



PUBLIC HOUSING AUTHORITY COMMUNICATION

February 4, 2025

Subject: Public Housing Authority Board Reports (City Wide)

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Issue - The City of Tucson, as a Public Housing Authority (PHA), has prepared a monthly report on the programmatic areas of the PHA and provided a financial report summarizing the last fiscal year as well as a mid-year summary of this fiscal year.

City Manager's Office Recommendation – No action required. The Board of Commissioners is invited to discuss and provide input on the reports.

Background – The Board of Commissioners is responsible for the oversight of the programs of the PHA, which include the Housing Choice Voucher program (also known as Section 8) and the Public Housing program. Regular meetings must be held to provide the Board with program and financial information to ensure the PHA is performing in an effective manner. The following are the primary responsibilities of the Board of Commissioners:

- Monitor the PHA's ability to meet statutory, regulatory, and contractual obligations.
- Assure the PHA meets obligations on audit recommendations.
- Approve internal controls to safeguard the PHA's assets.
- Safeguard the financial integrity of the PHA, preventing fraud, waste, mismanagement, and abuse.
- Approve, review, and monitor budgets, contracts, and other financial documents.
- Conduct monthly reviews of budgets with actual expenses and revenues.
- Ensure ethical, legal, and effective work performance.
- Keep informed of subsidized housing industry rules and regulations.

Present Considerations – The City of Tucson PHA staff have submitted to the Board a new report for review. This information covers both program and financial information that demonstrates the health and condition of the programs. The report also includes key performance indicators to keep the Board informed and allow for questions that will help direct and improve the delivery of housing and services to the community. The Board is encouraged to sign up for the self-paced training Lead the Way, which was developed by the U.S. Department of Housing and Urban Development (HUD) for PHA boards. It provides a comprehensive overview of the role and responsibilities of board members as well as a discussion of the performance measures that board members should be monitoring. The training is available at <https://www.hudexchange.info/trainings/courses/lead-the-way-pha-governance-and-financial-management/>.

Financial Considerations – The financial report includes a summary of the PHA's finances from the FY2024 Annual Comprehensive Financial Report. The report indicates the Public Housing division ended the year with a \$2.4M deficit which was an improvement from FY2023 where the deficit was greater. In spring of 2024, HCD leadership received information regarding the financial condition of the Public Housing division and stopped hiring outside contractors for maintenance and improvements of the units, except for emergency repairs. This decision was necessary to better meet HUD's financial requirements.

The Financial Report also includes a FY2025 mid-year summary of the PHA’s financial position (July 2024 – December 2024). As the report outlines, the Public Housing division shows a deficit for the first six months of this fiscal year; however, the PHA anticipates receiving unbudgeted revenue and currently is projected to break even. That said, it is important to note that although we will break even, the PHA is still not meeting HUD’s expectations. HUD requires a four-month cash reserve to cover unanticipated expenses. Currently the PHA does not have a positive four-month net position.

As shared by City Manager Timothy Thomure to Mayor and Council Members, the Public Housing Program was recently adjusted to a “troubled” status by HUD. The PHA staff and Business Services Department (BSD) are working together to improve the City’s rating. HCD is implementing an initiative focused on securing cash reserves for the Public Housing Program. HCD is also implementing the Financial Stability Plan that was approved by the Board of Commissioners, which consists of asset repositioning of the City’s public housing stock, including the scattered site units. HCD intends to apply for HUD shortfall funding of approximately \$900 per fiscal year, increase monitoring, oversight, and reporting by City staff, and take other operational cost saving measures. A full and complete plan to move out of “troubled” status will be provided to the Board of Commissioners in the coming months.

For 2025, HCD will provide a monthly financial statement to the Board of Commissioners. Monthly review of the PHA programs ensures appropriate action is taken to fully utilize the funding and that it is done in a fiscally responsible manner in compliance with HUD regulations.

Legal Considerations – None at this time.

Plan Tucson Considerations - This item relates to the *Plan Tucson* elements of Housing, and is supported by the following policies:

H7 – Increase access to safe, healthy, and affordable housing choices, including mitigating the impacts of foreclosure.

H8 – Address the housing needs of the most vulnerable populations in the community, including those at risk of homelessness.

H9 – Promote safe, decent, and affordable housing and neighborhoods that support aging in place.

Respectfully Submitted,



Elizabeth Morales
Assistant City Manager

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Housing and Community Development

Attachment: Public Housing Authority Board Report
Public Housing Authority Financial Report