



Addendums
6-23-2015

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Fresno Housing Education Corps Update

June 23, 2015



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CORPS**



**SCHOLARSHIP
SELF-SUFFICIENCY
SUCCESS**



Previous Update – May 2014

- Transition from FSS to FHEC
- Creating Awareness
- Creating Partnerships
- Fundraising



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**SCHOLARSHIP
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SUCCESS**

Today's Update

- Board Growth
- Continuing Awareness
- New Partnerships
- Continued Fundraising



Board Growth

- Started 2015 with ten returning board members
- Gained three new board members with deep roots in the community
 - Matt Rosenfeld CBS47/KSEE24
 - Craig Armstrong Baker Manock & Jensen
 - Donna Sylvia Scholastic
- Annual board development sessions tentatively scheduled for November 2015



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Continuing Awareness

- Presenting to Rotary Clubs and other community groups on a regular basis
- Addition of quarterly newsletter that is sent to over 1,000 “Friends of FHEC”
- Continued use of social media to promote FHEC



Creating Partnerships

- Continuing our partnership with our B3 school districts (Fresno Unified, Firebaugh-Las Deltas Unified, Central Unified, Kings Canyon Unified, Fowler Unified)
- Partnering with President Castro at California State University, Fresno to develop a stronger pipeline from early learning to K-12 to Fresno State



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Fundraising 2014

- Wine Festival raised \$153,000, 250 guests attended, 30 guests attended VIP reception
- Grant funding \$17,500



Fundraising 2015

- Spencer family became a Founder Donor with a \$100,000 commitment over three years
- President Castro is matching dollar for dollar every scholarship we give to a resident attending CSU Fresno
- Zumwalt Construction has committed to providing \$10,000 for afterschool tutoring in Mendota



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**SCHOLARSHIP
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SUCCESS**

Fundraising 2015 cont.

- Wine Festival raised \$175,000, over 300 guests attended, 50 guests attended the VIP reception
- \$32,500 was raised for scholarships
- Applied for \$60,000 in grant funding



Fresno Housing Authority

Early Retirement Program Results



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Program Results

Demographics

Number of Participates	10
Average Age	61
Average Years of Service	14.5



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Program Results

Financial Impact to Agency

Year 1

Total Payroll Savings in 2015	604,210
<i>Less:</i> Financial Impact to Agency	(245,457)
Cost of Backfilled Positions in 2015	(330,783)
Total Year 1 Savings	27,971

On-going Savings

Total Payroll Savings	805,613
<i>Less:</i> Cost of Backfilled Positions	(441,043)
Annual Cost of CalPERS Credits	(6,421)
Total Annual On-going Savings	358,149



HRFC Update

Financial Results and Projections as of May 31, 2015



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HRFC Reserves

- The Housing Relinquished Fund (HRFC) reserves allow for the expansion of affordable housing.
- Reserves have accumulated from various sources including:
 - Program income from development projects
 - Interest income from loans
 - Sales of properties
- HRFC reserves can be restricted by the Boards or agreements with HUD.



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Current HRFC Reserves (as of 05/31/15)

Cash Balance as of 12/31/14	9.97
Sierra Pointe Mortgage Payments	0.14
Interest on Loans	0.20
Parc Grove South Loan Payment	0.37
Parc Grove Northwest Loan Payment	4.06
Kings River Commons Loan Payment	0.17
Fulton West Loan Payment	0.43
Trinity Loan Payment	0.02
Pre-Development Draws	(0.24)
Cash Balance as of 05/31/14	15.11

- This list includes the major transactions that have already occurred this year.
- Cash balance as of 05/31/2015 is \$15.11 million.



Potential 2015 Inflows

2015 Potential Inflows

<i>HOPE VI Sales Proceeds</i>	<i>1.20</i>
<i>Sierra Pointe mortgage payments</i>	<i>0.12</i>
<i>Marion Villas Loan Payment (AHP)</i>	<i>0.45</i>
<i>Kings River Commons Payment</i>	<i>0.44</i>
<i>Viking Village Sales Proceeds</i>	<i>1.20</i>
<i>Kerr Rug Sale</i>	<i>0.61</i>
Total	4.01

- Staff estimates that HRFC will receive an estimated \$4.01 million dollars by the end of 2015.
- Total amounts shown may change based on final applications and funding calculations.



