



Boards of Commissioners Update

July 2020

Boards of Commissioners Update – July 2020

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BOARD UPDATE

O (559) 443-8400

F (559) 445-8981

1331 Fulton Mall

Fresno, California 93721

TTY (800) 735-2929

www.fresnohousing.org

TO: Boards of Commissioners

DATE: July 20, 2020

Fresno Housing Authority

AUTHOR: Aurora Ibarra

FROM: Preston Prince, CEO/Executive Director

SUBJECT: Update on 2020 Leasing and Housing Assistance Payments for the Housing Choice Voucher (HCV) Program

Executive Summary

The purpose of this memo is to update the Boards of Commissioners on May Housing Assistance Payments (HAP) and leasing activities, and projections for the remainder of 2020.

Leasing Update

Staff are reviewing applicant files and issuing vouchers remotely. Applicants are viewing the new online video briefings and using informational guides. Phone briefings are still being conducted, as needed. Extensions on search timelines for families who currently hold a voucher are granted to mitigate some of the challenges or concerns families may be experiencing related to COVID-19.

Agency leadership and staff are monitoring public health and safety guidelines, including HUD's COVID resource page and temporary regulatory options made available to PHAs. The Agency and department leaders are also reviewing HUD's funding supplements to develop a leasing plan amidst a time of great uncertainty. As all of these factors become clearer, the leadership and communications team will inform staff, the public and Boards of Commissioners of significant changes in HCV leasing plans.

City HCV

HAP expenditures for the month of May are projected to be \$4,271,744 with a HAP utilization rate for the month of May of 99.1%. The overall projected HAP utilization rate is 98.4%, which would earn the Agency maximum points for leasing under SEMAP. HUD informed our agency that we could use 2019 SEMAP score for the 2020 reporting year (which was High Performer) due to pandemic related delays and we elected to do so. Staff continues to use the SEMAP scoring factors as a guiding tool to self-monitor program performance.

Current voucher utilization for the month of May is 99.2% with an overall projected voucher utilization for CY 2020 of 98%.

County HCV

HAP expenditures for the month of May are projected to be \$3,253,221 with a HAP utilization rate for the month of May of 98.9%. The overall projected HAP utilization rate is 98.3%, which would earn the Agency maximum points for leasing under SEMAP. HUD informed our agency that we could use 2019 SEMAP score for the 2020 reporting year (which was High Performer) due to pandemic related delays and we agreed to do so. Staff continues to use the SEMAP scoring factors as a guiding tool to self-monitor program performance.

Current voucher utilization for the month of May is 97.3% with an overall projected voucher utilization for CY 2020 of 96.8%.

HCV Leasing and Spending Projection

CA006 Two-Year Voucher Forecasting Summary

7/13/2020

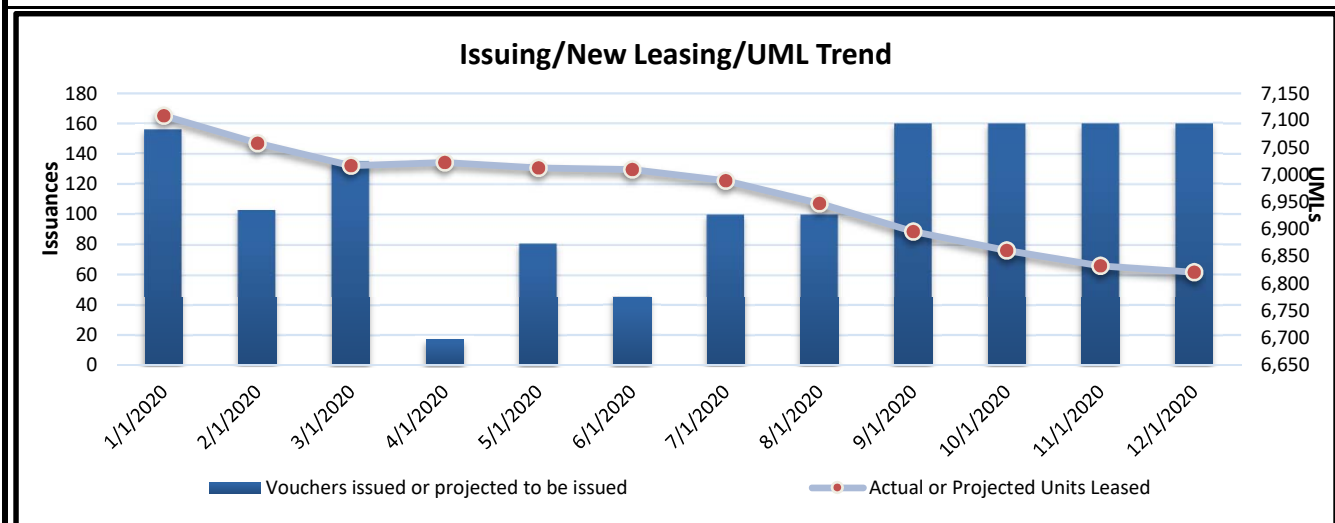
Prepared for: City Board of Commissioners

