



# Boards of Commissioners Update

April 2019

## **Boards of Commissioners Update – April 2019**

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## BOARD UPDATE

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**TO:** Boards of Commissioners

**DATE:** April 11, 2019

Fresno Housing Authority

**AUTHOR:** Emily De La Guerra

**FROM:** Preston Prince, CEO/Executive Director



**SUBJECT:** Fresno Housing Operating Budget as of February 28, 2019

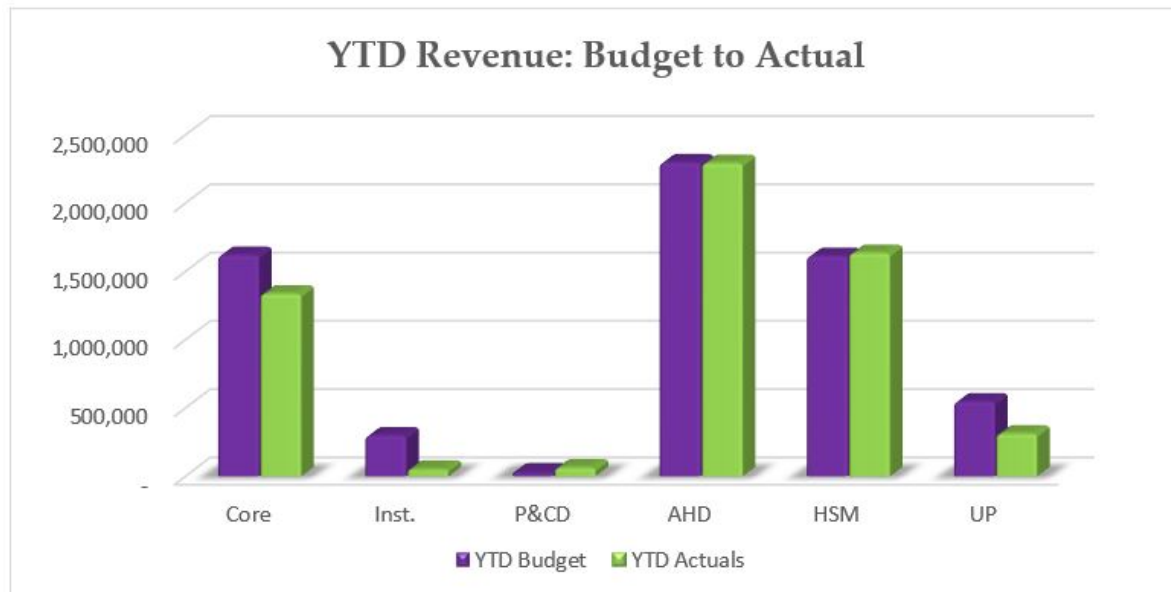
### Executive Summary

The purpose of this update is to present an overview of the financial operating results for the Fresno Housing Authority as of February 28, 2019. The attached financial report shows the consolidation of all Agency operational budgets combined into six 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 2019 Operating Budget was approved by the Boards of Commissioners in December 2018 with total revenues of \$45.9 million and total operating expenses of \$42.1 million. As of February, total revenues are \$5.7 million, and total operating expenses are \$5.3 million. Net Operating Income is \$416 thousand, which means that the operating income exceeds the gross operating expenses during the first two months of the year.

	Fresno Housing Authority		
	Annual Budget	YTD Budget	YTD Actuals
<b>OPERATING BUDGET</b>			
TOTAL INCOME	45,863,676	6,406,066	5,696,499
TOTAL EXPENSES	42,114,451	7,019,075	5,280,417
<b>NET OPERATING INCOME</b>	<b>3,749,225</b>	<b>(613,009)</b>	<b>416,081</b>
TOTAL NON-OPERATING EXPENSES	1,693,553	282,259	206,022
<b>NET INCOME</b>	<b>2,055,672</b>	<b>(895,268)</b>	<b>210,059</b>
<b>UNRESTRICTED NET INCOME</b>	<b>(1,124,696)</b>	<b>(1,107,759)</b>	<b>(286,447)</b>