Outflows from HRFC

	Total	Total	Remaining
Current Commitments	Commitment	Expenditures 05/31/2015	Commitment
Firebaugh Gateway	1.20	0.12	1.08
Fulton/Cedar Heights	0.09	0.04	0.05
RAD Pre-Development	0.25	0.05	0.20
West Fresno Pre-Development	0.25	0.06	0.19
General Pre-Development	0.30	0.05	0.25
Trailside Terrace	3.00	0.13	2.87
*Calaveras Court/Lowell	1.80	0.13	1.67
Edison Plaza Phase I	0.45	0.02	0.43
*Shockley Terrace	1.80	0.01	1.79
*Magill Terrace	2.00	0.02	1.98
Total Commitments	11.14	0.62	10.52

- Table above shows current commitments, total expenditures as of May 31, 2015, and estimated remaining commitments.
- As always, staff is working diligently to reduce the financial need from HRFC.
- *Project commitments marked with an asterisk have not been approved by the Boards. Staff will request funding June 23, 2015.*



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2015 Projections (Updated)

Current Cash Balance as of 05/31/15	15.11
2015 Potential Inflows	4.01
Remaining Commitments	(10.52)
<hr/>	
Uncommitted Cash	8.59

- Total cash at 05/31/2015 is \$15.11 million.
- Staff is conservatively estimating inflows of \$4.01million in 2015, and \$10.52 million of remaining commitments (not all to be spent in 2015).
- This leaves about \$8.59 million in uncommitted funds, which can be used for affordable housing at the Boards discretion.



Questions or Comments?



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Real Estate Development Update

June 23, 2015



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Presentation Overview

- Lowell Neighborhood Project (Fresno)
- Shockley Terrace (Selma)
- Magill Terrace (Fowler)



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Lowell Neighborhood Project

Proposed 30 units of family housing in the Lowell neighborhood near downtown Fresno

- 22 units of rehabilitation (Calaveras site)
- 8 units of new construction (Glenn site)

Partnership with Better Opportunities Builder, Lowell Community Development Corp. and Silvercrest