Prepared by: Housing Choice Department

Using the Housing Choice Voucher (HCV) Two-Year Tool, which allows a user to examine a PHA's voucher program under a variety of leasing, per-unit cost (PUC), and other key program scenarios, the attached tool estimates the program to end the current year with \$786,951, or 2% of budget authority. This scenario relies upon the following key variables:

Success Rate	Attrition Rate	Time from Issuance to HAP Effective Date	
(How many issued vouchers will go to HAP)	(What percent of participants annually leave)	(How fast do successful issuances lease up)	
55%	7.8%	Leased in	Percent
		0-30 Days	8%
2020 PUC		31-60 Days	25%
(Average monthly cost of a voucher - 2020)		61-90 Days	20%
\$609		91-120 Days	16%
		121-150 Days	31%

Please see the below graph, which shows issued vouchers and associated leasing, as well as the total program UMLs, which takes into account program attrition:



The City Program had no HAP offset this year. Additionally, the higher of this year's leased units (98.0%) or dollars (98.4%) is 98.4%, indicating full leasing indicator points in SEMAP. This estimate has been adjusted for VASH.

CA006 Summary

HAP expenditures for May are projected to be \$4,271,744 with a monthly HAP utilization rate of 99.1%. Current voucher utilization for the month of May was 99.2% with an overall projected voucher utilization rate for CY 2020 of 98%. These utilization rates have been adjusted for VASH.

HCV Leasing and Spending Projection

CA028 Two-Year Voucher Forecasting Summary

7/13/2020

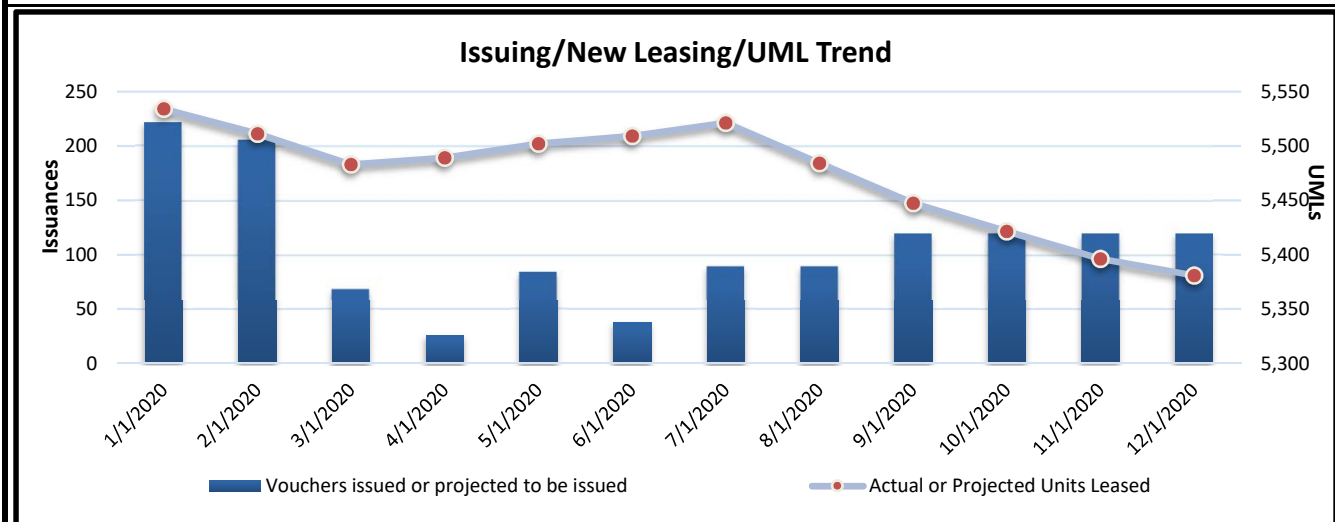
Prepared for: County Board of Commissioners