## Agency Revenue

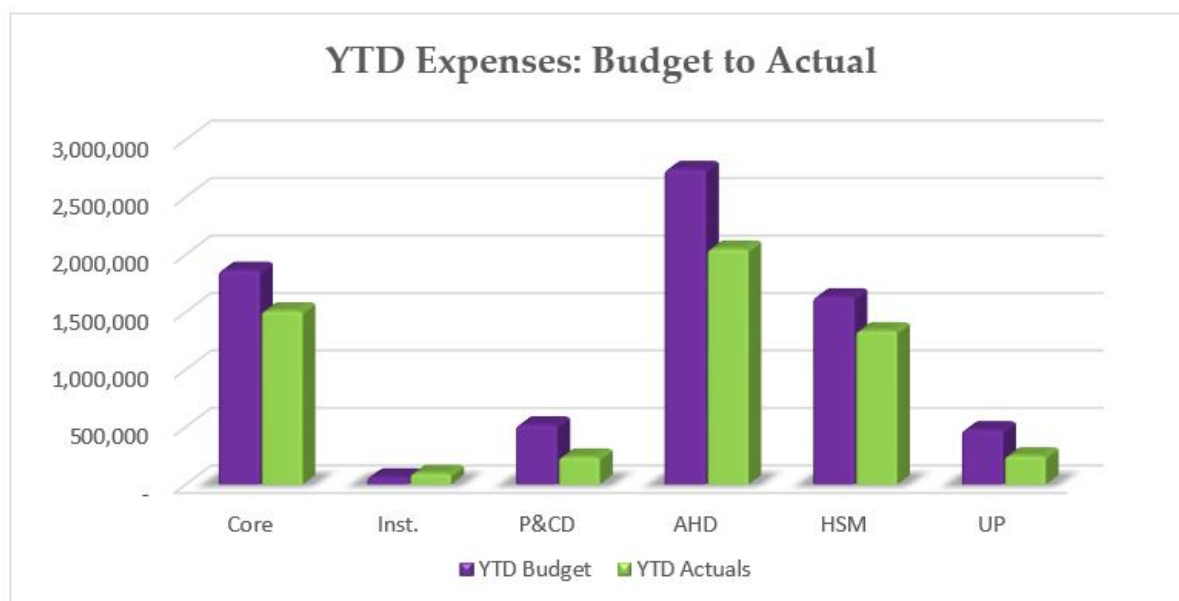


UP - Unrestricted Properties: Agency-owned non-subsidized properties, for example Dayton, Woodside, and San Ramon (formerly known as Affordable Housing)  
 HSM - Housing Management: Restricted, subsidized properties including all public housing, farm labor and migrant properties  
 AHD - Assisted Housing Division: Housing Choice Voucher, Resident Services and Homeless programs  
 P&CD - Planning & Community Development: Real Estate Development and Construction Management departments  
 Inst. - Instrumentalities: Wholly-owned subsidiaries of the Agency, including HRFC, HSIC, and Silvercrest  
 Core: Administrative Services departments including Accounting, Executive, Human Resources and Asset Management

Overall, year-to-date revenue is \$5.7 million, or 11% less than the year-to-date budget largely due to the timing of interest income to Instrumentalities.

- **Core:** Admin & Management Fee Income in Core is less than budgeted due to a reduction in allocation revenue earned from Central Office charges, IT Services and Staff Development. Fees for these services are collected from Agency properties and programs and the revenue is booked in Core. As of February, expenses related to Central Office, IT Services and Staff Development have been less than budgeted therefore, less revenue has been collected and the net effect on the overall budget is neutral.
- **Inst.:** The budget variance in Instrumentalities are mainly due to timing delays in bookkeeping. Interest income to HRFC is booked quarterly, so revenue will not be reflected in the budget report until March. Other Income to Instrumentalities is the transfer of funds from the Housing Authority to HRFC, which the Boards will be asked to approve in the second quarter.
- **P&CD:** No Developer Fees were received in February. Staff anticipates the developer fees for several projects that were budgeted will be received in the first and second quarters of 2019.
- **AHD:** Other Income is less than budgeted and Other Grant Income is more than budgeted due to changes in bookkeeping within the Project Liftoff and HOME TBRA programs. The net effect on overall revenue is neutral.
- **HSM:** Other Income is less than budgeted and Contract Income is more than budgeted due to changes in bookkeeping as well as the timing of reimbursements from the El Puente program. Staff expects these reimbursements to be received in the first and second quarters of 2019.

