

# Boards of Commissioners Update

August 2015



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FRESNO HOUSING

## **Boards of Commissioners Update – August 2015**

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**TO:** Boards of Commissioners **DATE:** 08/17/15  
Fresno Housing Authority  
**FROM:** Preston Prince *P.P.*  
CEO/Executive Director  
**AUTHOR** Juan Lopez  
Sr Housing Analyst  
**RE:** July 2015 Update on Leasing and Housing Assistance  
Payments (HAP) Pacing for the Housing Choice Voucher  
(HCV) Program

### **Executive Summary**

The U.S. Department of Housing and Urban Development (HUD) has used historical data as a benchmark to determine future funding, and this method will continue for Calendar Year (CY) 2015. As in the past, we will continue to diligently monitor our HAP and voucher utilization rates.

### **City HCV**

HAP expenditures for the month of June totaled \$3,658,571. The Per Unit Cost (PUC) decreased from \$526 in June, to \$516 for the month of July. HAP expenditures for the year are projected at \$44.07 million, resulting in 97.29% utilization of HAP funding, and an expected year-end balance of \$2.46 million in HAP reserves.

The overall projected voucher utilization for CY 2015 is 99%, ending the month of December at 96.4%.

### **County HCV**

HAP expenditures for the month of July totaled \$3,082,513. The PUC for July increased to \$516 from \$513 in June. HAP expenditures for the year are projected at \$34.88 million, resulting in 99.38% utilization of HAP funding, and an expected year-end balance of \$1.43 million in HAP reserves.

The overall projected voucher utilization for CY 2015 is 99.8%, ending the month of December at 91.9%.

In order to acquire full points for SEMAP indicator 13 (Lease-Up), one of the above utilization rates must be 98% or above. In addition, we strive for a 99% voucher utilization in order to house as many families as possible and maximize funding for the upcoming year.

As a follow-up to a question posed by Commissioner Petty at last month's board meeting regarding the administrative expenses, as of June 30, 2015, the City program had a shortfall of \$37k and is projected to have a shortfall of \$239k at year-end. This is due to third-party inspection costs, as well as employee and administrative expenses tied to our special programs that include homeless set-aside vouchers, VASH, and Project-Based vouchers.

Third-party inspections are required for rental properties owned by the Housing Authority such as Parc Grove Commons.

The County program had a June 30<sup>th</sup> surplus of \$165k and is projected to have a year-end surplus of \$227k.

Generally, HCV program administrative expenses are split 55%/45% between the City and County programs. The biggest discrepancies are tied to aforementioned special program expenses. Collectively, the HCV programs are projected to have a year-end deficit of about \$13k.

We will continue to diligently monitor program expenses and take advantage of any cost-saving measures that are provided by HUD.

**Recommendation**

This item is informational only. No action is necessary.

CITY HAP ANALYSIS - CALENDAR YEAR 2015

HAP	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	CY 2015 Total
Total HAP Revenue (101.2%)	3,772,347	3,847,848	3,847,848	3,741,556	3,858,194	3,892,479	3,614,360	3,805,233	3,805,233	3,701,144	3,701,144	3,701,142	45,288,528
HAP Expenses	3,731,670	3,800,170	3,739,637	3,755,600	3,722,948	3,700,875	3,658,571	3,635,866	3,613,161	3,590,457	3,567,752	3,545,047	44,061,754
Net HAP	40,677	47,678	108,211	(14,044)	135,246	191,604	(44,211)	169,367	192,072	110,687	133,392	156,095	1,226,774
Items Impacting NRA*	259	362	366	745	4,815	150	975	975	975	975	975	975	12,547
PHA-Held Reserve Balance	\$89,071	\$137,111	\$217,154	\$232,389	\$372,450	\$564,204	\$520,968	\$691,310	\$884,356	\$996,019	\$1,130,386	\$1,287,456	\$1,287,456
Items Impacting HUD Reserve	\$0	\$0	\$0	\$0	\$0	-\$311,198	\$0	\$0	\$0	\$0	\$0	-\$373,050	-\$684,248
HUD-Held Reserve Balance	\$1,858,863	\$1,858,863	\$1,858,863	\$1,858,863	\$1,858,863	\$1,547,665	\$1,547,665	\$1,547,665	\$1,547,665	\$1,547,665	\$1,547,665	\$1,174,615	\$1,174,615
Total HAP Reserve Balance	\$1,947,934	\$1,995,974	\$2,076,017	\$2,091,252	\$2,231,313	\$2,111,869	\$2,068,633	\$2,238,975	\$2,432,021	\$2,543,684	\$2,678,051	\$2,462,071	\$2,462,071
Monthly Utilization	98.92%	98.76%	97.19%	100.38%	96.49%	95.08%	101.22%	95.55%	94.95%	97.01%	96.40%	95.78%	
YTD Utilization	98.92%	98.84%	98.29%	98.80%	98.33%	97.78%	98.25%	97.91%	97.58%	97.53%	97.43%	97.29%	97.29%