Tentative award of HOME funds on June 25, 2015

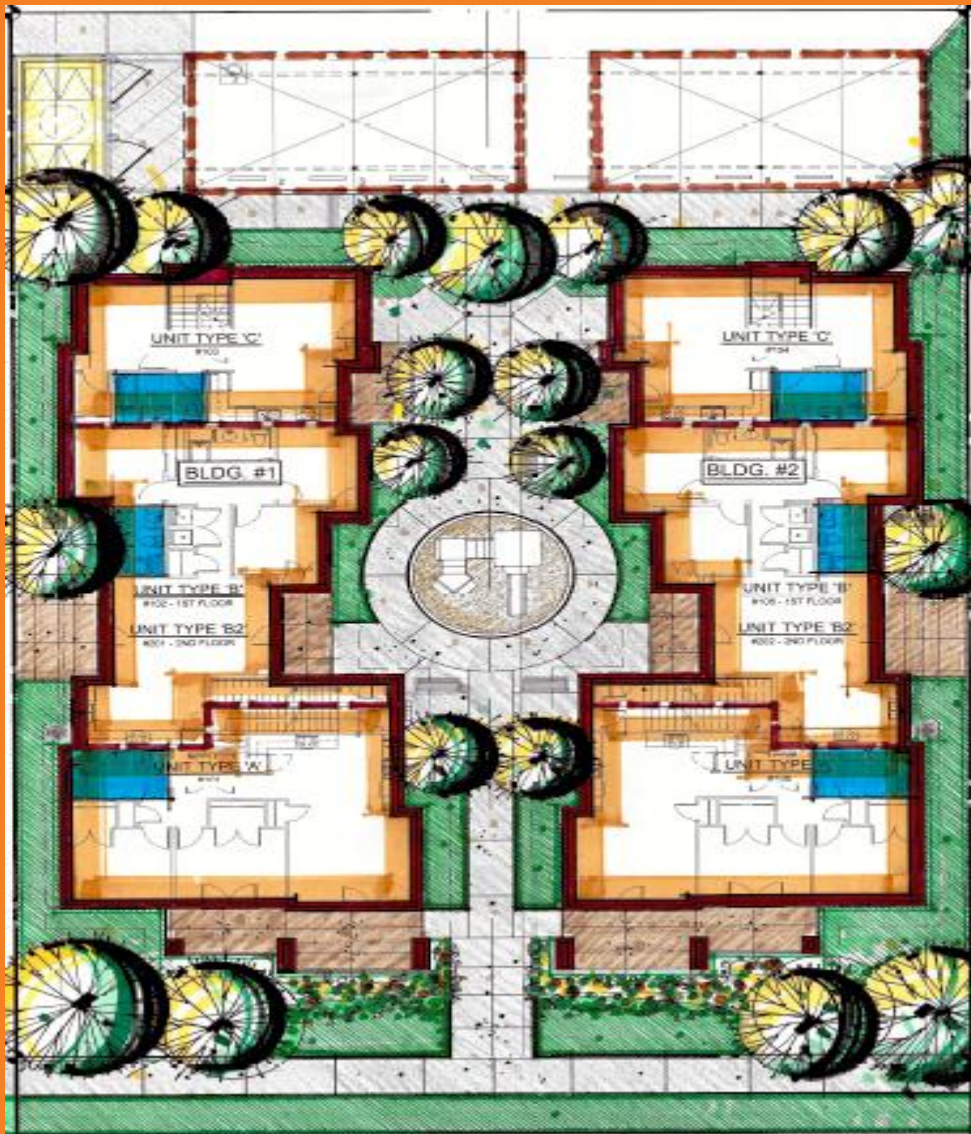
HRFC commitment of up to \$1M

Potential tax credit application on July 1, 2015



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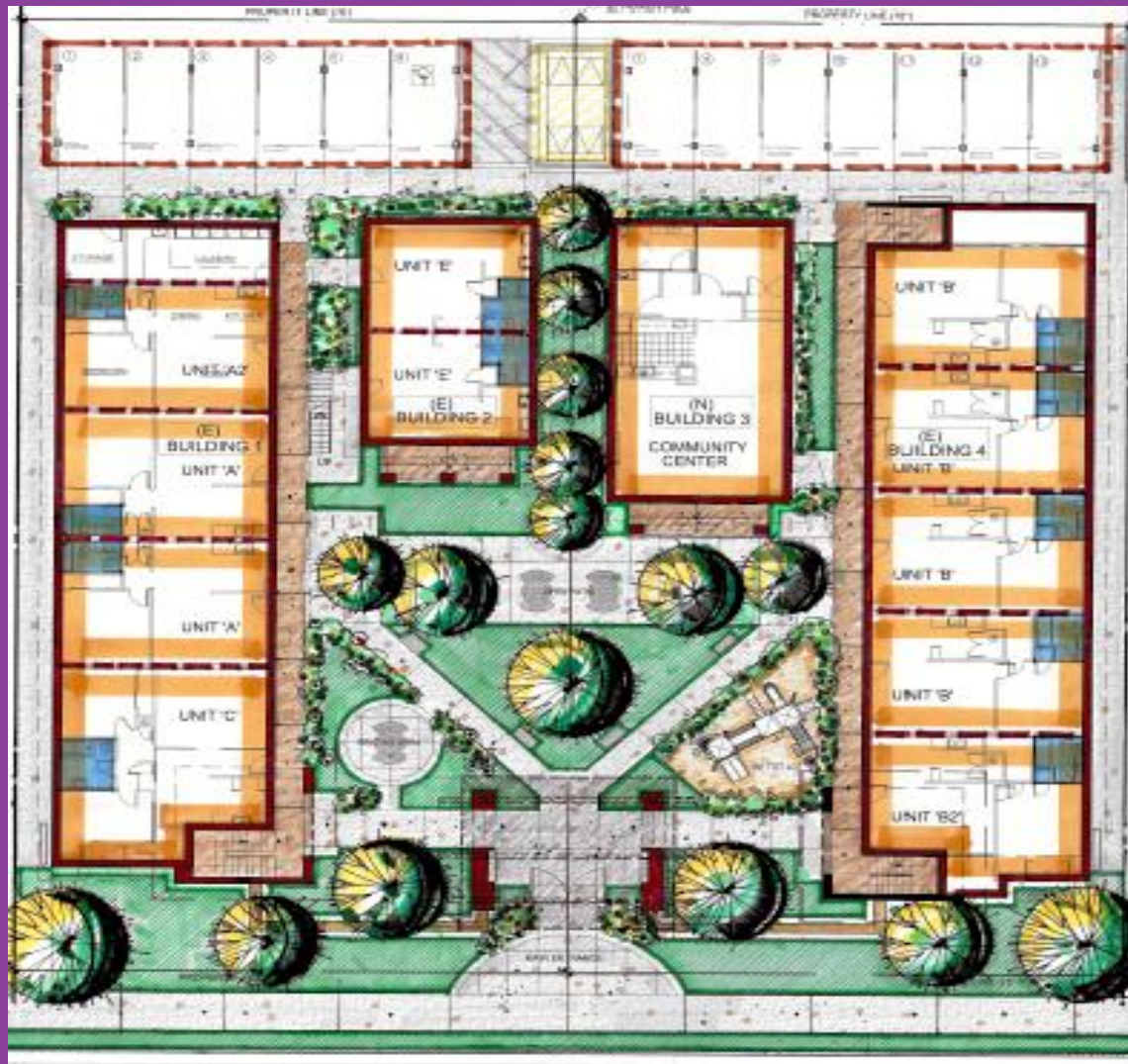
Lowell – Glenn Site Plan