## Agency Expenses

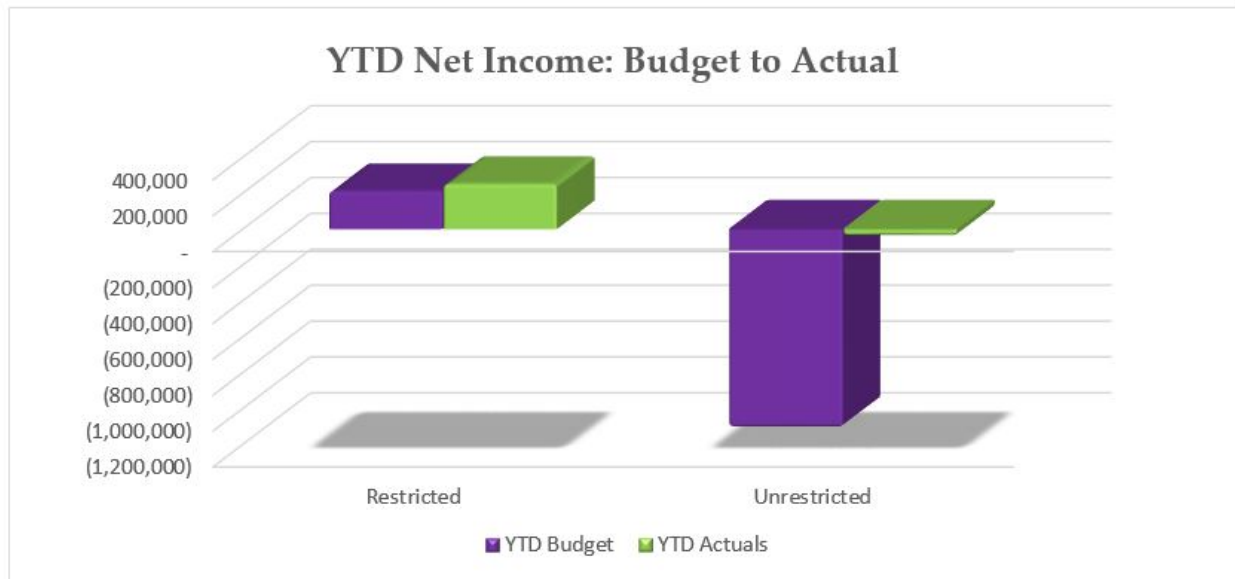


UP - Unrestricted Properties: Agency-owned non-subsidized properties, for example Dayton, Woodside, and San Ramon (formerly known as Affordable Housing)  
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 Core: Administrative Services departments including Accounting, Executive, Human Resources and Asset Management

Overall, year-to-date operating expenses are \$5.3 million and non-operating expenses are \$206 thousand, which together are about 25% lower than budgeted.

- **Agency-wide:** Payroll Expenses are approximately \$685 thousand (22%) lower than anticipated, mainly due to a portion of January's first payroll period being accounted for in December 2018. Other payroll variances also include unfilled positions and/or planned hiring delays. Staff anticipates filling most of these positions throughout the year, specifically those that were approved as part of the Boards' strategic goals.
- **Agency-wide:** Administrative Expenses are approximately \$624 thousand (28%) lower than budgeted across the Agency. As the year progresses, Professional & Consulting Fees and Administrative Contract costs will increase as planned projects begin and expenses are incurred.
- **AHD:** Tenant Services Expenses are lower than budgeted at this point in the year. Staff expects that variance to reduce throughout the year as the High Income Pilot and Workforce Development programs are implemented and those budgeted expenses are incurred.
- **HMD:** Maintenance and Utility Expenses are lower than budgeted (25%) due to decreased costs for utilities, routine maintenance contracts, security and unit turnaround costs. As the year progresses, staff anticipates expenses to be in line with the overall budget as seasonal utility costs increase and planned maintenance projects begin.

## Agency Net Income



- Unrestricted net income is approximately \$821 thousand dollars higher than budgeted as of February 2019. The Agency will draw on unrestricted reserves throughout the year as the new pilot programs begin.
- Restricted net income is slightly higher than budgeted due to the timing of revenue in Instrumentalities and HMD. The timing of these budgeted cash flows have been adjusted to account for quarterly cash flows. Future budget reports will reflect these mostly quarterly transactions.