VOUCHER UTILIZATION													
Baseline	7,081	7,081	7,081	7,081	7,081	7,081	7,128	7,128	7,128	7,128	7,128	7,128	85,254
Total Unit Months Leased	7,073	7,213	7,134	6,979	7,084	7,042	7,090	7,046	7,002	6,958	6,914	6,870	84,405
Variance	(8)	132	53	(102)	3	(39)	(38)	(82)	(126)	(170)	(214)	(258)	(849)
YTD Baseline	7,081	14,162	21,243	28,324	35,405	42,486	49,614	56,742	63,870	70,998	78,126	85,254	85,254
YTD Unit Months Leased	7,073	14,286	21,420	28,399	35,483	42,525	49,615	56,661	63,663	70,621	77,535	84,405	84,405
Monthly Utilization	99.89%	101.86%	100.75%	98.56%	100.04%	99.45%	99.47%	98.85%	98.23%	97.62%	97.00%	96.38%	
YTD Utilization	99.89%	100.88%	100.83%	100.26%	100.22%	100.09%	100.00%	99.86%	99.68%	99.47%	99.24%	99.00%	99.00%

ADMINISTRATIVE FEES													
Administrative Fees Earned (79%)	403,244	415,090	530,188	373,123	383,419	454,924	405,195	402,702	400,208	397,715	395,221	392,728	4,953,758
Administrative Expenses	357,841	441,736	474,004	413,889	505,360	403,883	432,785	432,785	432,785	432,785	432,785	432,785	5,193,425
Monthly Surplus/(Deficit)	45,403	(26,646)	56,184	(40,766)	(121,941)	51,041	(27,590)	(30,084)	(32,577)	(35,071)	(37,564)	(40,058)	
YTD Surplus/(Deficit)	45,403	18,757	74,941	34,175	(87,766)	(36,725)	(64,315)	(94,398)	(126,976)	(162,046)	(199,610)	(239,668)	(239,668)

AVG HOUSEHOLD INCOME													
Avg Household Inc.	10,361	10,395	10,394	10,304	10,398	10,409	10,412	10,397	10,360	10,360	10,360	10,360	10,376
Per Unit Cost	528	527	524	538	526	526	516	516	516	516	516	516	522

\*Items impacting NRA include: Fraud Recoveries, FSS Escrow Forfeitures, Interest earned on HAP Reserves, and HUD - Required Reserve Utilization

COUNTY HAP ANALYSIS - CALENDAR YEAR 2015

HAP	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	CY 2015 Total
Total HAP Revenue (101.2%)	2,811,731	2,821,292	2,821,292	2,911,256	2,963,606	3,122,334	3,094,197	2,955,212	2,955,212	2,878,291	2,878,291	2,878,292	35,091,006
HAP Expenses	2,722,744	2,883,837	2,978,098	2,965,189	2,986,952	2,995,645	3,082,513	3,012,386	2,942,258	2,859,240	2,768,487	2,677,733	34,875,081
Net HAP	88,987	(62,545)	(156,806)	(53,933)	(23,346)	126,689	11,684	(57,174)	12,954	19,051	109,805	200,559	215,925
Items Impacting NRA*	618	230	3,754	80	-	-	-	-	-	-	-	-	4,682
PHA-Held Reserve Balance	\$305,513	\$243,198	\$90,146	\$36,293	\$12,947	\$139,636	\$151,320	\$94,146	\$107,100	\$126,152	\$235,956	\$436,515	\$436,515
Items Impacting HUD Reserve	\$0	\$0	\$219,618	\$0	\$0	-\$270,877	\$0	\$0	\$0	\$0	\$0	-\$239,900	-\$291,159
HUD-Held Reserve Balance	\$1,292,541	\$1,292,541	\$1,512,159	\$1,512,159	\$1,512,159	\$1,241,282	\$1,241,282	\$1,241,282	\$1,241,282	\$1,241,282	\$1,241,282	\$1,001,382	\$1,001,382
Total HAP Reserve Balance	\$1,598,054	\$1,535,739	\$1,602,305	\$1,548,452	\$1,525,106	\$1,380,918	\$1,392,602	\$1,335,428	\$1,348,382	\$1,367,434	\$1,477,238	\$1,437,897	\$1,437,897
Monthly Utilization	96.84%	102.22%	105.56%	101.85%	100.79%	95.94%	99.62%	101.93%	99.56%	99.34%	96.19%	93.03%	
YTD Utilization	96.84%	99.53%	101.54%	101.62%	101.45%	100.46%	100.34%	100.54%	100.43%	100.32%	99.95%	99.38%	99.38%

