$23,587,050	\$25,001,079	\$27,398,744	9.6%
Nondwelling rental income	1,068,964	\$819,312	\$1,350,117	64.8%
Interest income	1,426,963	1,877,356	1,945,049	3.6%
Management fees	1,131,389	1,166,669	1,293,061	10.8%
Developer fees	2,880,050	2,256,845	5,494,783	143.5%
Federal financial assistance	105,466,003	99,658,548	111,424,388	11.8%
Contributions - Other	2,702,534	7,441,213	20,463,865	175.0%
Other income	3,112,309	5,545,998	4,327,664	(22.0%)
Sales/Insurance proceeds	1,700,000	18,268,000	6,200,000	(66.1%)
Operating/Replacement Reserves	3,113,464	2,519,774	5,078,374	101.5%
Capital financing/Tax Credit Equity	11,002,500	52,728,771	66,924,550	26.9%
<b>Total</b>	<b>\$157,191,226</b>	<b>\$217,283,565</b>	<b>\$251,900,595</b>	<b>15.9%</b>
<b>Expenses</b>				
Administration	\$25,172,836	\$27,553,491	\$30,068,769	9.1%
Rent to owners	77,312,658	68,822,688	77,499,731	12.6%
Utilities	7,426,517	7,439,870	8,047,827	8.2%
Maintenance	16,168,591	15,864,512	18,236,425	15.0%
Debt service/Interest expense	6,548,204	7,631,795	7,842,756	2.8%
General	2,901,982	3,313,059	3,770,114	13.8%
Operating/Replacement Reserves	5,631,911	4,958,813	10,413,032	110.0%
Capital Investments	16,028,527	81,699,327	96,021,941	17.5%
<b>Total</b>	<b>\$157,191,226</b>	<b>\$217,283,555</b>	<b>\$251,900,595</b>	<b>15.9%</b>
Net of interfund transfers and interfund revenues and expenses				

Administrative expenses include administrative salaries and costs of administrative supplies and services in all programs. The increase in 2019 is due to increases in salary and benefits, administration of the CNI grant, and the planned lease back of a property that is under a sales contract. Rent to Owners are the lease payments made to landlords in the HCV program. The increase is due to the estimated funding expectations for 2019. Utility expenses paid by DHA for the public housing units and for the DHA facilities are budgeted at \$8 million for FY2019. Maintenance expenditures account for the maintenance staff's salaries, maintenance material costs and other maintenance related vendor contracts. Maintenance expenses increased 15% for 2019 due to estimated projects in 2019. Debt service of \$7.8 million is budgeted to cover scheduled payments of principal and interest on various DHA obligations. General expense of \$3.8 million is primarily insurance costs and payment in lieu of taxes payments. The increase in 2019 is due to increases in insurance costs. The increase in Operating/Replacement Reserves is due to an increase in the use of operating and capital reserves in 2019. The 2019 budget for capital investments is 17.5% higher than 2018 reflecting an increase of development activities for 2019.

### **Substantial Deviation**

Substantial deviation is defined as: 1) discretionary changes in the plans or policies of the housing authority that fundamentally change the mission, goals, objectives, or 2) plans of the agency which require formal approval of the Board of Commissioners or the addition of any large capital item to the Capital Fund 5-Year Action Plan. Large capital items are defined as any work item that is 10% or more of the average annual Capital Fund Grant award.

### **Significant Amendment or Modification**

Significant amendment or modification is defined as: 1) discretionary changes in the plans or policies of the housing authority that fundamentally change the mission, goals, objectives, or plans of the agency and which require formal approval of the Board of Commissioners or 2) the addition of any large capital item to the Capital Fund 5-Year Action Plan. Large capital items are defined as any work item that is 10% or more of the average annual Capital Fund Grant award.