Prepared by: Housing Choice Department

Using the Housing Choice Voucher (HCV) Two-Year Tool, which allows a user to examine a PHA's voucher program under a variety of leasing, per-unit cost (PUC), and other key program scenarios, the attached tool estimates the program to end the current year with \$658,592, or 2% of budget authority. This scenario relies upon the following key variables:

Success Rate	Attrition Rate	Time from Issuance to HAP Effective Date	
(How many issued vouchers will go to HAP)	(What percent of participants annually leave)	(How fast do successful issuances lease up)	
45%	7.3%	Leased in	Percent
		0-30 Days	8%
2020 PUC		31-60 Days	25%
(Average monthly cost of a voucher - 2020)		61-90 Days	20%
\$591		91-120 Days	16%
		121-150 Days	31%

Please see the below graph, which shows issued vouchers and associated leasing, as well as the total program UMLs, which takes into account program attrition:



The County Program had no HAP offset this year. Additionally, the higher of this year's leased units (96.8%) or dollars (98.3%) is 98.3%, indicating full leasing indicator points in SEMAP. This is an estimate.

CA028 Summary

HAP expenditures for May are projected to be \$3,253,221 with a monthly HAP utilization rate of 98.9%. Current voucher utilization for the month of May was 97.3% with an overall projected voucher utilization rate for CY 2020 of 96.8%.

BOARD UPDATE

O (559) 443-8400

F (559) 457-4294

1331 Fulton Mall

Fresno, California 93721

TTY (800) 735-2929

www.fresnohousing.org

TO: Boards of Commissioners

Fresno Housing

FROM: Preston Prince, CEO

SUBJECT: Landlord Outreach Pilot Update

DATE: July 20, 2020

AUTHOR: Angie Nguyen

Executive Summary

The purpose of this update is to provide the Boards of Commissioners agency progress on 2019-2020 Strategic Goals regarding Landlord Outreach.

A Landlord Outreach pilot began with an initial Meet and Greet of landlords in December 2019. The purpose of this pilot is to recruit new landlords to participate in the Housing Choice Voucher (HCV) program; particularly those with properties in high opportunity areas. HCV staff has trained both new and existing landlords on the process of the HCV program – addressing misunderstandings and confusion.

Staff reached out to landlords not currently participating in the HCV program. They conducted in-person meetings to help inform, increase program awareness, and answer questions. Since January, staff met with twenty-nine (29) prospective new landlords resulting in four (4) new accepting subsidy, of which three (3) were in high opportunity areas. Another three (3) landlords expressed great interest.

Efforts were interrupted by the COVID-19 pandemic; however, from March to present, the HCV and Landlord Outreach Teams have met with prospective new landlords via phone and/or Skype, assisted numerous landlords with questions regarding paperwork and the agency status. During the shelter in place restrictions, the team brought on seven (7) new landlords to the program. Another big win for the team was a large property management company reversed their “no Section 8” stance and is now accepting HCV participants – nine (9) residents have leased units; one (1) in a high opportunity area.

The HCV team is creating a plan to conduct a large virtual landlord engagement meeting in addition to working with individual landlords and property owners.

Fiscal Impact

The Boards of Commissioners committed \$200,000 to the Landlord Outreach Pilot as part of the 2020 Agency Operating Budget. As of June 31st, \$81,092 has

been spent on this initiative, which is approximately 41% of the budget. Staff expects to spend the remaining \$118,000 of budget authority by the end of 2020 on expenses related to staff time for recruitment and outreach efforts, the landlord engagement meeting, and potential landlord incentives.

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Fresno, California 93721
TTY (800) 735-2929

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TO: Boards of Commissioners

DATE: July 20, 2020

Fresno Housing Authority

AUTHOR: Emily De La Guerra

FROM: Preston Prince, CEO/Executive Director

SUBJECT: Fresno Housing Operating Budget as of May 31, 2020

Executive Summary

The purpose of this update is to present an overview of the financial operating results for the Fresno Housing Authority as of May 31, 2020. The attached financial report shows the consolidation of all Agency operational budgets combined into seven divisions. Projections have been incorporated into the year-to-date budget to account for the timing of cash flows and known variable expenses. These adjustments were based on historical trends and the most current information available.