VOUCHER UTILIZATION													
Baseline	5,652	5,652	5,652	5,652	5,652	5,652	5,652	5,652	5,652	5,652	5,652	5,652	67,824
Total Unit Months Leased	5,335	5,593	5,709	5,794	5,796	5,843	5,978	5,842	5,706	5,545	5,369	5,193	67,703
Variance	(317)	(59)	57	142	144	191	326	190	54	(107)	(283)	(459)	(121)
YTD Baseline	5,652	11,304	16,956	22,608	28,260	33,912	39,564	45,216	50,868	56,520	62,172	67,824	67,824
YTD Unit Months Leased	5,335	10,928	16,637	22,431	28,227	34,070	40,048	45,890	51,596	57,141	62,510	67,703	67,703
Monthly Utilization	94.39%	98.96%	101.01%	102.51%	102.55%	103.38%	105.77%	103.36%	100.96%	98.11%	94.99%	91.88%	
YTD Utilization	94.39%	96.67%	98.12%	99.22%	99.88%	100.47%	101.22%	101.49%	101.43%	101.10%	100.54%	99.82%	99.82%

ADMINISTRATIVE FEES													
Administrative Fees Earned (79%)	303,553	320,652	373,294	308,263	308,316	390,250	341,203	333,496	325,789	316,665	306,691	296,717	3,924,890
Administrative Expenses	250,229	309,050	328,662	297,871	359,728	293,950	317,852	308,192	308,192	308,192	308,192	308,192	3,698,301
Monthly Surplus/(Deficit)	53,324	11,602	44,632	10,392	(51,412)	96,300	23,351	25,304	17,597	8,473	(1,501)	(11,474)	
YTD Surplus/(Deficit)	53,324	64,926	109,558	119,950	68,538	164,838	188,189	213,493	231,091	239,564	238,064	226,589	226,589

AVG HOUSEHOLD INCOME													
Avg Household Inc.	10,259	10,277	10,298	10,271	10,195	10,200	10,174	10,204	10,149	10,149	10,149	10,149	10,206
Per Unit Cost	510	516	522	512	515	513	516	516	516	516	516	516	515

\*Items impacting NRA include: Fraud Recoveries, FSS Escrow Forfeitures, Interest earned on HAP Reserves, and HUD - Required Reserve Utilization






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**TO:** Boards of Commissioners **DATE:** 8/17/2015  
Fresno Housing Authority  
**FROM:** Preston Prince   
CEO/Executive Director  
**AUTHOR** Michael van Putten  
Budget Analyst  
**SUBJECT:** Financial Operating Results through June 30, 2015

### Executive Summary

The purpose of this memo is to present the financial operating results as of June 30, 2015 along with a brief summary of variances from the current approved budget. 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.

Overall, the Agency performed better than expected for the first half of the year. Total net income is about \$1.1 million better than projected, and unrestricted net income is \$97 thousand better than budgeted. These positive variances are mainly attributable to expense reductions across the Agency, particularly in Planning and Community Development (P&CD) and Housing Management (HSM) divisions.

Total income is about \$650 thousand below the year-to-date (YTD) budget, with the largest negative variances showing within P&CD. The deviation in P&CD is namely attributable to the delay in receiving budgeted developer fees; however, these variances are only due to timing, and the anticipation of collecting the outstanding fees during the 3<sup>rd</sup> or 4<sup>th</sup> quarters.

Year-to-date expenditures are \$1.8 million lower than budgeted, primarily attributable to unpaid professional consulting fees contingent upon the receipt of our developer fees. As the Agency receives its outstanding developer fees during the third and fourth quarter, we should expect the budgeted expenses to be paid and our actuals to normalize during the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2015. Another major expense variation (about \$300 thousand in positive expense reductions) is attributable to fluctuations in staffing levels, most notably within P&CD, Instrumentalities (Inst) and HSM division. As hiring increases and budgeted positions are filled, we expect to see salaries, benefits, and payroll related taxes increase in quarters 3 and 4. The Housing Management division also saw a \$320 thousand positive variation in Fleet & Facilities costs that will increase as summer utility expenses are incurred and paid.