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Lowell – Calaveras Site Plan



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Lowell Neighborhood Project Financing Plan

Pro Forma Sources and Uses		
Sources of Funds	Amount	Per Unit
Tax Credit Equity	\$5,930,224	\$197,674
FH Financing	\$800,000	\$26,667
City of Fresno HOME Funds	\$1,300,000	\$43,333
Accrued/Deferred Interest	\$40,300	\$1,343
Total Sources of Funds	\$8,070,524	\$269,017
Uses of Funds	Amount	Per Unit
Acquisition Costs	\$1,038,000	\$34,600
Construction Costs	\$4,150,000	\$138,333
Hard Cost Contingency	\$350,000	\$11,667
Relocation Costs	\$150,000	\$5,000
Professional Fees	\$357,500	\$11,917
Loan Fees and other Soft Costs	\$1,093,017	\$36,434
Reserves	\$75,200	\$2,507
Developer Fee	\$856,807	\$28,560
Total Uses of Funds	\$8,070,524	\$269,017

Please note that these sources and uses of funds are not yet final. The sources and uses of funds may change.



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Shockley Terrace

Proposed redevelopment of an existing 25 unit low income public housing site

New construction project of 48 units of which 25 units are RAD conversion units

FH estimated seller financing and LIPH cap/op funds of up to \$1.5M

HRFC estimated commitment of up to \$1.8M

Potential tax credit application on July 1, 2015



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Shockley Terrace Site Plan



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Shockley Terrace Financing Plan

Shockley Terrace		
Pro Forma Sources and Uses		
Sources of Funds	Amount	Per Unit
Tax Credit Equity	\$11,119,084	\$231,648
Seller Financing	\$1,150,000	\$23,958
HRFC Funds	\$1,231,318	\$25,652
FH Caps & Ops	\$357,429	\$7,446
GP contribution	\$100	\$2
Perm Loan	\$500,000	\$10,417
Total Sources of Funds	\$14,357,931	\$299,124
Uses of Funds	Amount	Per Unit
Acquisition Costs	\$1,150,000	\$23,958
Construction Costs	\$7,950,000	\$165,625
Hard Cost Contingency	\$397,500	\$8,281
Relocation Costs	\$225,000	\$4,688
Professional Fees	\$425,000	\$8,854
Loan Fees and other Soft Costs	\$2,481,944	\$51,707
Reserves	\$155,174	\$3,233
Developer Fee	\$1,573,313	\$32,777
Total Uses of Funds	\$14,357,931	\$299,124
*all numbers subject to change		