Fresno Housing Authority  
Financial Results as of February 28, 2019

	Core			Inst.			P&CD			AHD			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		
OPERATING BUDGET																							
INCOME																							
NET TENANT INCOME	-	-	-	-	-	-	-	-	-	-	-	-	5,366,476	894,413	912,065	2,550,710	425,118	258,171	7,917,186	1,319,531	1,170,236	(149,295)	-11%
INTEREST INCOME	8,000	1,333	2,321	1,713,000	285,500	52,880	-	-	-	-	-	-	-	-	-	-	-	-	1,721,000	286,833	55,201	(231,632)	-81%
OTHER INCOME	974,000	162,333	89,954	1,350,000	-	-	170,000	28,333	63,666	1,157,705	192,951	121,900	25,996	4,333	16,730	712,302	118,717	-	4,390,003	506,667	292,250	(214,417)	-42%
ADMIN & MANAGEMENT FEE INCOME	8,739,908	1,456,651	1,245,640	80,000	13,333	-	-	-	-	-	-	-	-	-	-	-	-	-	8,819,908	1,469,985	1,245,640	(224,345)	-15%
DEVELOPER FEE INCOME	-	-	-	-	-	-	5,521,860	-	-	-	-	-	-	-	-	-	-	-	5,521,860	-	-	-	#DIV/0!
HUD GRANT INCOME	-	-	-	-	-	-	-	-	-	12,118,911	2,019,818	2,010,189	4,282,660	713,777	706,307	-	-	-	16,401,571	2,733,595	2,716,496	(17,099)	-1%
OTHER GRANT INCOME	-	-	-	-	-	-	-	-	-	514,532	85,755	161,966	555,418	-	-	22,199	3,700	54,710	1,092,149	89,455	216,676	127,221	142%
TOTAL INCOME	9,721,908	1,620,318	1,337,915	3,143,000	298,833	52,880	5,691,860	28,333	63,666	13,791,148	2,298,525	2,294,055	10,230,550	1,612,522	1,635,102	3,285,211	547,535	312,881	45,863,676	6,406,066	5,696,499	(709,568)	-11%
EXPENSES																							
PAYROLL EXPENSES	7,023,013	1,170,502	958,926	-	-	-	1,450,179	241,697	186,105	7,584,893	1,264,149	969,992	2,422,006	403,668	306,379	487,913	81,319	54,503	18,968,005	3,161,334	2,475,905	(685,429)	-22%
ADMINISTRATIVE EXPENSES	3,418,339	569,723	449,177	382,150	63,692	83,306	1,645,312	274,219	51,879	5,802,611	967,102	754,348	1,875,579	312,597	258,506	332,471	55,412	21,508	13,456,463	2,242,744	1,618,724	(624,020)	-28%
TENANT SERVICES EXPENSES	51,000	8,500	28,093	-	-	-	5,000	833	-	2,967,050	494,508	313,091	246,757	41,126	20,197	6,450	1,075	-	3,276,257	546,043	361,381	(184,662)	-34%
UTILITY EXPENSES	172,144	28,691	19,548	-	-	-	-	-	-	-	-	-	1,737,628	289,605	237,706	458,690	76,448	67,545	2,368,462	394,744	324,799	(69,945)	-18%
MAINTENANCE EXPENSES	474,662	79,110	47,961	-	-	-	9,000	1,500	1,111	92,899	15,483	10,746	2,024,446	337,408	276,781	891,435	148,572	72,807	3,492,442	582,074	409,406	(172,668)	-30%
TAXES & INSURANCE EXPENSES	44,300	7,383	7,377	8,900	1,483	3,994	6,600	1,100	260	7,451	1,242	1,098	419,546	69,924	43,365	66,025	11,004	34,109	552,822	92,137	90,203	(1,934)	-2%
TOTAL EXPENSES	11,183,459	1,863,910	1,511,082	391,050	65,175	87,300	3,116,092	519,349	239,355	16,454,904	2,742,484	2,049,275	8,725,963	1,454,327	1,142,934	2,242,984	373,831	250,471	42,114,451	7,019,075	5,280,417	(1,738,658)	-25%
NET OPERATING INCOME	(1,461,551)	(243,592)	(173,167)	2,751,950	233,658	(34,420)	2,575,768	(491,015)	(175,689)	(2,663,756)	(443,959)	244,780	1,504,587	158,195	492,168	1,042,227	173,705	62,410	3,749,225	(613,009)	416,081	1,029,090	-168%
NON-OPERATING EXPENSES																							
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	10,738	-	-	-	-	-	-	543,556	90,593	106,515	287,600	47,933	-	831,156	138,526	117,253	(21,273)	-15%
TOTAL FINANCING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	532,613	88,769	88,769	329,784	54,964	-	862,397	143,733	88,769	(54,964)	-38%
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	10,738	-	-	-	-	-	-	1,076,169	179,362	195,284	617,384	102,897	-	1,693,553	282,259	206,022	(76,237)	-27%
NET INCOME	(1,461,551)	(243,592)	(173,167)	2,751,950	233,658	(45,158)	2,575,768	(491,015)	(175,689)	(2,663,756)	(443,959)	244,780	428,418	(21,167)	296,884	424,843	70,807	62,410	2,055,672	(895,268)	210,059	1,105,327	-123%
UNRESTRICTED NET INCOME	(1,461,551)	(243,592)	(173,167)				2,575,768	(491,015)	(175,689)	(2,663,756)	(443,959)	-				424,843	70,807	62,410	(1,124,696)	(1,107,759)	(286,447)	821,313	74%