## Summary of Financial Operating Results

	<b>2015 Approved Budget</b>	<b>Jan.- June Budget</b>	<b>Jan.-June Results</b>	<i>Jan - June Fav./(Unfav.) Variance</i>
Income	35.36	17.63	16.98	(0.65)
Expenses	35.09	17.03	15.25	1.79
<b>Net Income</b>	<b>0.27</b>	<b>0.59</b>	<b>1.73</b>	<b>1.14</b>
Unrestricted Funds	(0.66)	(0.34)	(0.24)	0.10

\* Dollars are shown in millions and rounded to the nearest ten thousand.

\*Unrestricted Funds consist of Net Operating Income from the Core, Planning & Development, and Affordable Housing divisions, and any negative NOI in the Assisted Housing Division.

\*Restricted Funds consist of Net Operating Income from the Housing Management and Instrumentalities divisions and any positive NOI in the Assisted Housing Division.

\* 2<sup>nd</sup> Qtr. Budget does not equal 50% of the annual budget because it has been adjusted for the timing of certain income and expenses. Annual budget figures are unchanged.

## Background Information

The 2015 Operating Budget was approved by the Boards of Commissioners on December 17<sup>th</sup>, 2014, with year-end net income of approximately \$265 thousand dollars, of which \$668 thousand was to be utilized from our unrestricted operating reserves.