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Shockley Terrace

June, 2015 Recommended Board Actions:

- Approval of MOU with Silvercrest, Inc. & the formation of a to-be-formed Limited Partnership.
- Funding commitment from HRFC, Public Housing Capital Funds and/or Operating Reserves and Seller Financing Proceeds.
- Application for 9% LIHTC & various financing sources.
- Award of Architectural contract with Mogavero & Notestine



Magill Terrace

Proposed redevelopment of an existing 20 unit low income public housing site

New construction project of 60 units of which 20 units are RAD conversion units

FH estimated seller financing and LIPH cap/op funds of up to \$1.5M

HRFC estimated commitment of up to \$2M

Potential tax credit application on July 1, 2015

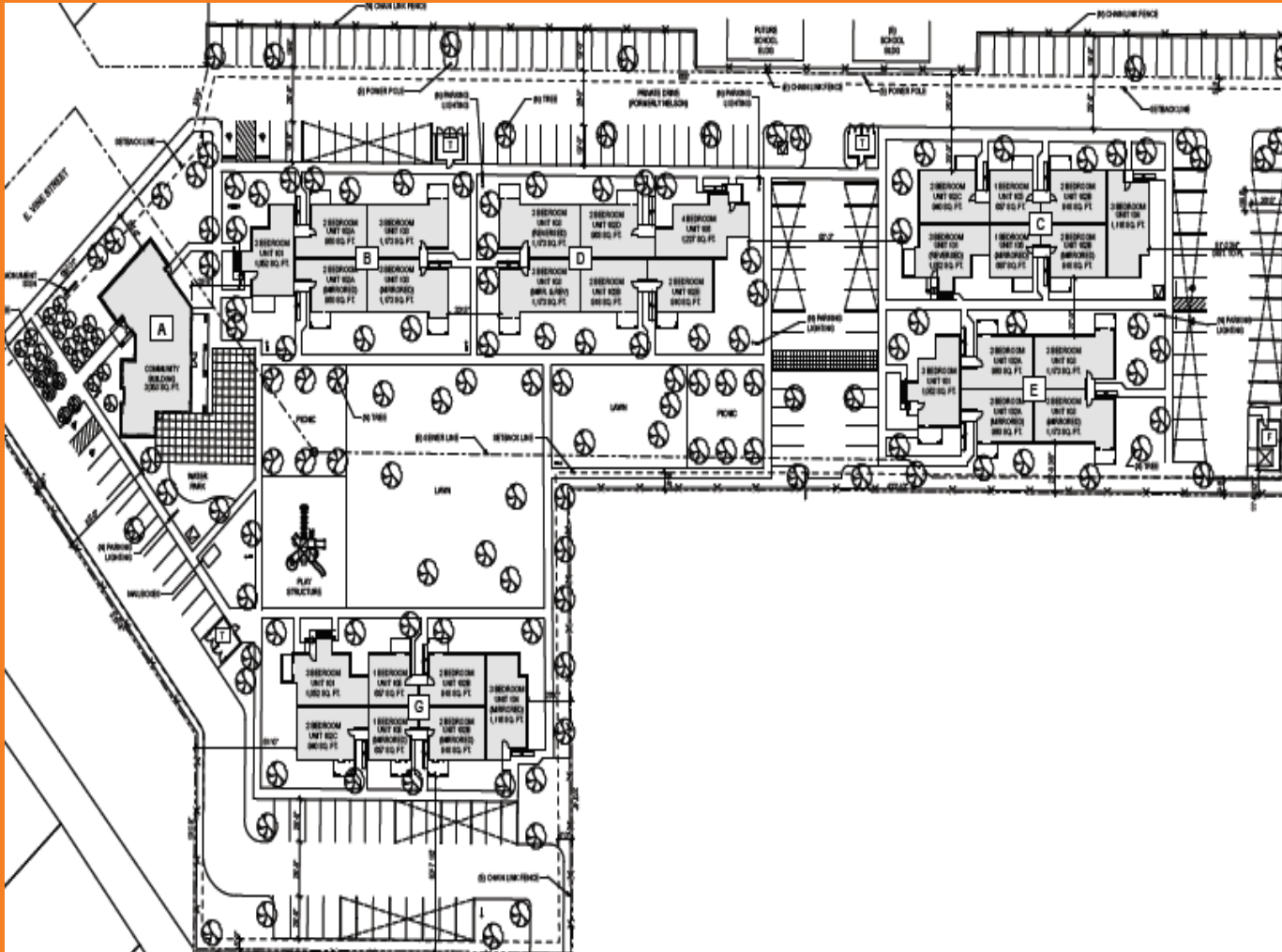


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Magill Terrace Site Plan



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Magill Terrace Financing Plan

Magill Terrace

Pro Forma Sources and Uses		
Sources of Funds	Amount	Per Unit
Tax Credit Equity	\$14,875,644	\$247,927
Seller Financing	\$1,150,000	\$19,167
HRFC Funds	\$1,968,982	\$32,816
FH Caps & Ops	\$365,541	\$6,092
GP contribution	\$100	\$2
Total Sources of Funds	\$18,360,267	\$306,004
Uses of Funds	Amount	Per Unit
Acquisition Costs	\$1,150,000	\$19,167
Construction Costs	\$11,050,000	\$184,167
Hard Cost Contingency	\$552,500	\$9,208
Relocation Costs	\$195,000	\$3,250
Professional Fees	\$470,000	\$7,833
Loan Fees and other Soft Costs	\$2,765,867	\$46,098
Reserves	\$176,900	\$2,948
Developer Fee	\$2,000,000	\$33,333
Total Uses of Funds	\$18,360,267	\$306,004



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Magill Terrace

June, 2015 Recommended Board Actions:

- Approval of MOU with Silvercrest, Inc. & the formation of a to-be-formed Limited Partnership.
- Funding commitment from HRFC, Public Housing Capital Funds and/or Operating Reserves and Seller Financing Proceeds.
- Application for 9% LIHTC & various financing sources.
- Award of Architectural contract with Mogavero & Notestine



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Thank you!



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Leveraging the HCV Program to Improve Quality Housing

*Boards of Commissioners Meeting
June 23, 2015*



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Outline

Abatement Analysis Update

Geographic Collaboration Strategy

Potential Policy Recommendations