## BOARD UPDATE

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**TO:** Boards of Commissioners

**DATE:** April 11, 2019

Fresno Housing Authority

**AUTHOR:** Aurora Ibarra

**FROM:** Preston Prince, CEO/Executive Director



**SUBJECT:** Update on 2019 Leasing and Housing Assistance Payments for  
the Housing Choice Voucher Program

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### Executive Summary

The purpose of this memo is to update the Boards of Commissioners on February HAP and leasing activities, and projections for the remainder of 2019.

On February 15, 2019, Congress and the White House ended the government shutdown and approved an omnibus package that finalized the federal budget for FY 2019. Final Housing Assistance Payment (HAP) and Administrative Fee prorations are expected to be released sometime in the spring. At this time, prorations are estimated at 99% for HAP, and an 82% to 83% Administrative Fee proration. The 2019 Agency budget assumed a 100% HAP proration and 78% Administrative Fee proration. Staff will continue to monitor legislation and analyze the financial impact to the Agency.

### City HCV

HAP expenditures for the month of February totaled \$3,954,607 with a HAP utilization rate for the month of February of 106.5%. The overall projected HAP utilization rate is 109.3%, with \$562 thousand in HAP reserves remaining at the end of 2019. Current voucher utilization for the month of February is 99.7% with an overall projected voucher utilization for CY 2019 of 99.5%.

### County HCV

HAP expenditures for the month of February totaled \$3,200,672 with a HAP utilization rate for the month of February of 109.9%. The overall projected HAP utilization rate is 108.9%, leaving approximately \$81 thousand in HAP reserves at the end of 2019. Current voucher utilization for the month of February is 102.5% with an overall projected voucher utilization for CY 2019 of 99.2%.

### Leasing Update

Based on current leasing trends, staff expects to exhaust the current wait list in the second quarter of 2019. A new interest list will be opened once the current wait list is exhausted.