The 2020 Operating Budget was approved by the Boards of Commissioners in December 2019 with total revenues of \$44.7 million and total operating expenses of \$41.9 million. As of May, total revenues are \$16.3 million, which is \$1.9 million less than anticipated. However, total operating expenses are \$2.3 million less than budgeted at \$15 million through May. This puts net operating income at \$1.3 million, which is \$474 thousand better than budgeted. As of May, the Agency has utilized \$648 thousand in unrestricted reserves, which is \$319 thousand worse than budgeted at this point in the year. The variance in May's unrestricted net income is mainly due to the delayed receipt of Developer Fees, which will be received in June and July.

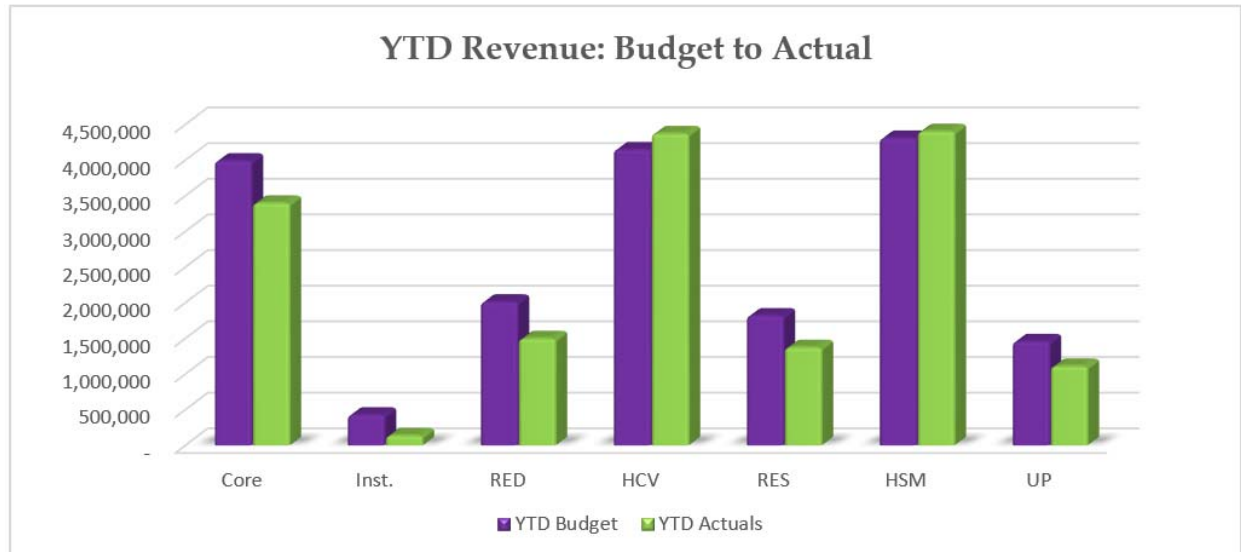
Through the 2020 Coronavirus Aid, Relief and Economic Security (CARES) Act, HUD has made some additional funding available to the Agency's Housing Choice Voucher and Public Housing programs. Staff is currently analyzing the Agency's eligibility for these additional funds, and will incorporate the financial impact into future financial reports.

OPERATING BUDGET

TOTAL INCOME
TOTAL EXPENSES
NET OPERATING INCOME
TOTAL NON-OPERATING EXPENSES
NET INCOME
UNRESTRICTED NET INCOME

Fresno Housing Authority			
	Annual Budget	YTD Budget	YTD Actuals
TOTAL INCOME	44,702,882	18,171,187	16,304,459
TOTAL EXPENSES	41,945,895	17,326,588	14,985,828
NET OPERATING INCOME	2,756,987	844,600	1,318,631
TOTAL NON-OPERATING EXPENSES	1,951,123	812,968	686,007
NET INCOME	805,864	31,632	632,624
UNRESTRICTED NET INCOME	(14,874)	(329,348)	(648,265)

Agency Revenue



Core - Administrative Services departments including Accounting, Executive, Human Resources and Asset Management

Inst. - Instrumentalities: Wholly-owned subsidiaries of the Agency, including HRFC, HSIC, and Silvercrest

RED - Real Estate Development: Real Estate Development and Construction Management departments