Potential Procedure Recommendations



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Abatement Analysis Overview

- Abatement : The unit has failed two inspections for owner-related items
 - The owner is at risk of losing HAP \$
 - These items may be cured, result in an abatement, or a contract cancellation
 - A third inspection is required to clear the abatement



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May 2015 Abatement Data

- May Data Set showed 78 abatements pending for June
 - Nearly 500 individual owner-fail items as of mid-May
 - About 33% items cleared at re-inspection
- As of June 15th,
 - 59 (75%) of the units passed the inspection and cleared the abatement list
 - 38 passed before the abatement took effect
 - 21 passed after the abatement and had HAP abated (\$1700 HAP abated)
 - 18 units did not pass and the contract has been cancelled
 - \$7400 HAP abated
 - Residents have either been issued vouchers or have appointments pending



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Resident Support

- Residents with cancelled contracts will receive the following types of support
 - Housing search support
 - Referral to Credit and Budget Counseling
 - Most of these 18 families have substantial credit concerns
 - Education on mobility and opportunity options
 - Counseling on tenant-related HQS concerns
- These supports will be delivered via a Resident Services Coordinator to help navigate and mitigate the housing barriers



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June 2015 Abatement Data

- Data shows 71 current abatements as of mid-June
- About 40% of the units' 400 original failed items were verified as cured at the re-inspection.
 - About ½ of the owners did not fix any items from the 1st inspection to re-inspection.
- Of the remaining 71 units (~240 items) that failed at re-inspection:
 - 63% of units had 1 – 3 items remaining
 - 31% of units had 4 – 9 items remaining
 - 6% of units had 10 or more items remaining
- June data is almost exactly like May data
- There are four “repeat” units/landlords



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June 2015 Abatement Data Set

- As of today, 15 units have been removed from the list of 71 as they have passed inspection
 - The remaining 56 units have until July 1st to pass inspection or will face HAP \$ losses and/or termination
- It is the responsibility of the owner to notify the Housing Authority when the unit is ready for inspection.