	YTD Budget as of June 30, 2015							2015 Results as of June 30, 2015							2nd Quarter Financial Results to 2nd Quarter Budget	
	Core	Inst	P&CD	AHD	HSM	Aff	Total	Core	Inst	P&CD	AHD	HSM	Aff	Total		
HAP BUDGET																
HAP RENTAL ASSISTANCE	-	-	-	40,424,822	-	-	40,424,822	-	-	-	40,680,956	-	-	40,680,956	(256,134)	-0.6%
HAP PAYMENTS	-	-	-	39,813,628	-	-	39,813,628	-	-	-	39,772,240	-	-	39,772,240	41,388	0.1%
Restricted earnings:	-	-	-	611,194	-	-	611,194	-	-	-	908,716	-	-	908,716	(297,522)	-48.7%
OPERATING BUDGET																
INCOME																
ADMIN & MANAGEMENT FEES	2,526,663	-	-	4,201,404	272,191	-	7,000,257	2,467,055	22,809	-	4,196,916	234,337	-	6,921,117	(79,141)	-1.1%
RENTAL INCOME	-	-	-	-	2,243,002	855,168	3,098,169	-	-	-	-	2,313,816	959,371	3,273,187	175,018	5.6%
HUD GRANTS	-	-	-	182,304	2,475,458		2,657,761	-	-	-	196,624	2,471,865		2,668,489	10,728	0.4%
MISCELLANEOUS	77,550	745,426	1,760,199	397,894	67,268	13,650	3,061,988	39,963	684,683	998,389	328,852	398,528	22,359	2,472,773	(589,214)	-19.2%
GRANT FUNDING (Non-HUD)	-	-	-	77,267	942,362	-	1,019,629	-	-	-	169,519	669,358	-	838,877	(180,752)	-17.7%
SOFTWARE, EQUIP & OCCUPANCY	786,573	-	-	-	-	-	786,573	802,216	-	-	-	-	-	802,216	15,643	2.0%
SALES OF INVESTMENTS/ASSETS	2,500	-	-	-	-	-	2,500	-	-	-	-	-	-	-	(2,500)	-100.0%
Total Income:	3,393,286	745,426	1,760,199	4,858,869	6,000,280	868,818	17,626,877	3,309,234	707,492	998,389	4,891,911	6,087,903	981,730	16,976,659	(650,218)	-3.7%
EXPENSES																
SALARIES (inc temps)	1,416,739	52,413	518,114	2,080,100	1,151,787	14,913	5,234,066	1,460,879	37,269	405,910	2,082,063	1,042,352	2,382	5,030,855	203,211	4%
BENEFITS & TAXES	512,206	22,913	192,906	860,649	595,885	8,340	2,192,900	542,732	21,292	148,552	824,324	552,752	1,185	2,090,838	102,062	5%
Salaries & Benefits	1,928,946	75,327	711,020	2,940,749	1,747,672	23,252	7,426,966	2,003,611	58,561	554,462	2,906,387	1,595,104	3,567	7,121,693	305,273	4%
ADMIN, ACCTG, MANAGEMENT, PILOT FEES	-	205,500	-	1,447,506	993,588	2,380	2,648,974	-	100,000	-	1,512,710	947,492	-	2,560,202	88,772	3%
PROFESSIONAL/ADMINISTRATIVE FEES	590,400	38,049	676,607	221,636	258,568	2,681	1,787,942	588,668	10,347	51,734	74,135	193,227	2,414	920,525	867,417	49%
SOFTWARE, EQUIPMENT & OCCUPANCY	430,267	-	77,655	464,858	100,461	2,080	1,075,321	449,503	7,040	59,656	491,239	99,991	1,014	1,108,444	(33,122)	-3%
OTHER	429,000	4,416	-	41,250	443,831	2,118	920,614	450,548	254	-	94,206	237,010	1,184	783,202	137,412	15%
OFFICE SUPPLIES, ADVERT., SUBSCRIPTIONS	80,025	-	9,550	72,750	52,592	1,465	216,382	111,254	699	8,732	61,117	32,324	2,224	216,350	33	0%
INSURANCE	10,485	25,055	2,051	11,480	75,818	9,087	133,975	14,441	57,831	3,337	16,183	81,871	4,703	178,366	(44,392)	-33%
PAYMENTS TO EXTERNAL PROP MGRS	-	-	-	-	-	109,495	109,495	-	-	-	-	-	135,444	135,444	(25,949)	-24%
Administrative Overhead	1,540,177	273,020	765,863	2,259,480	1,924,858	129,306	6,892,703	1,614,415	176,170	123,460	2,249,590	1,591,915	146,982	5,902,532	990,171	14%
LANDSCAPING, REPAIRS, SECURITY, ETC.	89,450	-	-	-	631,916	256,125	977,491	70,557	-	-	-	561,989	149,217	781,763	195,728	20%
UTILITIES, GARBAGE, SEWER, ETC.	80,706	-	-	-	951,110	72,657	1,104,473	58,717	-	-	-	712,746	87,848	859,312	245,161	22%
AUTO COSTS	15,150	-	11,400	30,875	61,448	615	119,488	38,889	-	7,710	20,902	49,906	1,100	118,508	981	1%
Fleet & Facilities	185,306	-	11,400	30,875	1,644,474	329,397	2,201,452	168,163	-	7,710	20,902	1,324,642	238,165	1,759,582	441,870	20%
TRAVEL, TRAINING, STAFF DEVELOPMENT	145,919	-	15,155	26,174	26,787	167	214,201	146,203	5,302	19,139	57,846	7,360	8	235,858	(21,657)	-10%
DEBT RELATED COSTS	-	-	-	10,000	122,845	164,886	297,731	-	-	-	-	65,048	160,636	225,684	72,046	24%
Other	-	-	-	10,000	122,845	164,886	297,731	-	-	-	-	65,048	160,636	225,684	72,046	24%
Total Expenses:	3,800,347	348,347	1,503,438	5,267,278	5,466,635	647,008	17,033,053	3,932,392	240,034	704,771	5,234,726	4,584,068	549,359	15,245,349	1,787,704	10.5%
Net Operating Income:	(407,061)	397,080	256,761	(408,409)	533,645	221,809	593,824	(623,157)	467,458	293,618	(342,815)	1,503,835	432,371	1,731,310	1,137,486	191.6%
Unrestricted Funds	(407,061)	-	256,761	(408,409)	-	221,809	(336,900)	(623,157)	-	293,618	(342,815)	-	432,371	(239,983)	96,917	-28.8%




## BOARD UPDATE

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**TO:** Boards of Commissioners **DATE:** 08/17/2015  
Fresno Housing Authority  
**FROM:** Preston Prince   
CEO/Executive Director  
**AUTHOR** Emily De La Guerra  
Senior Manager  
**RE:** Procurement Update

### General Procurement Update

Based on updated federal regulations pertaining to procurement, Agency staff is currently working to modify the Board-approved procurement policy and our internal procedures. Specifically, we will be taking a closer look at procurement processes based on funding type, conflict of interest procedures, documentation, and panel diversity and structure. Staff expects to have an amended policy ready for the Boards approval in October. Once that is approved, staff will begin work on new procedures and an Agency-wide procurement training.

### Property Management Services RFP

The Boards of Commissioners made a request at the July 28, 2015 board meeting to see a list of firms who submitted a proposal for the Property Management Services Request for Proposal (RFP). Below is the full list of proposers in no particular order.

1. EMPI, a Bayside Corporation
2. GSF Properties, Inc.
3. Interstate Realty Management Company
4. Winn Residential