HCV - Housing Choice Voucher programs

RES - Resident Empowerment Services: Resident Services and Homeless programs

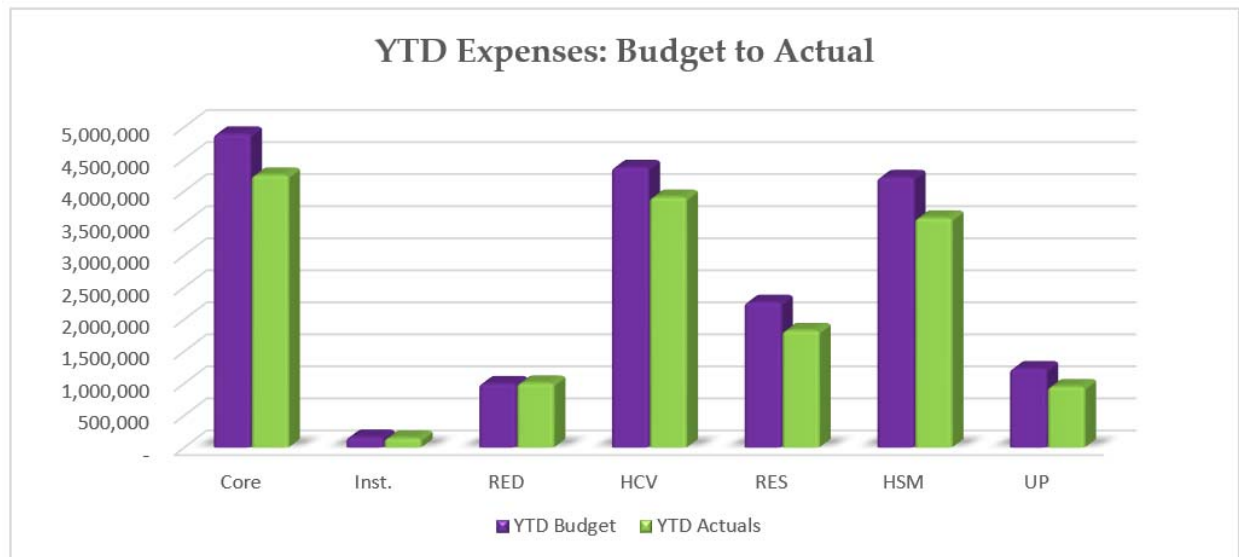
HSM - Housing Management: Restricted, subsidized properties including all public housing, farm labor and migrant properties

UP - Unrestricted Properties: Agency-owned non-subsidized properties, including Dayton, Woodside, El Cortez and San Ramon

Overall, year-to-date revenue is \$16.3 million, or 10% less than the year-to-date budget largely due to a reduction in Admin & Management Fee Income in Core, Grant Income in RES and minor delays in developer fee revenues.

- **Core:** Admin & Management Fee Income is less than budgeted due to a reduction in allocation revenue earned from IT services. Fees for those services are collected from Agency properties and programs and the revenue is booked in Core. As of May, expenses related to IT Services have been less than budgeted, therefore, less revenue has been collected and the net effect on the overall budget is neutral.
- **RED:** No developer fees were received in May. Staff anticipates the developer fees for Orange Cove RAD, Mendota RAD, 541 @ South Tower/Cedar Heights, Fenix @ Lowell, Memorial Village and Oak Grove Commons will be received in June and July.
- **RES:** HUD Grant Income is less than budgeted, however, the net effect on the overall budget is neutral as most of these grants operate on a reimbursement basis.

Agency Expenses



Core - Administrative Services departments including Accounting, Executive, Human Resources and Asset Management

Inst. - Instrumentalities: Wholly-owned subsidiaries of the Agency, including HRFC, HSIC, and Silvercrest

RED - Real Estate Development: Real Estate Development and Construction Management departments