Abatement : Impacts

- Additional time for inspectors, accounting staff, HCV staff
- 2-3 inspections per occurrence on abatement list multiply the impact on both staff and residents
- If contract cancels, residents must move burdening residents
- Additional admin burden to staff due to processing of new “move-in”
- Lost admin fees during time between contracts



Estimated costs of abatements

- Landlords in the abatement process could cost the agency nearly \$100k per year in staff time alone
 - In addition to the regular administrative cost of the program
- Roughly 6.7% of our contracts end up in abatement status
 - Small number of contracts generate a large financial burden on the agency
- Loss of admin fee could be as high as \$140K per year based on lease-up data



Potential Solutions

- Landlord Support and Training Program
- Recovery of some financial losses through a waiver allowing us to charge fees for excessive inspections
 - MTW agencies have charged \$45/re-inspection if the landlord claims the unit is ready and it fails again
- Additional landlord outreach to increase the number of quality housing options for residents
- Disallowance of landlords with repetitive issues





Geographic Collaboration

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Geographic/Collaboration Strategy

- Cross –reference properties with partners
 - Police Calls for Service
 - City Code Enforcement Group
 - Fresno Housing “Inspectors” List
- Working with POP Officers in each of the four policing districts to pinpoint some key areas in need of attention
 - Have made contact with and/or received info from each officer with “hot spots”
 - Cross-referencing with our database and analyzing past inspections
 - Confirming with contact at Code Dept and adding in service calls



Initial Analysis by District

- NE District – Detective Lee
 - Blackstone/Ashlan/Dakota
 - Total of 106 HAP contracts with roughly 10 different landlords in the area of concern
 - About 2/3 of the landlords/complexes are improving
 - One complex has had almost 200 calls for police service within last 12 month
 - Same complex had numerous calls for service from Code Enforcement
 - Average 3.5 inspections per contract



Initial Analysis by District

- NW District – Detective Serrano
 - Shaw/Shields/Polk/Marks
 - Total of 132 HAP contracts in one area with four different landlords
 - Total of 53 contracts in second key area with multiple owners (condos)
 - Working with POP Officer and Code on landlord progress



Initial Analysis by District

- SW District – Detective Campos
 - Data to Come
- SE District – Detective Santellano
 - Data to Come





Policy/Procedure Recommendations

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DRAFT Policy Recommendations

- Move forward with amendment to 2015 Admin Plan
 - Add HUD approved language around “Discretionary Disapprovals”
 - Requires 45 day comment period and then Board Approval
 - July Board Meeting: Proposed new language and start 45 comment period
 - September Meeting: Public Hearing and Board Adoption
- Move forward to immediately incorporate the changes above into the 2016 Admin Plan



Proposed Amendment Highlights

- “The Housing Authority maintains the discretion to disapprove an owner for a minimum of three years depending on the severity of the infraction and including the following reasons:”
 - Owner has a history of non-compliance with HQS or other federal housing program guidelines
 - Owner has a history of renting units that fail to meet State or local housing codes
 - Owner has not paid State or local real estate taxes, fines or assessments



DRAFT Procedure/Project Recommendations

- Develop guidelines for disapprovals utilizing data from ongoing analysis
- Develop a “resident support” process for cases where HAP contracts are cancelled
- Establish monthly analytics that can show property inspection trends
- Develop landlord support “program”
- Establish landlord outreach goals to increase possible quality landlords interested in HCV program
- Request a waiver



Questions/Comments?



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