# HCV Leasing and Spending Projection

## CA006 Two-Year Voucher Forecasting Summary

4/10/2019

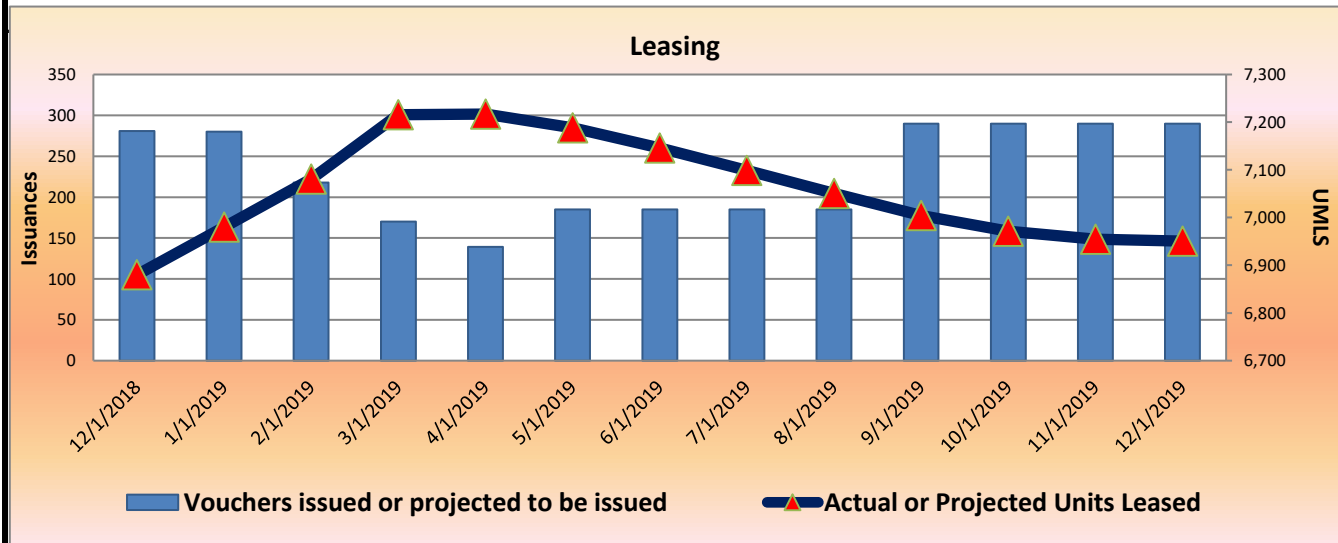
Prepared for: City Board of Commissioners

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 \$562,654 HAP reserves, or 1% 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)	
53%	9%	Leased in	Percent
		0-30 Days	16%
Year 1 PUC		31-60 Days	29%
(Average monthly cost of a voucher - Year 1)		61-90 Days	22%
\$572		91-120 Days	19%
		121-150 Days	14%

After deciding upon the above variables, the leasing scenario revolves around the decision to issue 2,707 vouchers in 2019. This results in a total of 858 new lease-ups this year. Please see the graph below, which shows issued vouchers and associated leasing, as well as the total program UMLs, which takes into account attrition:



Under this scenario, the PHA faces an offset of \$447,148 this year and no offset the following year. Additionally, the higher of this year's leased units (99.5%) or dollars (109.3%) is 109.3%, indicating full leasing indicator points in SEMAP. This is an estimate.

## CA006 Summary

HAP expenditures for February totaled \$3,954,607 with a HAP utilization rate for the month of February of 106.5%. Current voucher utilization for the month of February was 99.7% with an overall projected voucher utilization rate for CY 2019 of 99.5% (Non-VASH).

# HCV Leasing and Spending Projection

## CA028 Two-Year Voucher Forecasting Summary

4/10/2019

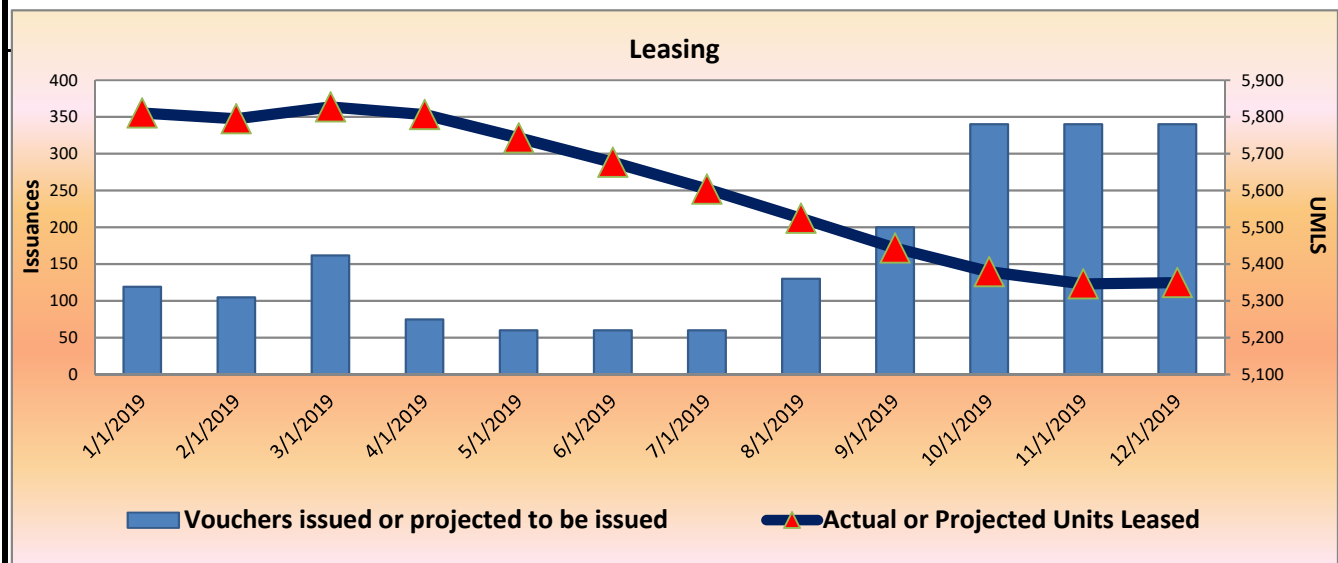
Prepared for: County Board of Commissioners