HCV - Housing Choice Voucher programs

RES - Resident Empowerment Services: Resident Services and Homeless programs

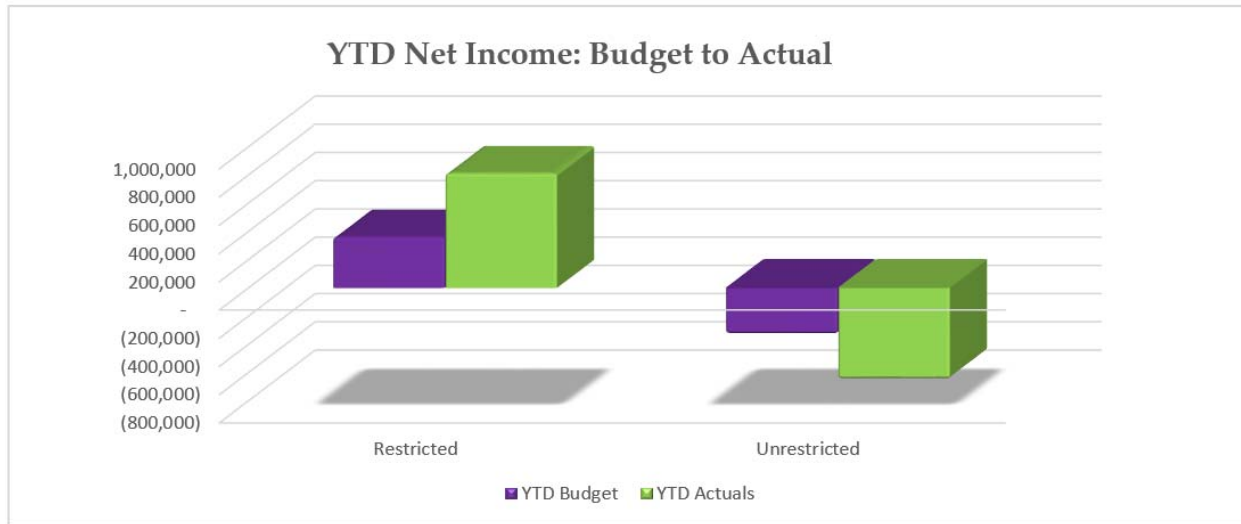
HSM - Housing Management: Restricted, subsidized properties including all public housing, farm labor and migrant properties

UP - Unrestricted Properties: Agency-owned non-subsidized properties, including Dayton, Woodside, El Cortez and San Ramon

Overall, year-to-date operating expenses are \$15 million and non-operating expenses are \$686 thousand, which together are about 14% lower than budgeted.

- **Agency-wide:** Payroll Expenses are approximately \$838 thousand (10%) lower than anticipated.
- **Agency-wide:** Administrative Expenses are approximately \$650 thousand (13%) lower than budgeted across the Agency. As the year progresses, IT Services, Professional & Consulting Fees and Administrative Contract costs will increase as planned projects begin and expenses are incurred.
- **RES:** Tenant Services Expenses are lower than budgeted at this point in the year. These represent tenant rent payments within homeless service and rental assistance grants. If these dollars remain unspent, they can roll over into the next grant period.

Agency Net Income



- Unrestricted net income is approximately \$318 thousand lower than budgeted as of May 2020, mainly due to the delayed receipt of Developer Fees. These fees will be received in June and July 2020.
- Restricted net income is approximately \$919 thousand higher than budgeted due to increased public housing operating subsidy revenue, lower maintenance expenses within the Housing Management Division and lower payroll expenses within the Housing Choice Voucher program.

Fresno Housing Authority
Financial Results as of May 31, 2020

	Core			Inst.			RED			HCV			RES			HSM			UP			Fresno Housing Authority			YTD \$ Variance	YTD % Variance
	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals		
OPERATING BUDGET																										
INCOME																										
NET TENANT INCOME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,074,032	2,114,180	2,199,126	2,761,359	1,150,566	820,216	7,835,391	3,264,746	3,019,342	(245,404)	-8%
INTEREST INCOME	90,000	37,500	26,482	800,000	333,333	131,750	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	890,000	370,833	158,232	(212,601)	-57%
OTHER INCOME	950,000	395,833	180,038	150,000	62,500	6,672	20,000	8,333	227,916	800	333	2,499	899,432	374,763	358,473	349,887	145,786	13,011	52,980	22,075	10,056	2,423,099	1,009,625	798,665	(210,960)	-21%
ADMIN & MANAGEMENT FEE INCOME	8,539,951	3,558,313	3,193,196	80,000	33,333	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,619,951	3,591,646	3,193,196	(398,450)	-11%
DEVELOPER FEE INCOME	-	-	-	-	-	-	5,903,245	2,004,672	1,271,465	-	-	-	-	-	-	-	-	-	-	-	-	5,903,245	2,004,672	1,271,465	(733,207)	-37%
HUD GRANT INCOME	-	-	-	-	-	-	-	-	-	9,909,331	4,128,888	4,350,762	3,384,006	1,410,003	652,056	4,314,643	1,797,768	1,899,203	-	-	-	17,607,980	7,336,658	6,902,021	(434,637)	-6%
OTHER GRANT INCOME	-	-	-	-	-	-	-	-	-	50,000	20,833	21,449	83,025	34,594	365,063	604,464	251,860	293,671	685,727	285,720	281,355	1,423,216	593,007	961,538	368,531	62%
TOTAL INCOME	9,579,951	3,991,646	3,399,716	1,030,000	429,167	138,422	5,923,245	2,013,005	1,499,381	9,960,131	4,150,055	4,374,710	4,366,463	1,819,360	1,375,592	10,343,026	4,309,594	4,405,011	3,500,066	1,458,361	1,111,627	44,702,882	18,171,187	16,304,459	(1,866,728)	-10%
EXPENSES																										
PAYROLL EXPENSES	7,457,856	3,051,984	2,676,345	-	-	-	1,669,232	683,101	787,334	6,145,105	2,514,766	2,224,898	1,938,018	793,097	671,443	2,555,927	1,045,964	934,256	523,102	214,069	170,574	20,289,240	8,302,981	7,464,850	(838,131)	-10%
ADMINISTRATIVE EXPENSES	3,697,510	1,540,629	1,293,604	382,150	159,229	140,477	739,892	308,288	209,184	4,367,866	1,819,944	1,648,458	751,088	312,953	285,797	1,874,533	781,055	718,083	339,366	141,403	117,715	12,152,405	5,063,502	4,413,318	(650,184)	-13%
TENANT SERVICES EXPENSES	50,504	21,043	28,250	-	-	-	5,000	2,083	-	-	-	-	2,775,198	1,156,333	861,590	331,772	138,238	63,650	6,450	2,688	560	3,168,924	1,320,385	954,050	(366,335)	-28%
UTILITY EXPENSES	172,145	71,727	61,037	-	-	-	-	-	-	-	-	-	-	-	-	1,707,150	711,313	639,698	413,027	172,095	166,821	2,292,322	955,134	867,556	(87,578)	-9%
MAINTENANCE EXPENSES	459,118	191,299	177,312	-	-	4,790	5,000	2,083	9,041	81,969	34,154	29,865	10,020	4,175	6,523	2,168,196	903,415	699,350	731,468	304,778	192,280	3,455,771	1,439,905	1,119,161	(320,744)	-22%
TAXES & INSURANCE EXPENSES	40,364	16,818	14,279	8,900	3,708	3,124	6,200	2,583	449	7,353	3,064	3,073	-	-	858	402,276	167,615	100,416	122,140	50,892	44,694	587,233	244,680	166,893	(77,787)	-32%
TOTAL EXPENSES	11,877,497	4,893,501	4,250,827	391,050	162,938	148,391	2,425,324	998,139	1,006,008	10,602,293	4,371,928	3,906,294	5,474,324	2,266,557	1,826,211	9,039,854	3,747,600	3,155,453	2,135,553	885,924	692,644	41,945,895	17,326,588	14,985,828	(2,340,760)	-14%
NET OPERATING INCOME	(2,297,546)	(901,855)	(851,111)	638,950	266,229	(9,969)	3,497,921	1,014,866	493,373	(642,162)	(221,873)	468,416	(1,107,861)	(447,198)	(450,619)	1,303,172	561,994	1,249,558	1,364,513	572,437	418,983	2,756,987	844,600	1,318,631	474,031	56%
NON-OPERATING EXPENSES																										
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	794,876	331,198	327,895	431,150	179,646	132,862	1,226,026	510,844	460,757	(50,087)	-10%
TOTAL FINANCING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	326,508	136,045	99,221	398,589	166,079	126,029	725,097	302,124	225,250	(76,874)	-25%
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,121,384	467,243	427,116	829,739	345,725	258,891	1,951,123	812,968	686,007	(126,961)	-16%
NET INCOME	(2,297,546)	(901,855)	(851,111)	638,950	266,229	(9,969)	3,497,921	1,014,866	493,373	(642,162)	(221,873)	468,416	(1,107,861)	(447,198)	(450,619)	181,788	94,751	822,442	534,774	226,712	160,092	805,864	31,632	632,624	600,992	1900%
UNRESTRICTED NET INCOME	(2,297,546)	(901,855)	(851,111)				3,497,921	1,014,866	493,373	(642,162)	(221,873)	-	(1,107,861)	(447,198)	(450,619)				534,774	226,712	160,092	(14,874)	(329,348)	(648,265)	(318,917)	-97%