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 \$81,963, or 0% 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)	
53%	9%	Leased in	Percent
		0-30 Days	16%
Year 1 PUC		31-60 Days	29%
(Average monthly cost of a voucher - Year 1)		61-90 Days	22%
		91-120 Days	19%
\$566		121-150 Days	14%

After deciding upon the above variables, the leasing scenario revolves around the decision to issue 1,991 vouchers in 2019. This results in a total of 502 new lease-ups this year. Please see the below graph, which shows issued vouchers and associated leasing, as well as the total program UMLs, which takes into account attrition:



Under this scenario, the PHA faces an offset of \$54,842 this year and no offset the following year. Additionally, the higher of this year's units (99.2%) or dollars (108.9%) is 108.9%, indicating full leasing indicator points in SEMAP. This is an estimate.

## CA028 Summary

HAP expenditures for February totaled \$3,200,672 with a HAP utilization rate for the month of February of 109.9%. Current voucher utilization for the month of February was 102.5% with overall projected voucher utilization for CY 2019 of 99.2%

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**TO:** Boards of Commissioners

Fresno Housing Authority

**FROM:** Preston Prince   
CEO/Executive Director

**DATE:** April 11, 2019

**AUTHOR:** Emily De La Guerra

**SUBJECT:** First Quarter Expenditure Update: January 2019 – March 2019

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### Executive Summary

The purpose of this update is to provide the Boards of Commissioners with a requested update regarding significant vendor expenditures for the first quarter of 2019. This information was previously provided to the Board for the fourth quarter of 2018 and will be included in Board updates going forward on a quarterly basis.

Below is a list of vendors to whom the Agency paid over \$50,000 during the first quarter. Not included on this list are expenses tied to real estate development, as these expenditures have been approved by the Boards in various actions. This list includes payments made by the Housing Authority and affiliated limited partnerships.

<b>Payee Name</b>	<b>Service Type</b>	<b>City</b>	<b>State</b>	<b>Total</b>
Kaiser Foundation Health Plan	Insurance	Los Angeles	CA	\$ 497,378.36
United Healthcare Of California	Insurance	Los Angeles	CA	\$ 206,752.06
Pacific Gas & Electric	Utilities	Sacramento	CA	\$ 169,497.73
KC Construction Company	Construction Trade Service	Clovis	CA	\$ 169,438.50
HD Supply Facilities Maint.	Maintenance Supplies	San Diego	CA	\$ 141,046.90
CHWCA	Insurance	Sacramento	CA	\$ 116,702.00
Central Valley Lawnsapes	Landscaping	Fresno	CA	\$ 89,034.00
City Of Fresno	Utilities, Permits, Fees	Fresno	CA	\$ 89,028.49
Mid Valley Disposal	Refuse Service	Fresno	CA	\$ 75,138.14
AT&T	Utilities	Carol Stream	IL	\$ 65,501.15
Novogradac & Co	Audit Services	San Francisco	CA	\$ 60,500.00
City Of Firebaugh	Utilities, Permits, Fees	Firebaugh	CA	\$ 55,155.20
Boys And Girls Clubs Of Fresno	Resident Services	Fresno	CA	\$ 54,919.67
Geil Enterprises Inc	Security Service	Fresno	CA	\$ 52,161.32